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245

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 2/15/84

REQUEST SB 245
Bill/Resolution No.: HB 342
Title: Recording Bill

FISCAL DETAIL
Agency Affected: Dept. of Natural Resources
Program Category Affected: Management and Administration
BRU, Program or Subprogram(s) Affected: Information/Records Management
Recorders Office

Sponsor: Legislative Council
Requestor: Code Revision Committee
Date of Request: 4/8/83

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-0-	-0-	26.0	27.3	28.6	30.1
200 TRAVEL	-0-	-0-	5.0	3.0	3.0	3.0
300 CONTRACTUAL	-0-	150.0	25.0	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	8.0	8.0	8.0	8.0
500 EQUIPMENT	-0-	-0-	5.0	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	150.0	69.0	38.3	39.6	41.1
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	150.0	69.0	38.3	39.6	41.1
FEDERAL FUNDS:						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	1	1	1	1
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Based on 5000 class B documents (2% of total documents now being recorded) being recorded during first year of operation at already established fees \$50.0 additional income would be generated which would certainly increase in future years as public becomes aware of program.

ANALYSIS: Attach a separate page for analysis

Prepared By: Warner T. May *W.T.M.* *JLB* Phone: 766-2296
Division: Technical Services Date: 2/15/84
Approved by Commissioner: *Thomas D. Arnold, Deputy* Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

SB 245 and HB 342, FISCAL ANALYSIS

Assumptions

1. As stated in the memo from the Code Revision Commission, dated February 22, 1983 and Journal Supplement #10, dated April 8, 1983, the general purpose of the bill is to gather and clarify provisions on recording that are scattered throughout the Alaska Statutes, and lays a suitable framework for future use of technological advances in a centralized recording system. It also establishes two classes of documents, Class A for constructive notice recording and Class B for other documents for safekeeping.
2. Based on a feasibility report, the current recording system, which is computerized in a batch mode system, does not allow for anticipated growth in the workload. The current computerized recording system is in desperate need of having its program rewritten to correct current problems.
3. A new computer program, whether written for the current recording system or the new recording system, would be approximately the same cost and would provide cost savings to the State by reducing data entry, processing, systems maintenance, manhour and paper costs.
4. A new system must have a centrally located data base with on-line access from the three copy centers in Anchorage, Fairbanks, and Juneau.
5. In the foreseeable future, the outlying offices will not have this capability due to their remote locations and will continue with the current manual procedures to send the manually written data to one of the three copy centers for entry into the system.
6. The three copy centers will have in-house printers for hard-copy printout, which is required daily. This will eliminate the manual system presently used which, based on manhours, is quite time consuming and costly. These hard-copy printouts are needed and used by title companies, lending institutions, numerous agencies and the public for up-to-date filing and recording information.
7. All assumptions are based on the passage of the bill in FY 84 with an effective date one-and-a-half years after passage of the bill on January 1st. If the bill was passed in FY 84, the effective date of the bill will be January 1, 1986. This would allow funding for implementation to be spread over three fiscal years. Additionally, it would allow timely and quality implementation of the new recording system. Mandated and proper design of separate computer programs for Class A and Class B documents, writing of comprehensive regulations and procedural manuals followed by training of all personnel and users is time consuming.

8. A revised schedule of fees for the department now being considered will generate additional income of \$600.0 per year for the Recorder's Office. This does not include fees for Class B documents as none are now recorded. Assuming that 5000 Class B documents, which is only 2% of the total documents now recorded, will be recorded in the first year of operation an additional \$50.0 in fees would be generated. As the public becomes familiar with the program, the number of documents recorded will most certainly increase resulting in additional fee income. Over the years the increase in existing fees and fees for Class B documents will offset initial costs of the system.
9. All information presently available in the existing system also must be made available in the new system and data conversion costs as distinct from design costs must be separately considered.

Relationship to FY 85 Budget Presentations and Further Assumptions

1. The Recorder's Office workload has increased approximately 13% per year and is seriously backlogged in most offices. The Governor's FY 85 budget submission requests an increase in operating funds of \$494.0 with ten positions statewide. Not included in this figure is a \$50.0 one-time cost for writing of comprehensive regulations. On the capital side, with a department priority ranking of 7 out of 13, \$350.0 has been requested for study, design, update and expansion of existing or a new computer system whichever is cost effective. Data conversion dollars are not included.
2. Analysis of SB 245 and HB 342 in relationship to FY 85 budget submissions, which appear to be reasonable for approval, indicate there are several areas where the bills will additionally impact the department.

A. One Time Costs:

a)	Computer program for Class B documents	\$ 50.0
b)	Data conversion, regulation and procedural manual writing, training, reproduction, advertising and associated travel costs	127.0
c)	Equipment costs	5.0
	Total	<u>\$ 182.0</u>
		(\$150.0 FY 85 - \$32.0 FY 86)

B. Continuing Costs Starting FY 86:

a)	One permanent full-time position to handle Class B document recording	\$ 26.0
b)	Miscellaneous additional supplies	8.0
c)	Travel costs	3.0
	Total	<u>\$ 37.0</u>

SB 245 TITLE & SPONSOR SUMMARY

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AMENDED TITLE:

AN ACT RELATING TO FILING AND RECORDING AND TO RECORDABLE DOCUMENTS; AND PROVIDING FOR AN EFFECTIVE DATE

PRIME SPONSOR: SENATE RULES COMMITTEE.

