

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1195

2001 HOUSE POLITICAL SUBDIVISIONS

HB 1195

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1195

House Political Subdivisions Committee

Conference Committee

Hearing Date 1-19-01

Tape Number	Side A	Side B	Meter #
I	XX		1723-4,850
Committee Clerk Signature <i>Pam Deves</i>			

Minutes: Chairman Froseth called the hearing on HB1195 to order with all members present.

Rep. Klemin, Dist. 47 (1750) testified in support of the bill. This bill is intended to provide an increase in the fees charged by abstract companies. The fees are set out by law. The last time these fees were increased was 1993. We have a proposed amendment to this bill, that was handed out, to delete subsection 8 of this bill, so that there would not be an annual adjustment for cost of living for the abstract fees. The reason being, the Attorney General's Office asked for this deletion. Instead, this amendment makes an additional change in line 8, page 1, which would increase the amount per each entry on an abstract from \$5 to \$6. So we removed the annual adjustment and added \$6 instead of \$5.

Vice-Chair Severson : (2061) Have these amendments been approved by the board?

Rep. Klemin : That's correct.

Rep. Delmore : (2084) How did you arrive at the \$75? I understand this hasn't increased since 1993 but this is a 20% increase.

Rep. Klemin : I can't answer. That is the number the board wanted. Others who will testify can answer that question.

Rep. Ekstrom : (2138) Do you know what it cost for Legislative Council to draft bills? If we change this one, it will cost money to redo this bill. I was just curious if it is worth our cost to make little changes.

Rep. Klemin : I have no idea what the cost is.

Jim Horner, ND Land Title Co. : (2255) testified in support of bill. (See attached testimony)
The bill and amendments are the maximum fee. Not all abstract companies charge the maximum fee, and we need to remember that. Abstract companies want qualified people and we need to pay them. Also, employer related costs have and will continue to increase. \$20 since 1993 is not an unreasonable request.

Vice-Chair Severson : (2770) Has your business changed in 8 years-decreased or increased?

Jim Horner : Yes, dramatically. Bismarek very much. Technology has changed a lot. I can't run an ad in the newspaper saying if you bring your abstract in next week, I can give you a discount. No, you won't. If the interest rate goes up, we have a terrible year. If interest rates goes down, we have a great year. We have big fluctuations. We try to balance the good years so we have some left to get us through the bad years and stay in business. The smaller counties don't have as much volume as the big ones. Harder for them to keep afloat. Our association has a very big split. We have more smaller county abstractors and we really need them.

Vice-Chair Severson : (2979) Does every county has an abstractor or do they share?

Jim : There are 59 abstractors with certificates of authority. A few counties have more, but every county has at least one.

Chair Froseth : In line 8, the *fee for each entry* , this can be one line or many pages?

Jim : No. An entry is like a document of record. A deed is an entry. The whole deed would be the entry. Each document. We don't do the recording. We have to have everything in our office, by law.

Rep. Herbel (3260) Can you give me an average cost of recording an abstract?

Jim : Five entries may be average. \$120-125 for abstract.

Rep. Kretschmar : (3420) You located in Burleigh County. Are you allowed, by law, to abstract in Morton County?

Jim : No. I'd have to get a certificate of authority from Morton. The board would have to examine it. It is quite costly. Not feasible.

Claus Lembke, ND Realtors : (3572) We have 1050 members state wide. We support the provisions in this bill. It's our board of directors policy to allow a reasonable increase and we compliment the abstracters. The amendments brought by Rep. Klemin are what we approved.

Sue Cosgriff, ND Land Title Assoc.; Pres. of Cass County Abstract : (3723) We are only an abstract company in Fargo. We could provide some figures, because this is what we do all the time. Our expenses have skyrocketed over the 8 year period. Technology has a high cost because it becomes obsolete so quickly. The abstractor plays an important role in their counties. It's imperative for the consumers of the state that we keep these businesses viable. I strongly recommend a do pass.

Rep. Fairfield : (3980) Have you changed any other fees in the last 8 years?

Sue : No, we have not.

Rep. Delmore : (4057) Do you remember what the amount was 8 years ago when the rate was changed to \$60?

Sue : I believe a certificate was \$50 and went to \$60.

Charles McKay, Farmers Credit Service : (4150) We use abstract services from all over the state. We are in favor of the amendments. However, we are reluctant to allow future increases without legislative authority.

Marie Bensch : (4350) I own and operate the Larimore Abstract Co. It's very important to these counties that we maintain a presence in each county for the customers. They can come and talk to us face to face. They drive long distances to bring their abstracts. The people are suppliers. You need to remember that our expenses like heat, water, technology, and gas charges are not set by statute. These keep going up. What we can charge our customer is set by statute. We would like to pay our bills, have a small profit, and continue to provide good service to small counties

Rep. Kretschmar : (4600) Would you prefer that there be no fees set in law, and you can charge what you like?

Marie : No, we should have a fair raise so we can survive.

Chair Froseth (4685) Any more testimony for or against? Hearing none, hearing closed. What are committee wishes?

Vice-Chair Severson : I move a **DO PASS on the amendments.** Rep. Maragos : I second.

VOICE VOTE: ALL YES. AMENDMENT PASSED.

Rep. Disrud moved a **DO PASS AS AMENDED**, and Vice-Chair Severson seconded.

VOTE: 15 YES and 0 NO. PASSED. Rep. Tiegan will carry the bill.

