MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 3M

ROLL NUMBER

DESCRIPTION

2173

2001 SENATE POLITICAL SUBDIVISIONS

SB 2173

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2173

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing /Date January 18, 2001

Tape Number		Side A	Side B	Meter #
	1	x		24.2-36.4
	2	x		0.0-0.8
1-25-01	1		x	30.1-56.0
	2	x		0.0 - 0.8
Committee Clerk Signature		Mary Jo Wocken		

Minutes:

The hearing was held on SB2173 was opened regarding a creation of document preservation fund; fees charged by the Register of Deeds.

SENATOR LEE was requested by the Register of Deeds, Association of Counties, in Grand Forks County to present this bill to the committee.

VICKI CUBIT: Register of Deeds, spoke in favor of this bill. See attached testimony.

SENATOR MATHERN:...concerning margin requested fee. Can you fill me in on it? VICKI KOUBAT: In the county computer system, with a label on it. Death certificates don't have room on it for labels. The one-inch margin to be able to have labels on the documents. SENATOR COOK: If the document does not have a one-inch margin, does the fee apply? VICKI KOUBAT: Yes, the fee applies.

RUTH STEVENS: From Lakota, spoke in favor of this bill. See attached testimony.

SENATOR COOK : What is the main reason for raising the prices, is it to make it more uniform, the same? RUTH STEVENS: The Clerk of Court has been charging $10 for duties for certified copies fees. SENATOR COOK: Uniformity, You could lower the higher one. RUTH STEVENS: It would be harder to do, we could, not usual to decrease fees in this age.

TERRY TRAYNOR: Assistant Director of the Association of Counties, spoke in support of this bill. See attached testimony.

SENATOR WATNE: Will allow pilot counties to meet their commitment to FEMA, how their funds are used or anything, no payback or anything or no loan or anything? TERRY TRAYNOR: No, Cass County committed maintaining this and keeping the records on there as a grant recipient. SENATOR COOK: How much revenue would this raise? TERRY TRAYNOR: We've looked at past filings in different counties, some small as $800-$ 4500 to the $5000 range, looking at the whole state. SENATOR COOK: The $1.2 million dollar grant would allow all Register of Deeds to microfilm all the records they have had collected over the years TERRY TRAYNOR: We've had a number of counties had already microfilmed a fair amount of their records but there were some that had none microfilmed. SENATOR COOK: So the purpose of the increase is to microfilm current records as they come up? TERRY TRAYNOR: In addition to microfilming what the seven pilot counties are doing, are putting that information on a computer digital image, and so that not only will it be available in that form in the future and preserved, but it will also be available, perhaps over the Internet so it will be able to retrieve it as well. SENATOR MATHERN: In the testimony, it talked about the grant to allow for the electronic records. This system will make sure that it safeguards those records, and will deliver these records to bankers, etc. This was promised to the banker when the termination fees were paid up front for registrar of deeds, so this all could be computerized, and that never transpired,

and if that money was to be used at that time for computerizing and it came down for a grant allowing it to happen how we can be assured this money will be used for in the future? TERRY TRAYNOR: I believe what your talking about is the uniform commercial code filings which are separate from the land records and the issue may be there, and come and that is really handled through the Secretary of State although the counties participate by putting that information in there. SENATOR WATNE: This is going into a fund, it won't be used for a specific purpose, who will administer it? When is the money sent to this fund? Is that money sent to that fund, do they go to that fund to get it? How are the mechanics envisioned here. TERRY TRAYNOR: This is a local fund, it goes into fund at the county court house and the county commissioners have control over that fund through their appropriations process. Annually in there budget setting they would have to decide, yes they are going to participate in the computerized project and were going to send dollar per record to that to pay for our participation and two dollars into buying equipment or two dollars into training, basically it is a local decision. CLAUS LEMBKE: ND Association of Realtors, spoke in support of this bill. Show our appreciation to the county Register of Deeds for their cooperation, when we see a $7-$10 increase, 30% increase, that raises a red flag with us. But because of their cooperative effort and because of their show us the need and what they are doing with it, I think it made a difference to our association. So were supporting this bill. (Meter #32.1 side note of Mr. Kavalic, spokesperson from Dickinson) Concern, centralized record system, called the NDRIN, thats where those counties of McLean, Stark, Ward and Williams are the pilot ones and eventually all counties. Thats a welcome news. Availability is great, but the concern we have is this is not being regulated by you or anybody else. We've heard of fees of $100-$500 a month, and again,

it is not to water this bill down, but the legislatures should be concerned because there is not a safeguard in there. Needs to be regulated. (34.1-34.3) SENATOR COOK : Who is in control of this? CLAUS LEMBKE : Done by INET Technology, Inc. Consortium of Cass County, the owner of this, and they contact with a vendor. NET is owned by the state. SENATOR MATHERN: INET- local Bismarck. SENATOR COOK: Is this for profit or a private company? CLAUS LEMBKE : Response (Tape #35.7) to do this technology is fabulous, it cannot be overlooked.

SENATOR LEE : Comment (36.4) We now have a free service in Cass County , we can log on to the computer at home through the Internet to find out our taxes and special assessments are, and there is no fee for any of this stuff in Cass County.

WADE MOSZER, spoke in opposition to SB2173. ND Stockmen's Association. When there is a fee increase it raises a red flag. Fee that individuals pay, concern that it is an increase, and we realize that the documents need to be preserved, and I'm not so sure the fee is justified or if it is enough or to much. We have very little information on this from our point of view.

SENATOR COOK closed the Hearing on SB2173.

January 19, 2001

Short discussion was held.

SENATOR COOK : Concerned, about raising the fee from $7 to $10; the three dollars designated for microfilming. Why did we go from $ 7 to $ 10? Claus Lembke handed Senator Cook a handout with dollar amounts for the counties of Burleigh, Cass, and Ward county. Why didn't it go from $7 to $8 or $ 9 instead to $10? SENATOR WATNE : Most of these documents filed before in the District Court office had been $10, it has been $10. SENATOR COOK: At some point it did get lowered. SENATOR WATNE: No, by law, what the Register of Deeds can

charge for documents are $5, cause there changing the law. Most of them have been paying that $10, on certain documents that have been filed. SENATOR LYSON : A lot of these things were filed in the Clerk of Courts office and when we changed that to go into the uniform clerk system the counties and the legislature put this specifically in the Register of Deeds in that is where they can only charge $5, by law. SENATOR WATNE: Now, provided documents cost more, now they've seen the opportunity that for documents they would have filed at $5 before only these documents haven't been filed there unless they dedicate some of that fee, to the preservation fund SENATOR LYSON: Landmen, now are opposed to this bill mainly, because not that the fee is being hurt in that land, and we could have had this information we're saying there are counties that are not participating in this center, not up to par on this and they don't think they should have to pay that fee if they are not providing for the preservation of these documents. SENATOR COOK: Not all counties have, SENATOR LYSON, that's what I was told this morning and I haven't got any other information, just word of mouth from On Ness. SENATOR WATNE: I think an answer to that in the very first part says the county treasurer shall establish document for the preservation fund. SENATOR LYSON: It says they have to establish a fund, but have these county commissioners put up the money so far to get them going on this project? If there not already into this program, why should they have to pay for it, the land men especially. SENATOR LEE: Vicki Koubat, President of the Register of Deeds Association, in her testimony indicates... many county register of deeds offices do not have the necessary funds in order to upgrade their operations to include a computer, or to even maintain the ongoing microfilming process for security and this establishes a fair payment plan to raise these funds, so, if there are counties that don't already have it, if they don't pay into the fund, why should the rest of the counties that do have it pay for those counties that don't. The people who are using the facilities

in those counties should be anxious to have this service available and I think those people filing documents there would want to have this. I think, and I agree that its appropriate that we wait for the land men are comfortable what's going on, but I see that there is a · ticular advantage to the land men. I can't imagine that the filing fees would not be worth what the services would be. If they aren't going to have a computer, that is what the money if for, to get their technology up to date. SENATOR COOK: I understand that her testimony also said that a $1.2 million dollar grant allowed all Register of Deeds to participate in the project of the microfilming all there records, all there previous records. I believe that I come to the understanding that all records in all Register of Deeds, all old records have been microfilmed. It allowed them to participate, but did they all participate? SENATOR WATNE: I don't think so. SENATOR COOK: It would be nice to understand that. SENATOR MATHERN: I spoke with the three ladies from the Register of Deeds office and just for her clarification, after the meeting on Thursday, and because Senator Mathern was confusing Secretary of State and Register of Deeds and so they helped clarify that. Centrally, your referring to, with that computerization there are only two counties right now, Burleigh and Cass County where she mentioned we can get on line and look at property taxes, etc. That will be additional costs in the future, that this did not cover that. This was used for microfilming and preservation, but not for that new pilot program. SENATOR LYSON : Seven counties are in the project, (SENATOR MATHERN, 2 counties for that one) and Williams County has been in the computer thing for several years, but they were the leading/cutting edge of this thing. So right now you cannot set at home, you have to go into there computers in the Register of Deeds office to be able to pull these things up. The reason for this was because the damages to the books, to the microfilm and the damage to the microfilm. They have not updated the microfilm and they still have to go look at the books, the land men feel they are still being

punished because of this. You guys are the users and it should not be up to the taxpayers, the real estate taxes to get this thing going. Take that message back to the land men. SENATOR COOK: Does anybody know where the central repository is at? SENATOR LEE: Terry Traynor, said the Internet is the central repository, the keyboard is in Cass County. It is stored on the Internet, and yet there is some safe secure copy that is stored in a safe place. $ altogether, and the third question, covered it. SENATOR COOK: The Register of Deeds from Mandan e-mailed this to Senator Cook, 'as to the fee increase asked for in this bill, after equipment is paid for "the profits From this fee increase will stay in the county register of deed offices to update and provide services to our county customers. Raising the fee...then hearing the word the profits from the fee increase, sort of makes your hair stand up. I think that when we kick this bill out of here, I hope that we as a committee have a good reason why $10 was the number, why its not $8 or $9. We've already heard it used to be $10, and that might be the answer. SENATOR LEE: Need to keep up with the scanners. For some of the documents its more than something that you can just key in, that there is additional equipment, that is required for some of the documents. This technology is a little more expensive. But in order to fully implement this system, the counties are going to have to have available to them some special pieces of equipment.

