



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #106

Register of Deeds Fees and Statewide Digital Parcel Map (DOA -- General Agency Provisions)

[LFB 2013-15 Budget Summary: Page 25, #16 and Page 26, #17]

CURRENT LAW

The fee for recording or filing most legal instruments with a county Register of Deeds is \$25. Counties submit \$10 of each fee to the Department of Administration (DOA) for its land information program (\$2 if the county has a land records modernization program). Of the remaining portion of the fee that counties retain, \$8 must be used for land records modernization and provision of land information on the Internet. All counties currently retain \$8 of the \$10 fee submitted to DOA for county land records modernization.

Counties have the option to charge an additional \$5, as long as the money is used for the redaction of social security numbers from certain county documents. The additional fee may be assessed until the earliest of the following: (a) completion of the redaction of social security numbers; (b) January 1, 2012, unless the Register of Deeds has been granted an extension by the Department; or (c) January 1, 2015. Extensions are granted for a one-year period and may be renewed for additional one-year periods. Most counties in the state have elected to charge the additional fee, and have been granted extensions that are currently in effect. The additional \$5 fee for redaction of social security numbers has a sunset date of January 1, 2015, after which the fee will return to \$25 for all counties. Currently applicable fees are shown in the table below.

Register of Deeds Fees

General Revenue (County)	\$15
Land Records Modernization (County, if program is established)	8
Land Information Program (DOA)	<u>2</u>
Total (Basic Fee)	\$25
Optional Social Security Number Redaction Fee	<u>\$5</u>
Total (Including Redaction Fee)	\$30

GOVERNOR

Increase the fee for recording or filing most instruments that are recorded or filed with a county Register of Deeds from \$25 to \$30. Require the Register of Deeds to submit to the Department each month \$15 of the recording or filing fee. A county may retain \$8 of the \$15 if certain conditions are met, including the establishment of a land information office, land information council, and countywide plan for land records modernization.

Permit each county, until January 1, 2015, to retain \$5 (in addition to the \$8, if applicable) of the portion of each fee submitted to the Department if the money is used to make social security numbers not viewable or accessible on the Internet. As is the case under current law, counties would be permitted to retain \$5 from each fee until the earliest of the following: (a) completion of the redaction of social security numbers; (b) January 1, 2012, unless the Register of Deeds has been granted an extension by the Department; or (c) January 1, 2015. Under the bill, the fee would remain \$30 after January 1, 2015, at which time all counties would be required to submit to the Department \$15 of each \$30 fee (\$7 if the county has a land records modernization program). The administration estimates that the fee will generate an additional \$2.5 million in revenue in 2014-15 for the state. Fees applicable under the bill are shown in the table below.

Register of Deeds Fees (AB 40)

	<u>Fee Extension Before 1-1-2015</u>	<u>Jan. 2015 or Redaction Complete</u>
General Revenue (County)	\$15	\$15
Land Records Modernization (County, if program is established)	8	8
Land Information Program (DOA)	<u>2</u>	<u>7</u>
Total (Basic Fee)	\$25	\$30
Optional Social Security Number Redaction Fee	<u>5</u>	None
Total (Including Redaction Fee)	\$30	

Require that DOA establish an implementation plan for a statewide digital parcel map, under the land information program. The digital parcel map is intended to integrate individual county parcel map information into one statewide map.

DISCUSSION POINTS

Register of Deeds Fee

1. The state's land information program base funding is \$2,549,300 PR, funded from Register of Deeds fees submitted by counties to the state, and is administered by the Division of Intergovernmental Relations within DOA. In the performance of its administrative role, the Division: (a) serves as the state clearinghouse for access to land information; (b) provides technical

assistance and advice to state and local governmental units with land information responsibilities; (c) maintains and distributes an inventory of land information, land records, and land information systems available for the state; (d) prepares guidelines to coordinate the modernization of land records and land information systems; (e) reviews county project grant applications and determines whether county expenditures of county-retained fees have been made for authorized purposes; and (f) posts grant and retained fees reports on the Internet.

2. The fee for recording or filing most instruments (primarily real estate documents) with a county Register of Deeds is \$25. By statute, counties are required to submit \$10 of each fee to DOA for the land record modernization program. However, a county may retain \$8 of the \$10 if it: (a) has established a land information office; (b) has created a land information council; (c) has a land information office which has been established for less than two years or has received approval for a countywide plan for land records modernization; and (d) uses \$6 of each \$8 fee retained to develop, implement, and maintain the countywide plan for land records modernization and \$2 of each \$8 fee retained for the provision of land information on the Internet, including the county's land information records relating to housing.

