

Fiscal Estimate Narratives
DOA 2/23/2010

LRB Number	09-2917/1	Introduction Number	SB-507	Estimate Type	Updated
Description Changing the fees collected by a register of deeds, the redaction of social security numbers from electronic documents, and changes to the land information program					

Assumptions Used in Arriving at Fiscal Estimate

2009 Senate Bill (SB) 507 as amended by Senate Amendment 1 changes the fees collected by a registrar of deeds, creates incentives to remove social security numbers from electronic documents and changes the land information program.

Under current law counties collect a fee for recording or filing documents that are filed or recorded with the registrar of deeds. The fee is \$11 for the first page and \$2 for each page thereafter. The bill proposes to change the fee to a flat \$25 per document regardless of the length.

Under current law, counties must send \$7 of the \$11 fee to the Department of Administration (DOA) to support the land information program. However, if the county has a land information office, has a DOA approved land records modernization plan, and uses the money for specific purposes related to land records modernization, the county may retain \$5 of the \$7 and send DOA \$2 per recorded document. The bill requires counties to remit \$10 of each \$25 fee to DOA unless the county is in compliance with the three requirements above and two additional requirements: first, that the land records modernization plan must include a plan to make all land records available on the Internet and, second, that the county must establish a land council of no less than eight members from specific categories that would advise the county on land matters. If the county cannot find members from each category to serve, the council can still be created or maintained. If those requirements are met the county would retain \$8 and send DOA \$2.

SB 507 also allows counties to increase the flat fee to \$30 temporarily if the additional \$5 is used to make Social Security Numbers (SSNs) not viewable or accessible on the Internet. The \$30 fee ends either when the change is completed; January 1, 2012 unless an extension is granted by DOA or 2015, which ever is earliest. In addition, any county that has not completed the making of SSNs not viewable and not accessible on the Internet must submit a report to DOA that details what progress has been made and when the changeover will be completed.

Under the bill, if the county retains fees or receives a land information grant from DOA the county must submit an annual report to DOA describing the expenditure of the funds. DOA must review the report and if it determines that the funds were used for unauthorized purposes DOA may suspend the eligibility of the county for additional grants or the ability to retain fees.

SB 507 also requires that registrars of deeds, when making documents recorded before April 2006 available for viewing or download on the Internet, make a reasonable effort to make the SSNs not viewable and not accessible from the Internet.

The bill also requires that, in a county which uses county wide property assessments or maintains land records that identify the zoning classification of each parcel, the County Board must provide Internet access to countywide property tax assessment data and post on the Internet land records that identify zoning classifications for individual land parcels.

Fiscal Impact on DOA

The fees remitted to DOA are the same, two dollars per recorded document, under current law or the proposed bill if the county decides to meet the requirements to retain a portion of the identified fee. It is not clear whether the additional responsibility of counties to establish a land council in order to retain the fees or apply for a grant will result in more \$10 fees being remitted to DOA. However, it is unlikely that counties would forgo the retained fees and grants because of the program requirements, so that DOA program revenue would remain at similar levels.

With most counties retaining more money as a result of this bill, fewer counties will be eligible for base budget grants (given to those that retain less than \$50,000 in a state fiscal year). Consequently, more funds will be available to possibly be awarded as strategic initiative or contribution base grants as allowed in Administrative Rule Admin 47.

As a new responsibility, SB 507 requires DOA to review the annual expenditure reports submitted by counties that receive land information grants or that retain fees to ensure that the money is used as required. The bill also requires DOA to review reports submitted by counties that have not completed the making of SSNs in public land records not viewable or accessible on the Internet. Finally, SB 507 requires DOA to suspend counties that do not use the money as authorized from retaining fees or receiving a land information grant. DOA anticipates that the additional workload will be difficult, but possible to absorb with existing staff. The greatest amount of additional work would result from the cases in which DOA pursues a suspension of a county's authorization for retaining fees and receiving land information grants.

Fiscal Impact on Counties

A change in recording fees will generally generate more revenue. Under current law, the document has to be eight pages long to generate \$25 in recording fees. The average length of recording fee documents is currently about four pages.

Under current law, of the fees retained, the counties direct at least \$5 for every document to land information purposes. The rest of the money retained by the county can be used for other purposes, such as register of deeds administrative costs. Under the bill, at least \$8 would need to be directed to land information purposes.

The requirement to establish a land council will create additional costs of an indeterminate amount to counties. The costs would likely include per diem allowances of attendees, meeting space use, and some county staff support for the council. For some counties, this may not significantly increase costs because they already have a committee for land information established, although the membership may change or expand under SB 507.

It is not possible to determine the fiscal impact of the bill's provisions that allow counties to charge an additional \$5 per recorded document if the county uses those funds to cover the cost of making SSNs in documents not viewable or accessible from the Internet. It is unknown whether the additional funds would cover the cost of changing accessibility because it depends on how many pre-2006 scanned documents with SSNs the counties make available online. A minority of counties may decline to collect the additional \$5 fee.

As noted above, the bill also requires that a county which uses county wide property assessments or maintains land records that identify the zoning classification of each parcel must post on the Internet land records that identify zoning classifications for individual land parcels. Fifty-seven counties currently exercise county zoning. Zoning information could be added to tax roll information without a parcel-specific zoning map. This would mean that counties would not have to completely digitalize their parcel mapping in order to meet the zoning information requirement in the proposed bill. It is unknown how many counties would need to make the required changes and how much it would cost because it depends on their current tax roll software.

Long-Range Fiscal Implications