SENATOR COOK : Adjourned until AM January 25, 2001

January 25, 2001

Senator Cook reopened the discussion on SBA 2173 (Tape 1, Side B, Meter #30.1-

Handout in your bill book gives an estimate of the number of recordings by county, we had some question about how much revenue this would raise. We're talking about the fee increase on th first part of the bill from $7 to $10. You also have written testimony submitted from Ron Ness from the ND Petroleum Council. Raising 3 fees is that correct? Committee? SENATOR LEE: I

believe that it is two, but I think the main point they were attempting to make was that they would be consistent, this was a fee that already was being charged for this responsibility with the Clerk of Court, but it dropped when it was transferred to the Register of Deeds Office and they are not asking for an increase beyond where it had been before, but rather to return it to the fee that it had been permissible when it had been in the Clerk of Court Office. SENATOR COOK: I'm glad you brought that up. Lets make sure were clear on that. My understanding that that explanation explains the fee increase of $5-10 on Line 3 of Pg. 3. Is that correct? Terry is shaking his head yes. SENATOR MATHERN: This actually looks though there are four areas, Page 1 Line 20 goes from $7-$10 for the 1st page that's for a filing; SENATOR COOK: yes. Are those $3 being used for the preservation. SENATOR MATHERN: The next one is Page 2, Line 18, is for satisfaction and release of an instrument, it went from $7-10 as well as the filing on the previous page, and there is also Page 3 where we went from an additional fee of $ 2-10 on Line 2 and then Line 3, $ 5-10. SENATOR POLOVITZ: What are they going to do with this money? Its going to lead to try and get the records in shape or hiring more people? SENATOR COOK: After the flood, FEMA Grant of $1.2 microfilmed all of the records in the state, the intent of the first fee of raising the 1st page from $ 7-10 is to continue to fund the microfilming preservation of new documents and a central system where they will be able to access them. SENATOR LEE: Received a E-mail from Sheila Dahlin, which clarified a couple things for us. SENATOR WATNE: She is from right over here, from Minot. SENATOR LEE: The FEMA grant initially provided for all of the microfilming to be done by the counties that choose to participate. In the counties who do not have the funding to do, to continue this microfilming and keeping this electronic repository up and running, which costs approximately $120,000 per year. It also would allow counties to purchase equipment. The $ 2-10 fee is about the margins, which if we are going

to do this electronically makes perfect sense to me, because it is supposed to be an encouragement for these documents to fit the mold. There won't be any additional fee there at all if they don't fit the margin requirement. Its not just a increase there, just an incentive to conform. SENATOR WATNE: If a motion is in order we had no amendments pre-published with this bill, I would move a Do Pass, SENATOR LEE, 2nd. SENATOR COOK called for more discussion. Discussion: The intent of this bill, the first increase I am referring to of raising the fee on the first page from $7-10, would that intent be accomplished if it was $8 instead of 10? SENATOR LEE: We then would be cutting the number of dollars by 2/3 rd., which would probably make it much less helpful in being able to getting it continued. I think this is a really important project to continue we don't drop the ball with it. The permanent and electronic storage of documents I think will be good for everybody in the state. Perhaps, if you wish to ask any of the county people who are here if they had a feeling about that they could respond. Nobody wants lots more fees, but I just don't think that $ 2 will make it or break it for a lot of people and the convience that we'll gain by having this done properly strikes me as a worthy endeavor. SENATOR COOK: I guess the only reason I asked that question is I believe we have some counties that cannot microfilm yet, some that should farm it out to microfilming companies, are they going to buy the capital investment now, or be much wiser not to buy that equipment but they simply farm it out. SENATOR LEE: Wouldn't they still be able to do that? But the fees that they would be collecting would allow them to take some of those funds to then, subcontract that work. Could one of the county reps respond to that? Cause I'm curious to the answer to that, and I don't know of anyone who does. SENATOR MATHERN: The language wouldn't allow that, from Line 8, only for purchasing equipment and software, for documents. TERRY TRAYNOR: To clear up any misunderstanding from early on, the way the repository works, is the image records are sent

to the repository and part of there role is they can turn those images into microfilm and store the duplicate off site. So that's part of the process. The imaging part does require equipment and whether that would be appropriate to do that, farm that out, or purchase that service, I don't know is that makes more sense for a small rural county to do that or to buy the $5000 computer equipment, or whatever it takes to scan as they go. I'm not sure which is the most economical or the most beneficial. I think our intent was the bill would allow them to do that, to get the job done in a most efficient manner possible. As far as the issue as the level of the fees, as Sheila had indicated we anticipated about $ 120,000 a year to maintain the repository which were looking at roughly a dollar from every filing that went in. That would be for the purchase of that service, that would be $2 back in the county for whatever training, services, equipment they would need to handle it at there end to make sure they were imaging those and getting those images down there and maintaining the system they have in place. Whether they could do that with a1/3 less, I don't know as the numbers get pretty small on the smaller counties. No matter how they do it, it still will be a cost for the county, so we thought it would be a reasonable amount considering the fees haven't been changed for quite long time. SENATOR COOK: Terry, as I read the bill now though, do you agree that a smaller county, would not be able to use the extra $2 to use an outside company microfilm. TERRY TRAINER: That wasn't our intent Mr. Chairman. Our intent was that they could do that, but if you think that this excludes that then maybe we do need to add an extra word in it. SENATOR MATERNA: The language is trying to make sure that this is what the $3 is used for, but in addition to that Terry, besides deeds and mortgages, could you refresh me on whatever instruments are, or this would include? TERRY TRAINER: I know its deeds and mortgages, any land record because the two sections where it goes $ 7-10 deals with recordings not with filings. Yes, the first section of the bill, the primary purpose of that was to

address the concerns of the realtors, the abstractors and the bankers. This money would indeed, be used for record preservation, that it wouldn't just be a general fund for the dedication of dollars for whatever was felt appropriate at the time. It would have to go for those purposes, it would still be under the control of the commissioners as far as they would appropriate it in their annual budgeting process, but it would be dedicated for the project. SENATOR COOK: Do we have a motion on the table for a Do Pass, Discussion SENATOR LEE: Just wondering if we could clarify, I certainly support the idea of counties being able to contract, if that's appropriate. I'm wondering if this language presents that, then Senator Watne had a need to..withdraw the motion or amend an amendment. SENATOR WATNE: I think it is general enough that it would cover that. SENATOR COOK: Senator Watne, I think thats the discussion we just had, I think we need an amendment. I think we need to address it. SENATOR WATNE: I withdraw my motion then. SENATOR COOK: That would be the easiest way. Who would like to second this? Senator Lee 2nd, withdraw that. SENATOR LEE: I would move that we would ask for an amendment to be drafted that permit counties to contract out, but only for this purpose. Recognizing that this isn't supposed to be money that goes to the general fund; drafted in a way that would permit counties flexibility in contracts. SENATOR LYSON: Page 1, line 12, Don't in contracting for all site storage and microfilming, don't they cover it? SENATOR COOK: I don't think so. Just for storage of microfilm. SENATOR COOK: We have a motion for the "intent" of what an amendment would be, by Senator Flakoll. Senator Mathern, 2nd. SENATOR COOK: Senator Flakoll, can we have the amendment read to us, or just "intent", or what? I understand the intent, SENATOR LEE: "only for purchasing equipment and software" to "only for purchasing or contracting for document preservation".

SENATOR COOK: Roll call vote on SB2173. " Do Amend" 8 yes, 0 No,0 Ab. Senator Lee motioned for a do amend, Senator Mathern, 2nd

SENATOR WATNE: Do pass on amendment, 2nd, Senator Christenson, 7 Yes, 1 No 0 Ab.

Carrier: Senator Lee.

SB2173 Discussion closed.

February 1, 2001 (Tape 1: Side A Meter # 16.2-17.6)

The committee reviewed the amendments on SB2173. The vote stayed as was voted on January 25, 2001.

FISCAL NOTE STATEMENT

Senate Bill or Resolution No. 2173

This bill or resolution appears to affect revenues, expenditures, or fiscal liability of counties, cities, or school districts. However, no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note regarding this bill or resolution. Pursuant to Joint Rule 502, this statement meets the fiscal note requirement.

John Walstad
Code Revisor

Date: January 25, 2001
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. S.B. 2173

Senate Political Subdivisions Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number 10333.0101

Action Taken Do Amend SB 2173

Motion Made By Sen. Lee Seconded By Sen. Mathern

Senators	Yes	No	Senators	Yes	No
Senator Cook	✓		Senator Christenson	✓	
Senator Lyson	✓		Senator Mathern	✓	
Senator Flakoll	✓		Senator Polovitz	✓	
Senator Lee	✓				
Senator Watne	✓				

Total (Yes) 8 No 0

Absent 0

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Date: January 25, 2001
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB. 2173

Senate Political Subdivisions Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By _____ Seconded By _____

Senators	Yes	No	Senators	Yes	No
Senator Cook		✓	Senator Christenson	✓	
Senator Lyson	✓		Senator Mathern	✓	
Senator Flakoll	✓		Senator Polovitz	✓	
Senator Lee	✓				
Senator Watne	✓				

Total (Yes) 7 No 1

Absent 0

Floor Assignment Senator Lee

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 26, 2001 1:37 p.m.

