

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1096 (House Finance Committee Substitute)

SHORT TITLE: Register of Deeds Amendments

SPONSOR(S): Representatives Hill and Redwine

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04

REVENUES

County General Fund **see ASSUMPTIONS AND METHODOLOGY**

EXPENDITURES

General Fund
Secretary of State **No fiscal impact**

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Secretary of State, County Registers of Deeds

EFFECTIVE DATE: Section 3 of this act becomes effective January 1, 2000. The remainder of this act is effective when it becomes law.

BILL SUMMARY:

This bill directs the Secretary of State to establish minimum standards for recording land records and creates a \$30 fee for registering land documents that do not comply with these minimum recording standards.

ASSUMPTIONS AND METHODOLOGY:

Section 1 requires the Secretary of State to establish minimum standards for recording land records. Given the existing resources in the Secretary of State's Office, this requirement will not impose any additional cost on the agency. However, there is a proposed reduction in personnel in the Land Records Management Section that could delay the writing of standards. The Joint Appropriations Committee on General Government is considering the elimination of the position that will work on this standard. Since this action has not been enacted, this fiscal note assumes the status quo and thus no impact from the requirement of HB 1096.

Section 3 creates a new fee for registering non-standard land records documents. This \$30 fee is a recommendation of the North Carolina Association of Registers of Deeds in their attempt to discourage the filing of non-standard documents. Discussion with Registers of Deeds in Columbus, Randolph, and Wake counties revealed that as many as one-third of the deeds of trust recorded by Registers of Deeds are non-standard. Unfortunately there is no source of data on the number of standard or non-standard documents filed each year with Registers of Deeds.

To gauge the potential impact of this bill, this note examines the workload of the Randolph County Register of Deeds Office and applies the results to the other 99 counties. Of the 30,000 documents recorded in Randolph County in 1998, approximately 40% or 12,000 were deeds of trusts. Dividing the 12,000 deeds of trusts by the Randolph County population of 119,306 (1997 estimate), Randolph County had .10058 deeds of trust for each resident. Applying this per capita amount to the state population of 7,436,690 (1997 estimate), yields 747,982 deeds of trusts issued in 1998 statewide. Assuming that one-third of deeds of trusts are recorded in a nonstandard format, then there were 246,834 non-standard deeds of trusts filed in the state in 1998. If lenders continue to submit non-standard deeds of trusts after the passage of HB 1096, then county revenues could increase \$7.4 million each year as follows:

246,834 non-standard deeds of trusts X \$30 = \$7,405,020

This \$7.4 million in county revenue will be realized if lenders choose not to comply with the standardized format. Lenders may choose to do business as usual and pass this fee on to the consumer.

FISCAL RESEARCH DIVISION: 733-4910

PREPARED BY: Richard Bostic

APPROVED BY: Tom Covington

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