3. All counties in Wisconsin meet the conditions required to retain \$8 of the \$10 portion of the fee. Therefore, counties submit \$2 of each \$25 fee to DOA. Currently, revenue from the submission of fee moneys to the state totals approximately \$2.25 million annually.

4. County land records modernization efforts are primarily funded from the \$8 fees retained. Because revenue from retained fee moneys depends on the number of real estate transactions in the county, funding for land records modernization varies widely across the state. In 2011, retained fees totals ranged from \$4,944 in Menominee County to \$909,185 in Milwaukee County. The state's land information program provides grants to counties to reduce land records modernization funding disparities. The program aims to ensure that all counties have a base amount of funding of \$50,000 through "base budget" grants to counties. Nearly half of all counties retain fee money totaling less than \$50,000. According to DOA, some counties still utilize paper-based parcel maps. Other counties have digital parcel mapping boundaries based on professionally land-surveyed global positioning system (GPS) coordinates.

5. A goal of the state's land information program is to integrate county map data layers into statewide map data layers. In addition to basic information, map layers could include: (a) 911 call center service areas; (b) floodplains; (c) existing land use; (d) elevation; (e) school districts; (f) parks and recreational trails; and (g) public hunting grounds.

6. The lack of a reliable statewide mapping tool was highlighted by the administration's June, 2012, Deer Trustee report concerning white-tailed deer management in the state. Specifically, the use of satellite imagery dating back to 1992 to define deer range (a technical term which refers to forest, woodlot, brush-covered land, or marsh habitable by deer) is problematic for deer management because the defining land cover has changed dramatically in the 20 years since the statewide land cover map was produced.

7. The administration surveyed county Registers of Deeds to determine the level of resources that would be needed to compile digital map information from all 72 counties to create a

statewide multi-layered digital map. The results of the survey are provided in DOA's 2012 Wisconsin Land Information Program Report. County estimates of the cost to achieve a complete county digital parcel map, including Public Land Survey System remonumentation (a technical industry term used in digital mapping), totaled to \$18 million. The median county estimate was \$500,000.

8. In addition to the cost of improving digital maps on an individual county basis, there would be a cost associated with compiling and integrating the maps. The administration estimates that the cost of compilation would be \$1 million. In total, the project could cost nearly \$20 million. The statewide map would require occasional updates for the information to remain current and reliable. The administration indicates that the initial establishment of a partial statewide parcel map would occur in 2015. The objective would be a fully functional, integrated map by 2020. [Note that the bill does not provide an increase in expenditure authority for DOA associated with the digital parcel map project. Rather, the funding source for potential future expenditures is established.]

9. Under the bill, the land records fee would increase from \$25 to \$30. Counties would be required to submit \$15 of every fee to DOA, except that they could retain \$8 for land records modernization and provision of land information on the Internet, if they met the requirements that exist under current law. Most counties would retain \$8, as under current law, and would therefore be required to submit \$7 of every fee to DOA (compared to \$2 under current law).

10. The bill would also allow counties to retain \$5 of the \$30 fee for the redaction of social security numbers, if the county had received a redaction fee extension approval from DOA. A county would no longer be permitted to retain the \$5 for the purpose of redaction beginning on January 1, 2015, after which all counties would submit \$7 of each fee to DOA.

11. Based on the number of fees charged in each county in recent years, as well as the estimated date of social security number redaction completion for each county, it is estimated that approval of the \$5 fee increase as specified under the bill would generate an additional \$154,700 PR in 2013-14 and \$2,644,400 PR in 2014-15. Based on current data, additional fee revenue in 2015-16 and subsequent years could total as much as \$5.1 million. Using this figure, DOA could fully fund the estimated cost of the statewide digital parcel map project by the end of 2018-19.

12. In January, 2013, DOA published an updated list of Wisconsin counties social security number redaction reporting and fee extension requests. The list is revised periodically to reflect counties' estimated dates of redaction completion. Subsequent to the Governor's budget address in February, 2013, DOA released a newly updated list of social security number redaction completion estimates, according to the fee extension requests submitted by counties. The distribution of counties' estimated completion dates is shown in the following table. Completion dates are December 31 of the year indicated.