Module No: SR-14-1741
Carrier: Lee
Insert LC: 10333.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2173: Political Subdivisions Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2173 was placed on the Sixth order on the calendar.

Page 1, line 10, after the first "for" insert "contracting for and"

Renumber accordingly

2001 HOUSE POLITICAL SUBDIVISIONS

SB 2173

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2173

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date 3-2-01

Tape Number	Side A	Side B	Meter #
1	xx		1--5190
1		xx	3800--4793
Committee Clerk Signature			

Minutes: Chair Froseth opened the hearing on SB2173 relating to creating of a document preservation fund; relating to fees charged by the register of deeds.

Terry Traynor, Assoc. of Counties : testified in support of SB2173. **(SEE ATTACHED)** The sponsor of the bill was unable to be here. The bulk of this bill addresses the damage that was done to records during the flood of 1997 in Grand Forks. The register of deeds who are here will explain what has gone one and what will go on in the future. Section 1 creates a separate document preservation fund within the county. Section 2 increases the first page fee for recording real property documents by $3.00. On the top of page 3, there is a change from $2.00 to $10.00 fir the penalty fee that was put in place last session. If there is inadequate margin for the register of deeds to put a bar code on that document, there is an additional charge. This is to encourage that all land records are standard. The remaining of the bill deals with standardizing some of the filing and copying fees to be in line with what the clerk of courts are charging.

Rep. Herbel : (730) Was the last time this was increased was 1993?

Terry : Yes.

Rep. Delmore : How often does the inadequate margin thing occur, so raise the $2 to $10, and who does this effect?

Terry : I can't answer that, but one of the register of deeds can answer that later.

Rep. Grosz : Wasn't there something set up by FEMA after the flood to help with this issue?

Terry : Yes. They funded the development of an electronic repository. It was piloted by 8 counties. They also funded a microfilming effort for all counties. This fee change is to continue the process FEMA started.

Vicki Kukat, Pres. ND Register of Deeds :(950) here in support of SB2173. **(SEE ATTACHED)**

Chair Froseth : Can you explain the third paragraph on the FEMA grant for the $1.2 M? How many counties have taken advantage of that proposal and doing microfilming?

Vicki : There were 44 counties. 9 were already microfilming and up to date. These counties put it out for bids and contracted out to do the microfilming. The deadline for the microfilming was Feb. 28, 2001. FEMA did grant us until the end of May, 2001, because it proved to be a bigger project than first thought.

Chair Froseth : All the records are kept back in the local court houses.

Vicki : The majority of register of deeds have sent the originals to the Salt Mines of Kansas. This is an environmental controlled climate, which was a FEMA requirement.

Rep. Eckre : (1575) Is there a yearly fee to the county for this service?

Vicki : Yes, and it depends on how much microfilm each county has. It goes by square foot. The larger counties pay more. I don't know if the Salt Mine is private or not.

Rep. Delmore : The fees you are asking for in this bill, will help to keep this program going. Can you explain if this will go on-line for public access.

Vicki : My colleagues will be addressing that issue.

Vice-Chair Severson :(1750) How often are these records in the counties updated?

Vicki : FEMA did not give us a dead line. Register of deeds, I know, are doing it monthly.

Rep. Kretschmar : (1830) In your county, what was the cost to microfilm?

Vicki : From $6,000 to $8,000 when FEMA came in. But I had already invested in a microfilming camera myself, and we were microfilming whenever we had time. We microfilm everything. There are two sides to our office. There is the recording side for the real estate and then we have the UCC side. This deals with the real estate side.

Rep. Herbel : You said there were 44 counties participating in this grant, so what are the other counties doing?

Vicki : They were already microfilming. There was no reason to come on board for the microfilming part. They are coming on board for the second part of the grant, which is the central repository.

Ann Johnsrud, McKenzie County Register of Deeds : (2040) in support of engrossed SB2173. **(SEE ATTACHED)**

Rep. Delmore : How often does it happen and who is most effected?

Ann : Anyone who does business in our office; attorneys, banks, oil companies, etc. We don't think giving us a 1 inch margin is asking too much. Most documents a computer generated.

Rep. Grosz : If a document is non-compliant, what is your extra expense for your office?

Ann : If there isn't enough room to put a bar code, we have to add paper to the document, which is then altering the document and this takes time.

Sheila Dalen, Ward County Register of Deeds : (2440) here in support of SB2173. **(SEE ATTACHED)**

Rep. Niemeier : (2815) Is the $1.2 M from FEMA gone?

Sheila : Not as yet. We've committed all the dollars.

Rep. Niemeier : Can any of that money be used to maintain the safe volt?

Sheila : We will use some up to the grant period. The grant will end though.

Vice-Chair Severson : You said there was a fee to access the records from the web site. How do you collect those fees?

Sheila : All the dollars will be run through Cass County. Their auditors office will bill from there.

Chair Froseth : What is the average cost?

Sheila : There is a $500/month maximum user fee to access everything. The lower end is $100 per month and then so much per copy. Whoever wants to get the information from the web site, will have to pay the monthly fee.

Chair Froseth : Have you had complaints that the fee is too high?

Sheila : I've had both. Some say it's too high; some say it should be higher.

Rep. Delmore : I see a positive part to this because of rural access to these records. How many shared and part-time register of deeds are there?

Sheila : I'm not sure. Think there are 23 that are shared or part-time.

Vice-Chair Severson : The only people who can access are those who pay the $100. The access really isn't open to the lay person.

Sheila : No, it's not. We need funding for this.

Rep. Grosz : Isn't microfilming going to be obsolete? Is it possible to e-mail and move and store electronically? What do you see in the future.

Sheila : You are right. Technology is rapidly changing. Microfilming is ND state law, so we have to continue doing this for archives. We have to have original signatures.

Claus Lembke, ND Realtors : (3659) here in support SB1273. We support this because our membership will be able to access the records much easier. This is important to our organization. In answer to Rep. Grosz question about microfilming. This is the best known system for storing a long time. It has been proven for 100 years.

Rep. Delmore : Do you think the fee is reasonable?

Claus : We looked at that. We accepted that increase.

Jack Kavaney, builder/developer : opposed to SB1273. **(SEE ATTACHED)** I feel this is already paid for by FEMA, so why are we being charged such a high fee per month. A second complaint I have is that the web site is not user friendly. You need to down load special software, which is very complicated. I tried it.

Wade Moser, ND Stockmen's Assoc. : (4830) here to oppose SB2173. We think the increase is too much. We think this is an add on fee that should be part of the job. We think that a $3.00 increase is excessive.

Rep. Maragos : How many recordings do you the typical rancher and stockman go through in a year?

Wade : Don't know. Can't guess.

Rep. Delmore : Were you aware of an earlier bill in here that increased the fee of recording abstract by a $1.00? Why did you not object to this?

Wade : The $1.00 did not look as excessive to us. I also had other hearings then that was heard.

Chair Froseth : Any further testimony? Hearing none, hearing on SB2173 is closed.

Discussion: Tape 1, Side B (3800-4793)

Rep. Herbel : I feel this is a big increase.

Vice-Chair Severson : I agree with Rep. Herbel. Also, some counties won't have the ability to get on line.

Chair Froseth : I was wondering if they get everything up and running, will they decrease the fees then. Maybe we should have a sunset clause put in the bill and have a time limit.

Rep. Niemeier : Where is the accountability? Does the register of deeds have the freedom to establish fees?

Vice-Chair Severson : I just don't feel small counties make enough money to have to pay the high fee.

Chair Froseth : We will wait on this one.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2173 b

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date 3-8-01

Tape Number	Side A	Side B	Meter #
1		xx	2880--3500
Committee Clerk Signature			

Minutes: Chair Froseth : Let's look at SB2173. Look at the amendments passed out. The sunset clause was added to include section 1 and 2 through subsection B (line 26, page 2). The sunset is for 4 years.

Rep. Herbel : Does the fiscal change with this amendment?

Chair Froseth : No.

Rep. Maragos : **I move a DO PASS ON AMENDMENTS.**

Rep. Delmore : **I second.**

VOICE VOTE: ALL YES. AMENDMENTS PASSED.

Rep. Maragos : **I move a DO PASS AS AMENDED.**

Rep. Delmore : **I second.**

VOTE: 12 YES and 1 NO with 2 absent. PASSED. Rep. Grosz will carry the bill.