10382.0101
Title.0200

Prepared by the Legislative Council staff for
Representative Klemin
January 16, 2001

VK
1/19/01

HOUSE AMENDMENTS TO HB 1195 HOUSE POL. SUBS. 1-22-01
Page 1, line 8, overstrike "five" and insert immediately thereafter "six"

HOUSE AMENDMENTS TO HB 1195 HOUSE POL. SUBS. 1-22-01
Page 2, remove lines 1 through 5

Renumber accordingly

Date: 1-19-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1195

House POLITICAL SUBDIVISIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 10382.0101 .02.00 Title

Action Taken Do Pass As Amended

Motion Made By Rep. Disrud Seconded By Vice Chair Severson

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	/				
Rep. Michael Grosz	/				
Rep. Jane Gunter	/				
Rep. Gil Herbel	/				
Rep. Nancy Johnson	/				
Rep. William E. Kretschmar	/				
Rep. Carol A. Niemeier	/				
Rep. Andrew G. Maragos	/				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Rep. Tieman

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

REPORT OF STANDING COMMITTEE

HB 1195, as amended, Political Subdivisions Committee (Rep. Froseth, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). placed on the Sixth order on the calendar.

Page 1, line 8, overstrike "five" and insert immediately thereafter "six"

Page 2, remove lines 1 through 5

Renumber accordingly

2001 SENATE POLITICAL SUBDIVISIONS

HB 1195

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1195

Senate Political Subdivisions Committee

Conference Committee

Hearing Date February 16, 2001

Tape Number	Side A	Side B	Meter #
1	x		53.5- 54.5
		x	3.8-16.7
Committee Clerk Signature <i>Mary G. Wick</i>			

Minutes:

The hearing was opened on HB1195, relating to fees charged by abstractors.

REP. KLEMIN: I don't have any written testimony on this, there are a number of other people here who will be testifying in support of this bill. House Bill 1195 amends the part of the law relating to fee charged by abstractors. As I am sure, most of you are aware, there is at least one abstract company in every county. Few counties have more than one. But there is every county and abstract companies are a little bit different as compared to other private businesses, this is probably the only kind of business that I am aware of that has its fees set in the statutes, whereas most of the rest of the private businesses charge there fees based on what the market will bear or what the competition is and so forth. There is no restriction on what they can charge. However, for abstractors, there is a statutory fee schedule what sets out what there rates are. The abstractors have asked me to introduce this bill to increase the rates for items one and two on the list, lines 8,9, and 10. The abstract company last had an increase in there rates in 1993, so it has been eight

years since they had a increase in what they charge and these are maximum rates. They can't charge more than this, of course they can charge less. But as you all know we've had a lot of increases in the cost of doing business over the last eight years, there's been a lot of increase in the wages you pay to employees, the rent you pay, the utilities, everything has gone up. Its time for an increase. Previously, to 1993, they had a rate increase in 1985 so its not like your back here every year asking for a rate increase, its been 8 years. Its very difficult to find qualified employees to work in abstract companies, particularly people who are abstractors, you have to take a test pass by the Board of Abstract examiners and its a very difficult test, to become certified as an abstractor and maintain continuing education requirements, insurance requirements for liability purposes, all of these things add to the cost of doing business.

SENATOR WATNE: Do you know why the House took out the number 8 in Section 2, which seems to tie it to the consumer price index? REP. KLEMIN: The reason was the cost of administering that by the Board of Abstract Examiners. They were informed by the Attorney General's office that in order to do that on an annual basis based on the change in the consumer price index they would have to have a rule making proceeding publishing a notice and all of the newspapers state wide and it was just to expensive, so they took it out. SENATOR COOK: Rep. Klemin was the guy in the service of abstracting always in private service or one time was it a divided by government ? REP.KLEMIN: Well, Senator Cook, I saw an antique abstract at one time that was done by a Register of Deeds. That was probably done around 1900. But to my knowledge for the most part going back to earliest times it has been done by abstract companies although I think it still, and someone else here may correct me if I am wrong, there is still a provision in the statute which did allow registers of deeds or clerks of court to do that. That may

have be repealed, I am not sure about that. SENATOR COOK: Did you bring all these people to testify in support of this bill?

REP. KLEMIN: Moral support Mr. Chairman. SENATOR COOK: Is there anybody opposed to this bill, as far as testifying, I don't want to intimidate you? Anybody at all? JIM HORNER:

Lobbyist for all of these people. Part owner and Vice-president of a title company. North Dakota Guaranteed and Title. See written testimony. SENATOR COOK: There is no limit on how many

abstractors there can be is there? Companies? JIM HORNER: There is no limit, but every

abstractor company, we have a plant law. So to be a abstractor you have to get a plant, which means that we have to, as an abstract company has to have everything that the Register of Deeds

has in our office. It gets very expensive, and we have to keep that updated. So when, every time something gets recorded at the Register of Deeds office, that gets indexed in our office too. We

have to have a copy of that. Sometimes, many of those documents we never use, but we have to by law, have them, or else we can't have our certificate to do business. SENATOR COOK: But

there would be no, nothing that would stop me if I wanted to make that investment to get into the business? JIM HORNER: No. Nothing at all. There are several cities that do have two abstract

companies. Is it feasible, is it practical, will there be a profit. Everybody does look at a business with the idea to do it, to make a profit. SENATOR COOK: The cities that have two is there

competition that drives this price down or do they charge this price? JIM HORNER: Yes, it is a competition and the market that does drive the price down. Some of the cities that do not have

two, sometimes its the volume that drives it down. CLAUS LEMBKE: Represent the North Dakota Association of Realtors. We look at this bill and work for private sessions that we do

with most of the organizations that have similar interest in legislation and we have some concerns with the indexing. We reached a compromise. Our marching paper from our