

State Notes

TOPICS OF LEGISLATIVE INTEREST

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Remonumentation Grants

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Many questions have been raised regarding the Remonumentation Grant program funded in the budget for the Department of Labor and Economic Growth, and the impact of the Leadership Target Agreement on the funds available for Remonumentation Grants in fiscal year (FY) 2005-06. The Leadership Target Agreement proposes a one-time transfer of \$15.0 million from the balance in the State Survey and Remonumentation Fund to the General Fund. Ongoing revenue would remain dedicated to the Fund for remonumentation purposes. Funds available for Remonumentation Grants in FY 2005-06 under this proposal are estimated at \$10.0 million, the same level as in FY 2004-05. Additional legislation is necessary to implement this proposal because the State Survey and Remonumentation Fund is created in statute and cannot be amended by an annual budget bill. More detailed information on the remonumentation program and its FY 2005-06 budget is provided below.

Background

Due to problems with missing and inaccurate property markers, a program to remonument the property corners and markers in the State was established by Public Acts 345 and 346 of 1990. The goal of the program is to locate and inspect existing monuments and remonument the entire State over a 20-year period. After the initial remonumentation, the program will continue at a reduced level, to provide for inspection of each monument at least once every 20 years and replacement if necessary.

The program is funded with a fee charged for recording most instruments with a county register of deeds. The fee was implemented beginning January 1, 1991. The fee was set originally at \$2 per instrument, but increased to \$4 by Public Act 700 of 2002. The revenue from the recording fee is collected by the counties and transferred to the State Survey and Remonumentation Fund. The funds are used to pay State and county administrative costs and granted back to the counties to pay the costs of implementing their county remonumentation plans. The State administrative costs of the program in FY 2004-05 are estimated at \$452,400, which includes expenditures for contracted projects such as making the data accessible on the internet and other statewide projects. The grants are appropriated as a line item in the budget for the Department of Labor and Economic Growth. Grants were first made to counties in FY 1992-93.

The fee revenue, amounts granted, and estimated closing balances in recent years are shown in Table 1.

The statute specifies, "An annual grant to a county...shall be in an amount that is not less than 40% of the amount of money collected in that county...during the calendar year immediately preceding the year in which the grant is made." (MCL 54.272) There are procedures for counties to have joint plans and also to borrow or otherwise provide funding to expedite the remonumentation process.

Under existing law, the fee that funds the program will be reduced from the current \$4 per instrument recorded with a county register of deeds to \$2 as of January 1, 2013, when the program shifts from remonumentation to maintenance of monuments.



Table 1

State Survey and Remonumentation Fund			
Fee Revenue, Grant Distributions, and Fund Balance			
	Fee Revenue	Grant Distributions	Closing Fund Balance
FY 1999-2000	\$4,945,322	\$4,392,342	\$5,685,852
FY 2000-2001	5,041,386	4,866,224	6,154,580
FY 2001-02	6,846,283	5,893,630	7,137,715
FY 2002-03 ^{a)}	8,565,389	5,842,465	9,813,920
FY 2003-04	14,678,286	9,865,739	14,660,023
FY 2004-05 Est.	10,753,000	9,999,998	15,360,638
FY 2005-06 Est. ^{b)}	10,000,000	10,000,000	N/A
^{a)} The fee increase from \$2 to \$4 per instrument recorded with a county register of deeds was effective March 31, 2003. ^{b)} Assumes enactment of the Leadership Target Agreement discussed below.			

Source: Data provided by Department of Labor and Economic Growth

FY 2005-06 Budget Issues

The Governor's recommendation for Remonumentation Grants was to increase the line item from \$10.0 million in FY 2004-05 to \$14.0 million in FY 2005-06. The recommendation was approved by the Senate in Senate Bill 276 and by the House in House Bill 4831.

The Leadership Target Agreement on the FY 2005-06 budget provides for a one-time transfer of \$15.0 million from the balance in the State Survey and Remonumentation Fund to the General Fund to assist in balancing the budget. The proposal would retain the State Survey and Remonumentation Fund as a restricted fund. The Fund would continue to receive revenue from fees for recording documents with the county registers of deeds. Because the Fund is established in statute, additional legislation is necessary to implement the proposed balance transfer. The budget bills did not address this proposal.

The Conference Report on Senate Bill 276 retains the line item for Remonumentation Grants at \$14.0 million for FY 2005-06. However, it does not appear that revenue will be available to support this level of grants. Assuming that revenue to the Fund is \$10.0 million in FY 2005-06 and that legislation is enacted to transfer \$15.0 million from the Fund balance to the General Fund pursuant to the Target Agreement, it is estimated that grants will total \$10.0 million in FY 2005-06, the same level as in FY 2004-05. The \$14.0 million appropriation provides additional expenditure authority to permit grants to increase to that level, should revenue be available.

The Survey and Remonumentation Report to the Legislature for the period July 1, 2001, through June 30, 2003, estimated that the 20-year remonumentation project would cost approximately \$201.9 million, compared with the estimated revenue of \$140.0 million from fees during the 20-year period. Given this estimate, a statutory change to transfer funds from the State Survey and Remonumentation Fund to the General Fund would increase the estimated shortfall in the total funding for the remonumentation program.