10333.0202
Title.0300

Prepared by the Legislative Council staff for
House Political Subdivisions
March 7, 2001

VF
3/8/01
1082

HOUSE AMENDMENTS to SB2173 HOUSE POL. SUBS 3-9-01

Page 1, line 2, remove the first "and"

Page 1, line 4, after "deeds" insert "; and to provide an expiration date"

Page 1, line 15, after "the" insert "1999 Supplement to the"

Page 1, line 21, remove the overstrike over "~~seven~~" and remove "ten"

Page 1, line 24, remove "Three dollars of the"

HOUSE AMENDMENTS to SB2173 HOUSE POL. SUBS. 3-9-01

Page 2, remove lines 1 and 2

Page 2, line 18, remove the overstrike over "~~seven~~" and remove "ten"

Page 2, line 23, remove "Three dollars of the fee collected for the first page"

Page 2, remove lines 24 and 25

HOUSE AMENDMENTS to @ SB2173 HOUSE PO. SUBS 3-9-01

Page 3, after line 23, insert:

"**SECTION 3. AMENDMENT.** Subsection 1 of section 11-18-05 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

1. For recording an instrument affecting title to real estate:

   a. Deeds, mortgages, and all other instruments not specifically provided for in this subsection, ~~seven~~ ten dollars for the first page and three dollars for each additional page. In addition, for all documents recorded under this section that list more than five sections of land, a fee of one dollar for each additional section listed which is to be recorded in the tract index. Three dollars of the fee collected for the first page of each instrument recorded under this subdivision must be placed in the document preservation fund.

      (1) "Page" means one side of a single legal size sheet of paper not exceeding eight and one-half inches [21.59 centimeters] in width and fourteen inches [35.56 centimeters] in length.

      (2) The printed, written, or typed words must be considered legible by the register of deeds before the page will be accepted for recording.

      (3) Each real estate instrument must have a legal description considered to be adequate by the register of deeds before such instrument will be accepted for recording.

      (4) A space of at least four inches by three and one-half inches [10.16 by 8.89 centimeters] square must be provided on the first

or last page of each instrument for the register of deeds' recording information. If recording information can only be placed on the reverse side of an instrument, an additional page charge must be levied.

b. Instruments satisfying, releasing, assigning, subordinating, continuing, amending, or extending more than one instrument previously recorded in the county in which recording is requested, ~~seven~~ ten dollars for the first page and three dollars for each additional page plus three dollars for each such additional document number or book and page. In addition, for all documents recorded under this section which list more than five separate sections of land, a fee of one dollar for each additional section listed which is to be recorded in the tract index. Three dollars of the fee collected for the first page of each instrument recorded under this subdivision must be placed in the document preservation fund.

c. Plats, irregular tracts, or annexations, ten dollars for one lot plus ten cents for each additional lot, with the exception of auditor's lots which must be a single charge of seven dollars.

d. All instruments presented for recording after June 30, 2001, must contain a one-inch [2.54-centimeter] top, bottom, or side margin on each page of the instrument for the placement of computerized recording labels. An instrument that does not conform to this margin requirement may be recorded upon payment of an additional fee of two dollars.

SECTION 4. EXPIRATION DATE. Sections 1 and 3 of this Act are effective through June 30, 2005, and after that date are ineffective."

Renumber accordingly

Date: 3-8-01
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2173

House POLITICAL SUBDIVISIONS Committee

☐ Subcommittee on

or

☐ Conference Committee

Legislative Council Amendment Number 10353.0102 .0200

Action Taken Do Pass As Amended

Motion Made By Rep. Maragos Seconded By Rep. Delmore

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	✓		Rep. Wayne W. Tieman	✓	
Vice-Chair Dale C. Severson	✓				
Rep. Lois Delmore	✓				
Rep. Rachael Disrud	✓				
Rep. Bruce Eckre	✓				
Rep. Mary Ekstrom	✓				
Rep. April Fairfield	AB				
Rep. Michael Grosz	✓				
Rep. Jane Gunter	✓				
Rep. Gil Herbel		—			
Rep. Nancy Johnson	AB				
Rep. William E. Kretschmar	✓				
Rep. Carol A.Niemeier	✓				
Rep. Andrew G. Maragos	✓				

Total (Yes) 12 No 1

Absent 2 AB

Floor Assignment Rep. Grosz

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2173: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). SB 2173 was placed on the Sixth order on the calendar.

Page 1, line 2, remove the first "and"

Page 1, line 4, after "deeds" insert "; and to provide an expiration date"

Page 1, line 15, after "the" insert "1999 Supplement to the"

Page 1, line 21, remove the overstrike over "~~seven~~" and remove "ten"

Page 1, line 24, remove "Three dollars of the"

Page 2, remove lines 1 and 2

Page 2, line 18, remove the overstrike over "~~seven~~" and remove "ten"

Page 2, line 23, remove "Three dollars of the fee collected for the first page"

Page 2, remove lines 24 and 25

Page 3, after line 23, insert:

"**SECTION 3. AMENDMENT.** Subsection 1 of section 11-18-05 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

1. For recording an instrument affecting title to real estate:

   a. Deeds, mortgages, and all other instruments not specifically provided for in this subsection, ~~seven~~ten dollars for the first page and three dollars for each additional page. In addition, for all documents recorded under this section that list more than five sections of land, a fee of one dollar for each additional section listed which is to be recorded in the tract index. Three dollars of the fee collected for the first page of each instrument recorded under this subdivision must be placed in the document preservation fund.

      (1) "Page" means one side of a single legal size sheet of paper not exceeding eight and one-half inches [21.59 centimeters] in width and fourteen inches [35.56 centimeters] in length.

      (2) The printed, written, or typed words must be considered legible by the register of deeds before the page will be accepted for recording.

      (3) Each real estate instrument must have a legal description considered to be adequate by the register of deeds before such instrument will be accepted for recording.

      (4) A space of at least four inches by three and one-half inches [10.16 by 8.89 centimeters] square must be provided on the first or last page of each instrument for the register of deeds' recording information. If recording information can only be

placed on the reverse side of an instrument, an additional page charge must be levied.

b. Instruments satisfying, releasing, assigning, subordinating, continuing, amending, or extending more than one instrument previously recorded in the county in which recording is requested, ~~seventen~~ dollars for the first page and three dollars for each additional page plus three dollars for each such additional document number or book and page. In addition, for all documents recorded under this section which list more than five separate sections of land, a fee of one dollar for each additional section listed which is to be recorded in the tract index. Three dollars of the fee collected for the first page of each instrument recorded under this subdivision must be placed in the document preservation fund.

c. Plats, irregular tracts, or annexations, ten dollars for one lot plus ten cents for each additional lot, with the exception of auditor's lots which must be a single charge of seven dollars.

d. All instruments presented for recording after June 30, 2001, must contain a one-inch [2.54-centimeter] top, bottom, or side margin on each page of the instrument for the placement of computerized recording labels. An instrument that does not conform to this margin requirement may be recorded upon payment of an additional fee of two dollars.

SECTION 4. EXPIRATION DATE. Sections 1 and 3 of this Act are effective through June 30, 2005, and after that date are ineffective."

Renumber accordingly

2001 TESTIMONY

SB 2173

1-18-01

TO: Chairman Cook and Members of the Senate Political Subdivisions Committee

FR: Ruth Stevens – Nelson County Register of Deeds/Clerk of District Court

RE: SB 2173

Mr. Chairman and members of the committee:

I am Ruth Stevens from Lakota, and serve as the Nelson County Register of Deeds and Clerk of District Court. I am in favor of SB 2173 as it will provide more uniformity in our fees across the state.

Under HB 1275, non-judicial duties, consisting mainly of filing duties, were transferred to the Register of Deeds or "other designated official".

The Depositing of Wills was specifically transferred to the Register of Deeds office under NDCC 30.1-11-01.

As a result of these changes, the need to establish a more uniform fee schedule is imperative.

An increase from $5 to $10 for filing non-central indexing system documents will be in accordance with the Clerk of District Court fee schedule in place now.

Presently, the certified copy fee for a filed instrument is different from a recorded instrument in our office. Certified copies of recorded documents are charged at the rate of $5 for the first page and $2 for each additional page, while certified copies of filed documents are $5 for the first page and $1 for each additional 5 pages or portion thereof.

We are proposing to increase the fees for certified copies of filed documents in accordance with those charged for recorded documents - $5 for the first page and $2 for each additional page.

Not all Register of Deeds will be handling these non-judicial duties, but those who will, feel these changes will be for the benefit of the public who will utilize these services.

The Register of Deeds Association cannot address the lack of uniformity of fees that may arise between other designated officials. Our concern is to address that which directly impacts our office and our service to the public.

I ask for a "do pass" on this bill.

Testimony To The
SENATE POLITICAL SUBDIVISIONS COMMITTEE
Prepared January 18, 2001 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director

CONCERNING SENATE BILL NO. 2173

Chairman Cook and members of the Senate Political Subdivisions Committee, I am here on behalf of the North Dakota Association of Counties to express our strong support for Senate Bill 2173.

As has been explained, while this bill contains a fee increase, it is a critical component to a long-range and statewide plan to protect our State's vital land records. Not only will this allow those pilot counties to meet their commitment to the Federal Emergency Management Agency, but it will make it possible for most, if not all, counties to eventually participate.

In addition to simply stating the support of our Association, I want to also provide some basic information about recording fees in general. The back of my testimony contains two tables and a chart. I will very briefly explain them, but I think they show quite clearly that the fees resulting from this legislation are not unreasonable.

The filing and copy fee adjustments are minor in some respects to the rest of the bill, but as the final phases of court unification are implemented, it is important that we establish as much uniformity as possible in how these functions are handled.

Mr. Chairman and committee members, I would like to close by urging a Do Pass recommendation on Senate Bill 2173.