CO-SPONSORS:

CURRENT STATUS: 4/12/83 IN (S) LABOR & COM REFERRAL: JUDICIARY

SB 245 SENATE ACTION

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DATE SEQ PAGE

LEGISLATIVE ACTION

04/08/83	01	0635
04/08/83	02	0635
04/12/83	03	0674
04/12/83	04	0674

FIRST READING -- COMMITTEE REPORTS
 COMMENTARY SEN JOINT SUPPL #10
 L&C CMTE REFERRAL ADDED
 MOVED FROM S.A. TO L&C BY UNAN CONSENT
 LABOR & COMMERCE
 JUDICIARY
 RULES

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HB 342 SB 245
on
Recording

Summary

The bill deals with the recording system and with documents that may be recorded.

Although its purposes have been expanded over time, primarily the recording system provides a record of documents affecting real property; that is, land and things fixed to land.

The bill does not change this basic purpose, nor does it change the legal effect of recording a real property document, or failing to record it.

The bill (1) gathers together and clarifies state law on recording, and (2) provides a structure that will make possible the use of advanced technology for transmitting, indexing, storing, retrieving and searching title documents.

The goal to be reached eventually under the bill is central storage from which the image of a document may be called up on a remote terminal, viewed, and copied.

Each existing recording district may be included in the central system as it is ready and as funds are appropriated for the transition.

The bill corrects fuzzy statutory language on filing (storing original documents) and recording (copying and storing copies).

Because of the many uses of a subdivision plat, the bill provides for filing and retaining an original plat in the recorder's office or other office under the recorder's authority. However, a plat that is filed is also to be recorded. In that way the recorded plat, like any other recorded document, can be viewed and copied at a remote terminal.

The bill provides for recording two classes of documents. Class A documents are conveyances of interests in real property, and other documents presently recordable. Class B documents, separately stored and indexed, are all other documents capable of being copied by the recorder's equipment. Class B recording is solely for the convenience of persons who wish a permanent repository. Class B recording would have no legal

effect.

The commentary in this binder contains further description of the general features of the bill followed by a section-by-section analysis.

Status

The bill is introduced in both houses for greater flexibility and for the possibility of joint hearings should that be the choice of the house and senate committees.

Status going into the Second Session of the Thirteenth Legislature: In House and Senate Labor and Commerce Committees, the first committees of reference. Second reference: House and Senate Judiciary Committees.

ALASKA CODE REVISION COMMISSION



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ALASKA STATE LEGISLATURE
POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465.4878

EXECUTIVE SECRETARY
BILLY G. BARRIER

MEMORANDUM

TO: Senator Richard I. Eliason, Chairman
Senate Labor and Commerce Committee
ATTN: Sheila Peterson

FROM: Dick Regan, Research Director
Alaska Code Revision Commission. *Dick Regan*

DATE: April 13, 1983

RE: SB 244, 245, 246

Enclosed is a memorandum dated April 11, 1983,
addressed to Representative Walt Furnace, Chairman, House Labor
and Commerce Committee.

A copy went to Senator Vic Fischer. Since his State
Affairs Committee has waived referral to your committee, I pro-
vide you a copy of what Senator Fischer received.

DR:chw

Enclosure

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EXECUTIVE SECRETARY
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MEMORANDUM

TO: Representative Walt Furnace, Chairman
House Labor and Commerce Committee

Senator Vic Fischer, Chairman
Senate State Affairs Committee

FROM: Dick Regan, Research Director
Alaska Code Revision Commission *Dick Regan*

DATE: April 11, 1983

RE: Bills referred to your committees

Bills were introduced for the code revision commission in both houses, largely on the assumption that joint hearings of the corresponding House and Senate Committees could be held on them.

As it developed the first referrals of the bills were not to the same committees in the Senate and House. Here are the referrals:

Common Law Property Rules

Labor & Commerce/
HB 340--Judiciary
SB 243--~~Labor & Commerce~~Judiciary

Real Property Security Interests

HB 341--Labor & Commerce/Judiciary
SB 244--State Affairs/Judiciary

Recording

HB 342--Labor & Commerce/Judiciary
SB 245--State Affairs/Judiciary

Corporations

HB 343--Labor & Commerce/Judiciary
SB 246--State Affairs/Judiciary

Regarding the bill for a revision of the corporations code, especially, joint hearings seem desirable to the commis-

Representative Walt Furnace
Senator Vic Fischer
April 11, 1983
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sion because the consultant who developed the bill with the commission should be at hearings for the continuity and expertise he would provide. He is Professor Daniel Wm. Fessler, an authority on corporations law, a professor at the University of California, Davis, and frequently a visiting professor at leading law schools. Aside from the cost factors in having Fessler here for duplicated hearings, there are class schedules and conflicts with other obligations to be considered whenever he is called upon.

Perhaps there are problems in scheduling joint hearings, considering the referrals given these bills. But I would like to talk with you about the prospect for this kind of committee work to assure efficient exposure of the bills at as low cost as is practicable.

There is also a question whether a meeting of the code revision commission can be scheduled at the same time the bills are taken up in committee so commission members could answer questions about the bills. And I am available any time to answer questions about the bills, although I have not been intimately involved in preparation of the corporations code.

To condense this memorandum: The commission's members, Professor Fessler and I will be happy to assist as we can. I would like to discuss at some time convenient for you how this best can be done.

DR:chw