Redaction Completion Estimates

<u>Estimated Completion Date</u>	<u>January, 2013 Counties</u>	<u>May, 2013 Counties</u>
2011	1	1
2012	1	1
2013	9	1
2014	47	52
2015	9	11
2016 or later	<u>5</u>	<u>6</u>
Total	72	72

13. It could be argued that, under current law, county Registers of Deeds may be motivated to complete social security number redaction sooner rather than later. Specifically, a Register of Deeds may wish to return the fee paid by county residents to \$25 as soon as redaction is complete. In the cases of Burnett County and Washington County, which completed redaction in 2011 and 2012 respectively, the fee paid by county residents has already returned to \$25. In addition, although Washburn County estimates that it will complete redaction in 2015, the county has elected not to apply for an extension request and, therefore, only charges its residents \$25. A fourth county, Taylor County, estimates that it will complete redaction by January, 2014. Under current law, the Taylor County fee would return to \$25 in 2014.

14. Under the bill, as counties complete redaction, they would be required to begin submitting the \$5 fee increase to DOA on a permanent basis. Therefore, the incentive for county Registers of Deeds to complete redaction before January, 2015, would be reduced. The administration indicates that it would rely on county self-reporting of redaction completion in ensuring compliance. If the Committee agrees with this approach to administering a fee increase, it could approve the Governor's recommendation. [Alternative A1]

15. As shown in the table above, however, the fee method under the bill could be problematic in terms of ensuring timely completion of social security number redaction as counties may have a disincentive to complete the redaction process since the fee will not decrease upon completion.

16. Further, an issue of fairness can be raised relating to the fee increase provision. Under the bill, the three counties that charge \$25 currently would experience an immediate fee increase to \$30. In addition, the three counties would begin submitting the full \$5 to DOA. In January, 2014, Taylor County would join these counties in submitting \$7 of each fee to the state. If the Committee wished to treat all counties in a similar manner, it could choose to modify the provision to increase the fee to \$30, eliminate statutory language relating to the \$5 social security number redaction fee (counties would still be required to redact social security numbers under s. 59.72(6)), and require that counties begin submitting the additional \$5 to DOA on January 1, 2015. Under this alternative, three counties would experience an immediate fee increase to \$30 but would be permitted to retain the additional \$5 fee revenue until January 1, 2015. All counties, thus, would

begin submitting \$7 to DOA on the same date. [Alternative A2]

17. Alternatively, the Committee could choose make the fee increase effective January 1, 2015, for all counties, regardless of redaction completion. Based on counties' May, 2013, estimates of redaction completion dates, residents of Burnett, Washington, and Taylor counties would pay less between July 1, 2013, and January 1, 2015, as a result. Under this alternative, on the date of the fee increase to \$30, all counties would begin submitting \$7 of each fee to DOA. [Alternative A3]

18. Finally, the Committee could delete the provision. Under this alternative, the \$5 redaction fee to sunset on January 1, 2015. It should be noted that under this alternative, fee revenue to the land information program would not be sufficient to fund the creation of a statewide digital parcel map. [Alternative A4]

19. The Register of Deeds fee increase alternatives outlined above are summarized in the following table. For each alternative, information is given by time period regarding the fee that would be applied, the number of counties that would submit an additional \$5 to DOA, and the number of counties that would experience a fee increase.

<u>Alternative</u>	<u>July 1, 2013 - December 31, 2014</u>	<u>Beginning January 1, 2015</u>
A1. Approve Governor's recommendation.	Fee: \$30, all counties Fee submission: four counties Fee increase: three counties	Fee: \$30, all counties Fee submission: all counties
A2. Modify to increase fee to \$30 effective 7/1/2013. Delete redaction condition. Submit to DOA beginning 1/1/2015.	Fee: \$30, all counties Fee submission: none Fee increase: three counties	Fee: \$30, all counties Fee submission: all counties
A3. Modify to increase fee to \$30 effective 1/1/2015. Submit to DOA beginning 1/1/2015.	Fee: \$25 (four); \$30 (68) Fee submission: none Fee increase: none	Fee: \$30, all counties Fee submission: all counties Fee increase: four counties
A4. Delete provision. Maintain current law.	Fee: \$25 (four); \$30 (68) Fee submission: none Fee increase: none	Fee: \$25, all counties Fee submission: none

Statewide Digital Parcel Map

20. Under the bill, DOA would be required to establish an implementation plan for a statewide digital parcel map, under the land information program. Given the support for a statewide digital parcel map from the administration, as well as the evidenced need for rural counties to receive additional assistance in updating and digitizing county maps, the Committee could choose to approve the provision. [Alternative B1]

21. In addition, the Committee could choose to further specify that under the land information program, grants may also be made to counties for the purpose of creating, maintaining, and updating a digital parcel map, in coordination with DOA. This alternative would incorporate statutory language reflecting the intent to fund the statewide map in close coordination with counties through land information grants. [Alternative B2]

Land Information Program

22. Concerns have been expressed relating to the fee increase and the funding of the land information program grants, in general, because in recent years, large lapses have been made from the state's land information appropriation to the general fund. This has resulted in lower grant amounts to counties for land records modernization.

