



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 348 SLS 20RS 578
Bill Text Version: ORIGINAL
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: March 12, 2020 10:43 AM Author: JOHNS
Dept./Agy.: Clerks of Court (Statewide) Analyst: Marc Deshotels
Subject: Fees Charged for Mortgage and Lien Certificates

CLERKS OF COURT OR INCREASE LF RV See Note Page 1 of 1
Provides relative to fees charged by clerks of court for real estate mortgage certificates and lien certificates. (2/3 - CA7s2.1 (A)) (8/1/20)

Purpose of the Bill: The bill primarily Increases fees for real estate mortgage and lien certificates issued by Clerks of Court. The bill increases the fees for a mortgage certificate for one property with a 10 year search from \$20 to \$30 dollars for the first name for which a search is made and from \$10 to \$20 dollars for each additional name included in the search. Fees for searches of 20 years would increase to \$40 for the first name and \$20 for each additional name. Fees for searches of 30 years would increase to \$50 dollars for the first name and \$20 for each additional name. Fees for searches of 40 years or more would increase to \$60 for the first name and \$20 for each additional name.

Table with 7 columns: EXPENDITURES, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

Table with 7 columns: REVENUES, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This bill may increase expenditures of the Clerks of Court by an indeterminable amount. According to a Louisiana Clerks of Court Association official, 60% of the clerks currently prepare mortgage certificates for only 10 years. Preparing mortgage searches for longer periods could increase staffing requirements and related costs such as errors and omissions insurance.

REVENUE EXPLANATION

This bill may increase net revenues of the Clerks of Court (Statewide) by \$642,940 annually.

An official with the Louisiana Clerks of Court Association (LCCA) made inquiries of all the state's Clerks of Court regarding the impacts of this bill. Based on the responses received, the LCCA estimated that 29,904 mortgage certificates were prepared in Louisiana in fiscal year 2019 which generated fees of \$747,600 annually for Clerks of Court statewide (\$598,080 in certificates for one name + \$149,520 related to additional name searches).

Based on the reported number of certificates issued in fiscal year 2019, the results of the LCCA survey, and discussions with LCCA members, the LCCA official estimated that this bill could result in annual revenue of \$1,390,540 for Clerks of Court statewide. Therefore, this bill could result in a net increase of \$642,940 (\$1,390,540 - \$747,600). The following is a breakdown of fees generated under the provisions of this bill:

10 yr certificates: 17,942 @ \$30.00 = \$538,260
20 yr certificates: 5,981 @ \$40.00 = \$239,240
30 yr certificates: 4,486 @ \$50.00 = \$224,300
40 yr certificates: 1,495 @ \$60.00 = \$89,700
14,952 additional names @ \$20.00 = \$299,040
Total Revenue = \$1,390,540
Net Revenue = \$642,940

Senate Dual Referral Rules
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[X] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
[X] 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Signature of Michael G. Battle
Michael G. Battle
Manager, Advisory Services