Analysis of Land Recording Fees of Surrounding States

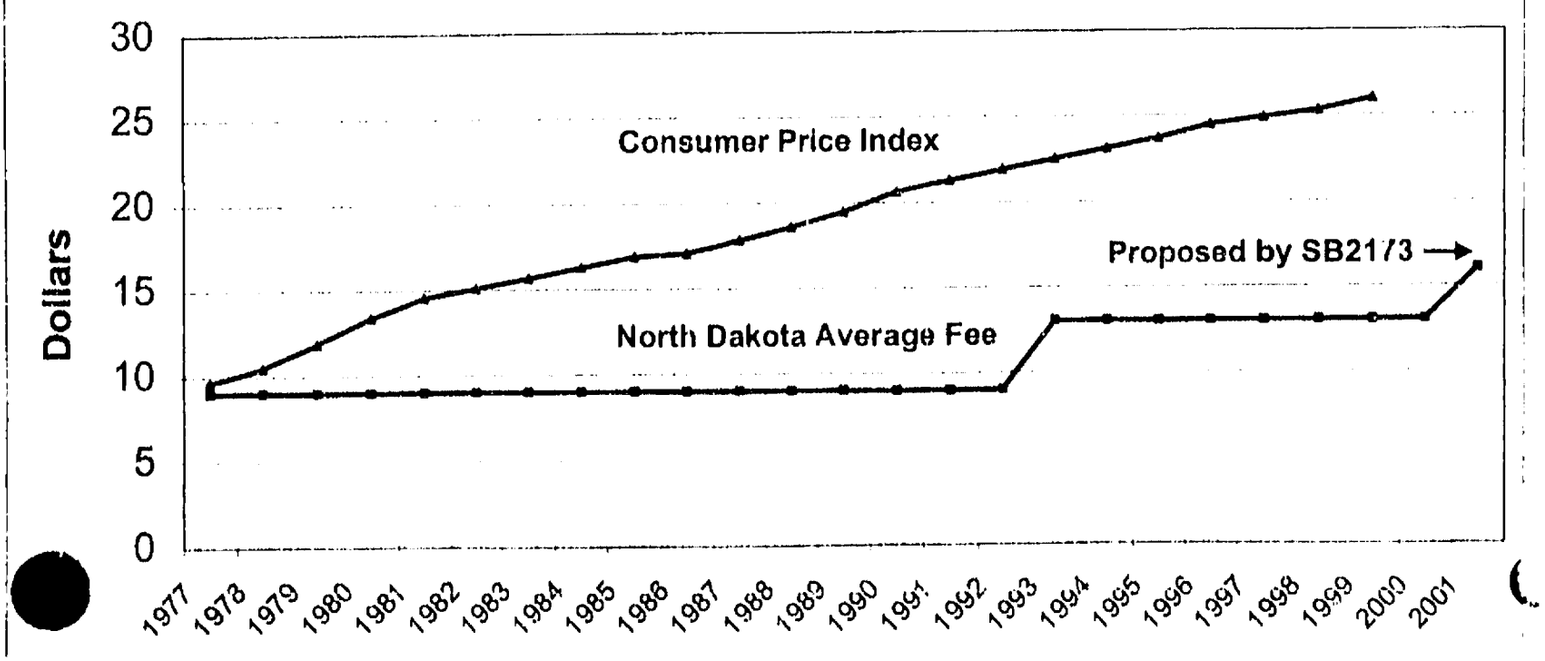
	Recording Deeds		Recording Mortgages		Penalty Fee		Cost to Record Average 3-Page Conforming Deed	Real Estate Revenue Stamp ($100,000 Property)
	First Page	Additonal Pages	First Page	Additonal Pages	Amount	Reason		
North Dakota (Current)	$7	$3	$7	$3	$2	Page lacks sufficient margin for imaging	$13.00	None
North Dakota (SB2173)	$10	$3	$10	$3	$10	Page lacks sufficient margin for imaging	$16.00	None
South Dakota	$10	$2	$10	$2	$0	No penalty fees	$14.00	$100.00
Minnesota *	$19.50	$1	$19.50	$1	$10	Failure to meet any format requirements	$19.50	$330.00
Montana	$6	$6	$6	$6	$6	Oversize pages counted as two	$18.00	None
Nebraska	$5.50	$5	$5.50	$5	$5	Insufficient room for stamp	$15.50	$175.00
Iowa	$11	$5	$6	$5	$5	Oversize pages counted as two	$21.00	$159.20
Average of Other States	$10.40	$3.80	$9.40	$3.80	$ 5.20		$17.60	

* Minnesota's $19.50 first page fee covers any number of pages up to 15

History of Land Recording Fees in North Dakota

	Recording Deeds		Recording Mortgages		Penalty Fee Amount	Notes	Cost to Record Average 3-Page Conforming Deed
	First Page	Additonal Pages	First Page	Additonal Pages			
1977 or Before	$5	$2	$5	$2	$0	Raised from $x/$x in 19xx	$9
1983 (HB1231)	$5	$2	$5	$2	$0	Bill created UCC filing requirments	$9
1987 (SB2295)	$5	$2	$5	$2	$0	Bill amended UCC definitions	$9
1989 (SB2079)	$5	$2	$5	$2	$0	Bill clarified definition of instrument	$9
1991 (SB2493)	$5	$2	$5	$2	$0	Adds $3 when additional sections are mortgaged on same instrument	$9
1993 (SB2296)	$7	$3	$7	$3	$0	Adds $3 when additional sections are recorded on same instrument	$13
[illegible]1406)	$7	$3	$7	$3	$2	Bill amended UCC definitions	$13
200[illegible]SB2173) Proposed	$10	$3	$10	$3	$10	Page lacks sufficient margin for imaging	$16

Comparison of Averge Fee to CPI



SB2173 Fiscal Analysis

Based on CY1999 Recordings by County

County Number	County	CY1999 Recordings	Estimate of Annual Fiscal Effect
1	Adams	750	$2,250
2	Barnes	2,444	$7,332
3	Benson	1,015	$3,045
4	Billings	930	$2,790
5	Bottineau	2,316	$6,948
6	Bowman	No Data	No Data
7	Burke	1,387	$4,161
8	Burleigh	15,050	$45,150
9	Cass	28,321	$84,963
10	Cavalier	1,551	$4,653
11	Dickey	1,255	$3,765
12	Divide	1,309	$3,927
13	Dunn	1,655	$4,965
14	Eddy	No Data	No Data
15	Emmons	1,280	$3,840
16	Foster	839	$2,517
17	Golden Valley	605	$1,815
18	Grand Forks	12,750	$38,250
19	Grant	813	$2,439
20	Griggs	674	$2,022
21	Hettinger	1,111	$3,333
22	Kidder	665	$1,995
23	LaMoure	1,110	$3,330
24	Logan *	555	$1,665
25	McHenry	1,578	$4,734
26	McIntosh	839	$2,517
27	McKenzie	2,178	$6,534
28	McLean	2,599	$7,797
29	Mercer	2,143	$6,429
30	Morton	5,715	$17,145
31	Mountrail	1,700	$5,100
32	Nelson	891	$2,673
33	Oliver	626	$1,878
34	Pembina	2,066	$6,198
35	Pierce	1,093	$3,279
36	Ramsey	2,908	$8,724
37	Ransom	1,377	$4,131
38	Renville	1,030	$3,090
39	Richland	3,871	$11,613
40	Rolette	992	$2,976
41	Sargent	1,125	$3,375
42	Sheridan	475	$1,425
43	Sioux	252	$756
44	Slope	312	$936
45	Stark	4,818	$14,454
46	Steele	660	$1,980
47	Stutsman	4,199	$12,597
48	Towner	889	$2,667
49	Traill	1,987	$5,961
50	Walsh	2,100	$6,300
51	Ward	10,621	$31,863
52	Wells	1,113	$3,339
53	Williams	5,812	$17,436
	Total	144,354	$433,062

* Logan data is for a 12-month period ending October, 1999

Claus Lembke

According to our Reg of Deeds here is a sampling of number of documents recorded:

Burleigh	15,000
Cass	30,000
Ward	10,000

1-18-01

TO: Chairman Cook and Members of the Senate Political Subdivision

FR: Vicki Kubat- President Register of Deeds Association

RE: SB 2173-Relating to Record Preservation Fee on Recording

Good Morning Mr. Chairman and members of the committee. My name is Vicki Kubat and I am the Cavalier county Register of Deeds and President of the ND Register of Deeds Association. I would like to provide you with some history behind the drafting of this bill and touch on the first couple of items being addressed in this bill. My colleagues will be offering testimony on a couple of the additional changes in the bill.

As you are well aware of the flooding in the Red River Valley in 1997, there was much destruction and one area was the Register of Deeds office in Grand Forks. They faced overwhelming amounts of damage to their permanent records, as you can see on the attachments to this testimony as well as on the larger scale model.

During the aftermath cleanup and assessment, "Disaster Preparedness For The Future" became a popular topic of discussion. Action was initiated...committees were formed... and with the assistance of Cass County and FEMA a workable plan was developed and implemented to complete the microfilming of the real estate records in all 53 counties with storage of that film in a secure place. The grant was for 1.2 million dollars and allowed all ROD's to participate in the project of microfilming all their records to assure this type of destruction does not happen again. These records are now stored off site in a safe storage facility where if ever needed can be reproduced.

The grant also allowed a central repository to be built to store our electronic records. This computerized central repository has become a reality and it places the state ROD offices on the cutting edge of technology, which will make us unique to the entire country. The system will not only provide another means of safe-guarding the ROD records, but also to deliver to users such as bankers, realtors, attorneys, oil and gas companies access to public records via the computer. This is the first time FEMA has granted a technology grant of this nature. What a wonderful opportunity for the state of North Dakota's register of deeds to preserve and protect their valuable county records.

Many county ROD offices do not have the necessary funds in order to upgrade their operations to include a computer...or to even maintain the ongoing microfilming process for security. SB 2173 establishes a fair, painless plan to raise those funds.