23. As shown in the table below, actual lapses in recent fiscal years have been in excess of 50% of statutory expenditure authority. For example, in 2011-12, revenue to the appropriation totaled \$2,261,600. Expenditures from the appropriation were \$976,800. Of this amount, \$718,700 was provided to counties in the form of grants. The 2011-12 lapse to the general fund of \$1,916,000 represented 84.7% of actual revenue for the appropriation. Further, an additional lapse of \$1,000,000 PR was allocated to this appropriation for 2012-13 by the Secretary of DOA (this lapse amount has not yet been approved).

<u>Fiscal Year</u>	<u>Lapse Amount</u>	<u>Appropriation</u>	<u>Percentage of Appropriation</u>
2009-10	\$1,800,000	\$2,823,800	63.7%
2010-11	1,650,000	2,823,800	58.4
2011-12	1,916,000	2,549,300	75.2
2012-13 (Est.)	1,000,000	2,549,300	39.2

24. Under 2011 Act 32, lapses to the general fund were required for the 2013-15 biennium as well. Further, as previously noted, if the Committee approves the fee increase of \$5, additional fee revenue in 2015-16 and subsequent years could total to as much as \$5.1 million annually. In comparison to base funding for the appropriation, which is \$2,549,300, the fee increase would nearly triple revenue. To the extent that revenue generated by an increase in the Register of Deeds fees could be transferred to the general fund under any current or future lapse requirement, the Committee may wish to consider measures that would help prevent lapses from being taken from the appropriation.

25. To discourage the lapsing of funds, the Committee could choose to create a separate, nonlapsing trust fund (segregated fund) for the land information program. Although lapses could still be made from the segregated land information fund with the approval of the Legislature, segregating the fee revenue communicates legislative intent that funding is to be used for land information program purposes only. Under this alternative, a SEG land information appropriation would be created. The PR land information appropriation would be eliminated. [Alternative C1]

26. On the other hand, if the Committee wishes to maintain the PR appropriation, but

prohibit a lapse from being made to the general fund, it could specify that no lapse be made from the land information appropriation in the 2013-15 biennium. [Alternative C2]

ALTERNATIVES

A. Register of Deeds Fee

1. Approve the Governor's recommendation to increase the fee for recording or filing most instruments that are recorded or filed with a county Register of Deeds from \$25 to \$30. Permit counties to retain the \$5 fee increase for social security number redaction if DOA approves a fee extension request. Beginning January 1, 2015, require all counties to submit \$15 of each fee to DOA for the land information program, unless the conditions are met for the county to retain \$8 of the \$15. Reestimate revenue at \$154,700 in 2013-14 and \$2,644,400 in 2014-15.

ALT A1	Change to Bill Funding
PR-Rev	\$299,100

2. Modify the provision to increase the Register of Deeds fee from \$25 to \$30, effective July 1, 2013. Eliminate statutory language relating to a \$5 fee for social security number redaction. Specify that counties be required to submit to DOA \$15 of each fee, unless the conditions are met for the county to retain \$8 of the \$15. Reestimate revenue at \$2,562,100 in 2014-15.

ALT A2	Change to Bill Funding
PR-Rev	\$62,100

3. Modify the provision to increase the Register of Deeds fee from \$25 to \$30, effective January 1, 2015. Specify that counties will be required to submit to DOA \$15 of each fee, unless the conditions are met for the county to retain \$8 of the \$15. Reestimate revenue at \$2,562,100 in 2014-15.

ALT A3	Change to Bill Funding
PR-Rev	\$62,100

4. Delete the provision.

ALT A4	Change to Bill Funding
PR-Rev	- \$2,500,000

B. Statewide Digital Parcel Map

1. Approve the Governor's recommendation to require DOA to establish a plan for implementation of a statewide digital parcel map, under the land information program.
2. Specify under s. 16.967(7) that land information program grants may also be made to counties for the purpose of creating, maintaining, and updating a digital parcel map, in coordination with DOA.
3. Delete the provision.

C. Land Information Program

1. Create a segregated land information fund for receipt of Register of Deeds fee moneys for the land information program. [Cannot be selected with Alternative C2.]
2. Maintain the current PR appropriation, but specify that no lapse to the general fund be made from the appropriation in the 2013-15 biennium. [Cannot be selected with Alternative C1.]

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