North Dakota's recording fees pale in comparison to many states and fees' hike in this bill is a very small price to pay to provide another means of back-up security for our precious real property records...while also allowing us to be progressive..and to enter into the emerging world of e-government.

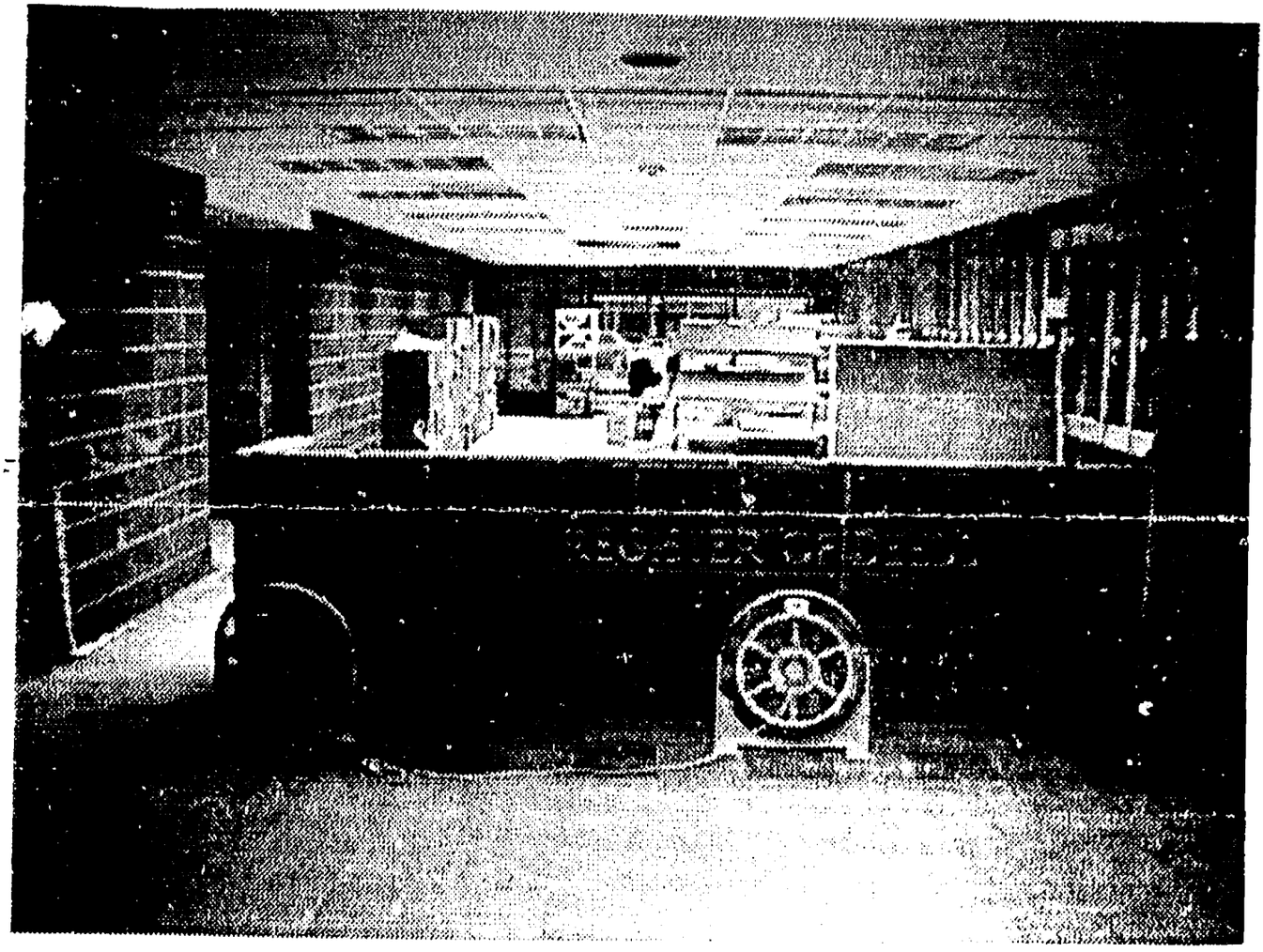
On page 3 of the bill line 2 we are asking for the margin requirement fee to be raised from two to ten dollars. This section was added into the code last Legislative session and

we feel it is not enough of an additional fee to encourage people to comply with the requirements. Forms have to accommodate technology for labels to be put onto documents. We are asking for the increase as it takes extra time and makes additional work for a Register to alter these forms to allow a computerized label to be put on a document. We are hoping to encourage the drafters of these documents to comply with the requirements and avoid the penalty fee.

I know the state of Florida may be a horrible example in light of the recent Presidential election fiasco, but a bill signed into law in that state last May mandates that all county clerk/recorder records be placed on the Internet no later than January 2002 and images are required to be online by 2006.

In many respects we are presently ahead of Florida and their stature...I would hope we could keep forging ahead and improve what we have developed and designed. SB 2173 provides assistance to reach reasonable goals at a reasonable cost. I ask for a "DO PASS" on SB2173.

Thank you.



North Dakota Petroleum Council

Ron Ness
Executive Director
Marsha Reimnitz
Office Manager

Email: ndpc@btigate.com
Phone: 701-223-6380
Fax: 701-222-0006
120 N. 3rd Street • Suite 225
P.O. Box 1395
Bismarck, ND 58502-1395

Senate Political Subdivisions Committee

Senate Bill No. 2173
January 19, 2001

Testimony by Ron Ness, North Dakota Petroleum Council

Chairman Cook, thank you for allowing me to submit written comments on SB-2173. My name is Ron Ness and I am the Executive Director of the North Dakota Petroleum Council. The North Dakota Petroleum Council represents both large and small oil and gas companies, oil field service companies, and the BP Refinery in Mandan. On behalf of my membership, who is probably the largest payer of fees for recording documents in this state, I submit the following questions and concerns in regard to this bill.

The oil and gas industry supports efforts to improve the technology at county courthouses across the state, however, to my knowledge there has been no specifics provided for the costs and timeline for these changes to be implemented. The oil and gas industry like all other taxpayers is concerned about any fee increases without a detailed plan for use of the additional funds. The concerns I have heard from my members is that fee increases have been attempted in previous sessions without success and some wonder if this just another attempt to increase fees.

The following questions were raised in conversations with my members:

1. How much revenue will the fee increases generate?
2. Will that revenue fund the entire program or will there be more fee increases to implement the next phase?
3. The fee increase will be statewide, however, It appears several counties may not have Internet capabilities for several years, what will happen with those additional revenues?
4. Have all the county commissions agreed to spend the fee increases on this program to upgrade the system?
5. When can we expect all counties to on-line?
6. Will there be savings to the counties as a result of this new system?

Mr. Chairman and committee members, oil and gas companies file many documents each year, some may file thousands of documents in a year, and you can certainly understand why there are questions about this fee increase. The industry does not oppose this bill as long as the fee increases are justified and substantiated. In the event the questions above are not addressed, we urge you to oppose this fee increase until further clarifications are provided.

Thank you for your consideration.

Testimony To The
HOUSE POLITICAL SUBDIVISIONS COMMITTEE
Prepared March 2, 2001 by the
North Dakota Association of Counties
Terry Traynor, Assistant Director

CONCERNING ENGROSSED SENATE BILL NO. 2173

Chairman Froseth and members of the House Political Subdivisions Committee, I am here on behalf of the North Dakota Association of Counties to express our strong support for Engrossed Senate Bill 2173.

As has been explained, while this bill contains a fee increase, it is a critical component to a long-range and statewide plan to protect our State's vital land records. Not only will this allow those pilot counties to meet their commitment to the Federal Emergency Management Agency, but it will make it possible for most, if not all, counties to eventually participate.

In addition to simply stating the support of our Association, I want to also provide some basic information about recording fees in general. The back of my testimony contains several tables and a chart. I will very briefly explain them, but I think they show quite clearly that the fees resulting from this legislation are not unreasonable.

The filing and copy fee adjustments are minor in some respects to the rest of the bill, but as the final phases of court unification are implemented, it is important that we establish as much uniformity as possible in how these functions are handled.

Mr. Chairman and committee members, I would like to close by urging a Do Pass recommendation on Engrossed Senate Bill 2173.

Analysis of Land Recording Fees of Surrounding States

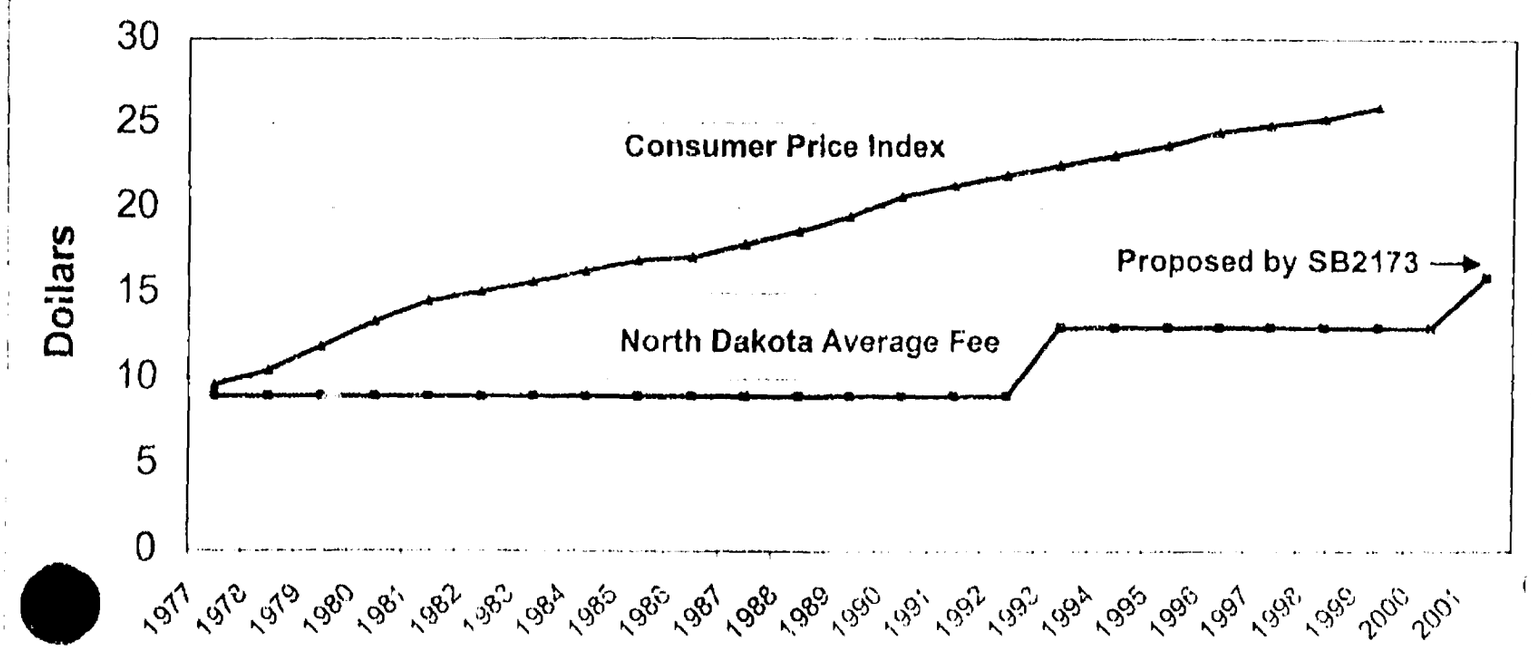
	Recording Deeds		Recording Mortgages		Penalty Fee		Cost to Record Average 3-Page Conforming Deed	Real Estate Revenue Stamp ($100,000 Property)
	First Page	Additonal Pages	First Page	Additonal Pages	Amount	Reason		
North Dakota (Current)	$7	$3	$7	$3	$2	Page lacks sufficient margin for imaging	$13.00	None
North Dakota (SB2173)	$10	$3	$10	$3	$10	Page lacks sufficient margin for imaging	$16.00	None
South Dakota	$10	$2	$10	$2	$0	No penalty fees	$14.00	$100.00
Minnesota *	$19.50	$1	$19.50	$1	$10	Failure to meet any formal requirements	$19.50	$330.00
Montana	$6	$6	$6	$6	$6	Oversize pages counted as two	$18.00	None
Nebraska	$5.50	$5	$5.50	$5	$5	Insufficient room for stamp	$15.50	$175.00
Iowa	$11	$5	$6	$5	$5	Oversize pages counted as two	$21.00	$159.20
Average of Other States	$10.40	$3.80	$9.40	$3.80	$ 5.20		$17.60	

* Minnesota's $19.50 first page fee covers any number of pages up to 15

History of Land Recording Fees in North Dakota

	Recording Deeds		Recording Mortgages		Penalty Fee Amount	Notes	Cost to Record Average 3-Page Conforming Deed
	First Page	Additonal Pages	First Page	Additonal Pages			
1977 or Before	$5	$2	$5	$2	$0	Raised from $x/$x in 19xx	$9
1983 (HB1231)	$5	$2	$5	$2	$0	Bill created UCC filing requirments	$9
1987 (SB2295)	$5	$2	$5	$2	$0	Bill amended UCC definitions	$9
1989 (SB2079)	$5	$2	$5	$2	$0	Bill clarified definition of instrument	$9
1991 (SB2493)	$5	$2	$5	$2	$0	Adds $3 when additional sections are mortgaged on same instrument	$9
1993 (SB2296)	$7	$3	$7	$3	$0	Adds $3 when additional sections are recorded on same instrument	$13
19[illegible]1406)	$7	$3	$7	$3	$2	Bill amended UCC definitions	$13
20[illegible]2173) Proposed	$10	$3	$10	$3	$10	Page lacks sufficient margin for imaging	$16

Comparison of Averge Fee to CPI



'Non-Judicial' Clerk of Court Duties

House Bill 1275, passed in the 1999 Session of the North Dakota Legislature, identifies a number of county responsibilities (non-judicial duties) that will not be performed by Clerks of Court that become State Employees. The law will shift these responsibilities to the County Register of Deeds, unless the County Commission determines that they should be assigned to another office within that particular county. The only exception is (J) below, which is assigned to the Register of Deeds with no provision for transfer to another office.

A. File copies of home rule charters [NDCC 11-09.1-04, 40-05.1-05, 54-40.4-05(4)]
B. Maintain coroner's certificate registry, filing coroner proceedings [NDCC 11-19-03, 11-19-16, 11-19-17, 11-19.1-08]
C. File surveyors appointment/revocation of appointment [NDCC 11-20-02]
D. Serve as secretary for debt adjustment board and file the board's records [NDCC 11-26-01, 11-26-03, 11-26-04]
E. Issue/file marriage licenses, solemnize marriages [NDCC 14-03-09, 14-03-10, 14-03-11, 14-03-17, 14-03-19, 14-03-20, 14-03-21, 14-03-22, 14-03-24]
F. Maintain record of state toxicologist reports [NDCC 20.1-13.1-08(4), 20.1-13.1-10(4)(5), 20.1-15-08(4), 20.1-15-11(6)(7), 39-06.2-10.6(4), 39-20-05(4), 39-20-07(6)(7), 39-24.1-08(4)(5)]
G. Maintain registry of birth & death certificates [NDCC 23-02.1-06 see also 23-02.1-13, 23-02.1-14, 23-02.1-19, 23-02.1-20, 23-02.1-21]
H. Maintain registry of cemetery licenses [NDCC 23-21.1-02.1, 23-21.1-02.2]
I. File orders regarding insurers [NDCC 26.1-06.1-12(1), 26.1-06.1-17(1), 26.1-06.1-24(1), 26.1-06.1-49(3), 26.1-06.1-50(3)]
J. Maintain depository of wills [NDCC 30.1-11-01]
K. Maintain DD214 military discharge registry [NDCC 37-01-34, 37-01-35]
L. Filing trustee appointment records for defaults on notes by certain public authorities [NDCC 40-33.1-14(1), 40-33.1-16(1)]
M. Receive list of licensed real estate brokers [NDCC 43-23-16]
N. Maintain massage therapist license registry [NDCC 43-25-09]
O. Maintain reflexologist registry [NDCC 43-49-09]
P. File homestead appraiser appointments [NDCC 47-18-08]
Q. Receive list of licensed auctioneers [NDCC 51-05.1-06]
R. Approve personal property tax undertaking, warrants [NDCC 57-22-16, 57-22-32]

TO: Chairman Forseth and Members of the Political Subdivision Committee

FR: Vicki Kubat – President Register of Deeds Association

RE: SB 2173-RELATING TO RECORD PRESERVATION FEE ON RECORDING

Good Morning Mr. Chairman and members of the committee. My name is Vicki Kubat and I am the Cavalier County Register of Deeds and President of the ND Register of Deeds Association. I would like to provide you with some history behind the drafting of this bill and touch on the first couple of items being addressed. My colleagues will be offering testimony of the additional changes in the bill. Ann will be sharing other fee changes to unify the Register & Clerk filing functions; Sheila will explain in more detail the FEMA grant project, its goals, accomplishments and future; and Terry will speak on the overall county support and some statistics on historical and surrounding state fees.

As you are well aware of the flooding in the Red River Valley in 1997, there was much destruction and one area was the Register of Deeds office in Grand Forks. They faced overwhelming amounts of damage to their permanent records, as you can see on the attachments to this testimony as well as on the larger scale model. These records were destroyed and in some cases cannot be replaced due to counties not being prepared for a disaster such as this.

During the aftermath cleanup and assessment, "Disaster Preparedness For The Future" became a popular topic of discussion. Action was initiated.....committees were formed....and with the assistance of Cass County and FEMA a workable plan was developed and implemented to complete the microfilming of the real estate records in all 53 counties with storage of that film in a secure place. The grant was for 1.2 million dollars and allowed all Register of Deeds offices to participate in the project of microfilming all their records to assure this type of destruction does not happen again. These records are now stored off site in a safe storage facility where if ever needed can be reproduced.

The grant also allowed a central repository to be built to store our electronic records. This computerized central repository has become a reality and it places the state Register of Deeds offices on the cutting edge of technology, which will make us unique to the entire country. The system will not only provide another means of safe-guarding the Register of Deeds records, but also to deliver to users such as bankers, realtors, attorneys, oil and gas companies access to public records via the internet. This is the first time FEMA has granted a technology grant of this nature. What a wonderful opportunity for the state of North Dakota's register of deeds to preserve and protect their valuable county records.

Many county Register of Deeds do no have the necessary funds in order to upgrade their operations to include a computer....or to even maintain the ongoing microfilming process for security. SB 2173 establishes a fair, painless plan to raise those funds by increasing

the first page recording fee and establishing the document preservation fund in each county. We need to continue what FEMA has allowed us to begin.

North Dakota's recording fees pale in comparison to many states. The increase in this bill is a very small price to pay to provide another means of back-up security for our precious real property records... while also allowing us to be progressive...and to enter into the emerging world of e-government.

I know the state of Florida may be a horrible example in light of the recent Presidential election fiasco, but a bill signed into law in that state last May mandates that all county clerk/recorder records be placed on the Internet no later than January 2002 and images are required to be online by 2006.

In many respects we are presently ahead of Florida and their statue...I would hope we could keep forging ahead and improve what we have developed and designed. SB 2173 provides assistance to reach reasonable goals at a reasonable cost. I ask for a **"DO PASS"** on **SB 2173.**

At this time I would be willing to answer any questions.

Thank you

TO: Chairman Froseth and members of the House Political Subdivisions Committee

FR: Ann Johnsrud – McKenzie County Register of Deeds

RE: Engrossed Senate Bill 2173

Mr. Chairman and members of the Committee:

I am Ann Johnsrud from Watford City and serve as the McKenzie County Register of Deeds. I am in favor of Engrossed Senate Bill 2173 as it will provide more uniformity in our fees across the state.

Under HB 1275, non-judicial duties, consisting mainly of filing duties, were transferred to the Register of Deeds or "other designated official"

The Depositing of wills was specifically transferred to the Register of Deeds office under NDCC 30.1-11.01.

As a result of these changes, the need to establish a more uniform fee schedule is imperative. This bill is proposing 3 areas of fee adjustments to accomplish this.

1. An increase from $5.00 to $10.00 for filing non-central indexing system documents will be in accordance with the Clerk of District Court fee schedule now in place.
2. Adjust the fees for certified copies of filed documents in accordance with those charged for recorded documents - $5.00 for the first page and $2.00 for each additional page.
3. An increase in the margin requirement fee from $2.00 to $10.00. This section was added to the code last Legislative session. The $2.00 fee is not enough of an additional fee to encourage people to comply with the requirements. Forms have to accommodate technology for computer-generated labels to be placed onto documents. We hope to encourage the drafters of these documents to comply with the requirements and avoid the added fee.

These changes will benefit the public utilizing our services by providing more uniformity among the Register of Deeds offices. Our concern is to address that which directly impacts our office and our service to the public.

We would ask for a "do pass" on Engrossed SB 2173

3-2-01
Support

TO: Chairman Froseth and Members – House Political Subdivisions

FR: Sheila Dalen – Ward County Register of Deeds
Register of Deeds – Legislative Chairman

RE: Engrossed SB2173

Good Morning Chairman Froseth and Committee members, I am Sheila Dalen. I am the Ward County Register of Deeds and chair of our association's Legislative Committee. I would like to add my testimony of support today for Engrossed SB2173 by providing more detail concerning the FEMA grant and what it provided.

There were two phases to this project. The $1.2 million disaster recovery grant provided; #1 all counties the ability to microfilm their records and store them at an off-site storage facility, and #2 the opportunity to build a central repository for electronic records. The stipulations of this grant are that we as counties now continue this process.

The ongoing maintenance of the central repository is estimated to cost $120,000 annually, which we project will require approximately $1 per filing of the proposed record preservation fee. The balance of the dollars generated in the counties will be devoted to the continuation of phase #1, the microfilming phase of the FEMA project, and also to allow counties to generate enough revenue to purchase the equipment, software, training, and services needed for all counties to ultimately use the central repository. As you will see in Mr. Traynor's testimony, this may take several years for some of the smaller counties to generate adequate funds in order to participate.

The central repository was formed as a cooperative effort of eight counties that have thus far been able to participate. This group was formed through a Joint Powers Agreement among the counties, with Cass County acting as the

lead. The joint powers group has been named the North Dakot s Information Network (NDRIN). NDRIN has the very real potenual of adding another 15 counties in the near future. As counties gain enough funding, we are hopeful that most, if not all, counties will ultimately participate.

With new projects also come new opportunities, and NDRIN is now able to publish the records of the eight participating counties to the Internet for users to access any time day or night. A private business which works extensively with state and local government, INET of Bismarck, was hired to design a web page and the site is up and running. NDRIN has hired a Fargo firm, High Plains Technology, to house and maintain the site. There is currently a fee schedule associated with the retrieval of these records from the web site, to offset the web development and maintenance that makes the retrieval possible. Retrieval costs set to only cover the costs associated with the long-term maintenance and support of the website. Individual county records are, and will continue to be, available in every courthouse for the statutory cost of copying.

The record retention fee proposed in SB2173 is needed to continue the good work the FEMA grant began, and to allow county offices to add the technology needed to participate in the process of storing electronic information and making it available to the public through the Internet. Most importantly, it is necessary to assure that our counties records are microfilmed and stored in safe facilities – diminishing the concern of another natural disaster destroying these invaluable records.

On behalf of the Register of Deeds Association and as a member of the North Dakota Recorders Information Network I too would ask for a DO PASS recommendation on Engrossed SB2173.

TESTIMONY IN REGARDS SB 2173 March 1, 2001

FROM: JACK Kavaney, LOGAN HILL GMAC REAL ESTATE, BISMARCK, ND.

I AM OPPOSED TO JUST GIVING ANYONE A BLANK CHECK. THIS BILL WILL FUND A SYSTEM THAT IS ONLY EXPERIMENTAL AND HAS NOT BEEN FULLY DEFINED.

I agree that the integrity of our Register of Deeds System, and the documents that it records and maintains, needs to be insured against catastrophic loss and for future security.

BUT--- every project that I have been involved with started with an industry task force that keeps everyone informed and keeps the process focused. This "DOCUMENT PRESERVATION SYSTEM" just showed up a few months ago. With a little announcement in the paper we were informed of a test and an information meeting. Without going into great details -the public was told that we could access this system for a setup fee of $200 and $100 a month for basic usage or $500 a month for unlimited usage.

WE—the general public—or users of the Reg. of Deeds system, were told that they had developed a " DOCUMENT PRESERVATION SYSTEM" and as a result we could access the system via the internet, and see what is recorded at the Reg. of Deeds office, without having to make a trip to the court house.

AND -NOW—they want as to agree to a fee increase to fund the system. Fund it for what—it is already set up and functioning, for them. We were told that we could access the NDIR (North Dakota Recorders Information Network) and check it out on a limited basis, but I cannot access it because I have to download some specific software that it not compatable with my INTERNET SERVICE.

I had someone check and Burleigh Co. had 15,000+ recordings, Cass 30,000 and Ward 10,000. And at $3 @, that's a lot of money to be used just for document preservation. Considering that the Burleigh and Cass already have the system set up through a FEMA grant as a result of the 1998 flooding.

The main point here is that as a result of their FEMA grant and the other internet access work that the Reg. of Deeds have proposed, they need some funding. If we support this bill as a way of providing the funding for document storage, then the records should be open to the industry and the public, with controls of course.

THE ???? IS: WHO OWNS THIS DATA, WHO WILL REGULATE THIS PROGRAM AND WHO IS PAYING FOR THIS STORAGE ? WE HAVE NOT HEARD THE END OF THIS.

SB 2113

NDRIN WEB SITE
NORTH DAKOTA RECORDERS INFORMATION NETWORK

1. Welcome to the world of NDRIN....the North Dakota Recorders Information Network. A group of North Dakota counties have joined together to extend the application of the 1999 disaster-proofing FEMA grant and provide access to real estate records via the Internet. These records have previously been available only through books and microfilm in the register of deeds offices in the county courthouses.

2. The counties of Burleigh, Cass, Dunn, McLean, Stark, Ward and Williams are the pilot counties in this project, offering real estate records access with various start-up dates to the present.

3. NDRIN welcomes all users, from real estate brokers to attorneys, bankers, oil and gas/coal industry personnel, abstractors and others. As in the previous 100 plus years, the North Dakota Register of Deeds have been dedicated to the people of North Dakota in preserving, protecting and providing access to the county real estate records. NDRIN hopes to continue to serve the public into the 21st century and beyond, with new methods and techniques as modern technology moves Register of Deeds forward as progressive players in the world of e-commerce.

4. Electronic land records make it easier for you to find the information you need. The North Dakota Recorders Information Network's (NDRIN) electronic central repository was built with the assistance of Eagle Computer Systems, Inc. (ECS) and was based on their CRIS+plus application. CRIS+Plus provides for the searching, viewing, and printing of electronically recorded land records. To see a list of participating counties click here.

Registered users can access the Land Records application by clicking the ECS button

Unlimited Access:
One-time setup fee: $200 ($100 for each additional site that registers at the same time)

Monthly Fee: $500 which provides for: • unlimited querying of the reception book • unlimited viewing of images • unlimited printing of images

Limited Access:
One-time setup fee: $200 ($100 for each additional site that registers at the same time)
Monthly Fee: $100 which provides for: • unlimited querying of the reception book • unlimited viewing of images • unlimited printing of images @ $1/page

LAND RECORDS:
Electronic land records make it easier for you to find the information you need. The North Dakota Recorders Information Network's (NDRIN) electronic central repository was built with the assistance of Eagle Computer Systems, Inc. (ECS) and was based on their CRIS+plus application. CRIS+Plus provides for the searching, viewing, and printing of electronically recorded land records. To see a list of participating counties click here. Registered users can access the Land Records application by clicking the ECS button below.

723 W. Memorial Hwy., Bismarck, ND 58504
OFFICE: (701) 224-9992 EXT. 309
TOLL FREE: 1-800-223-8981
FAX: (701) 223-8981
RES: (701) 223-8173
CELL: (701) 220-8564
E-MAIL: jwk1031@btlgate.com

JACK KAVANEY
Associate Broker

Logan Hill GMAC Real Estate