



**House
Legislative
Analysis
Section**

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**COUNTY MONUMENTATION:
ALLOW ISSUANCE OF BONDS**

**House Bill 5807 as introduced
First Analysis (5-1-02)**

**Sponsor: Rep. Scott Shackleton
Committee: Local Government and
Urban Policy**

THE APPARENT PROBLEM:

The State Survey and Remonumentation Act (Public Act 245 of 1990) requires each county to establish a plan for the monumentation or remonumentation of the entire county “within 20 years”—i.e., by 2013. “Monumentation” refers to the marking of “corners” by land surveyors—a process which the federal government initiated in Michigan back when the state was still part of the Northwest Territory. Many of the original markers were pine or cedar posts. As these markers rotted, and as responsibility for monumentation devolved first to the state and then from the state to the counties, surveyors replaced them with various items, including shotgun barrels and railroad spikes. Some of the markers have been displaced over the years, others have been buried underneath roads and buildings, and in some cases multiple markers purport to designate the same corner. Recognizing the shortcomings of state and county officials’ piecemeal efforts to “remonument” the original corners, the survey and remonumentation act required each county in the state to establish a plan to reestablish the location of the original corners and to submit the plan for approval by the State Survey and Remonumentation Commission. The act also created the State Survey and Remonumentation Fund out of which the “commission,” now the director of the Department of Consumer and Industry Services (DCIS), makes annual grants to help counties finance the implementation of their plans. The act imposed a \$2 state fee on legal instruments recorded with county registers of deeds, providing that proceeds from such fees were to be allocated to the fund.

According to committee testimony, the legislature originally assumed that each county would take about 20 years to carry out the required surveying tasks. In other words, the legislature assumed a county would “remonument” each year to the extent that it received fund money to do so but did not provide for reimbursement to counties that wanted to borrow money or spend available funds in order to speed up

the remonumentation process. To take an example, Chippewa County’s remonumentation program involves marking approximately 7,000 corners in total. At costs ranging from approximately \$500 to \$1,200 per corner, depending on the corner’s accessibility and other local conditions, the county can only afford to remonument so many corners a year. Last year the county received about \$140,000 from the state and contributed \$15,000 of its own revenue to access state matching funds. Supposing the average corner costs about \$850, the county could use these funds to mark 180 corners at the absolute maximum. According to the Chippewa County Surveyor, however, the county will probably only be able to mark 110-115 corners once costs for materials, equipment, and program administration are figured in. Even granting that the county’s share of the fund, the county’s own ability to contribute, and the costs per corner remain the same, Chippewa County will only be able to mark about two-thirds of its corners in the 20-year remonumentation period.

Public Act 5 of 1998 amended the remonumentation act to allow a county and the director of the DCIS to enter into a contract requiring the state to pay or reimburse costs of expediting the plan that the county borrowed or spent after January 1, 1991. Although Public Act 5 gave counties some authority to finance their expedited remonumentation plans, representatives of some counties argue that they simply do not have the funds or the ability to borrow funds that would enable them to do so. Legislation has been introduced to authorize counties to issue bonds in order to expedite their plans and to require the director of the DCIS to reimburse counties for the costs of expediting their plans, including the payment of the bonds’ principal and interest.

THE CONTENT OF THE BILL:

House Bill 5807 would amend the State Survey and Remonumentation Act to allow a county or two or

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more counties to issue bonds by resolution of the county board of commissioners and without the vote of electors in order to expedite the county or counties' monumentation and remonumentation plan.

Under the act, each county in the state was required to establish such a plan and submit it for approval by the "commission" (i.e., the director of the Department of Consumer and Industry Services) before January 1, 1994. (The act also allowed two or more counties to submit a multicounty plan, which must meet the same requirements of a one county plan and is essentially treated the same as a one county plan.) The act states that a county (or counties) may expend or borrow funds to expedite the completion of its plan. If a county elects to expend or borrow funds to expedite the plan, the commission must enter into a contract with the county to provide that the costs to expedite the plan are reimbursed or paid from the State Survey and Remonumentation Fund. A county that expended or borrowed money after January 1, 1991 (the act's effective date) may recapture costs expended or borrowed and used to expedite the plan. The commission must pay the costs to the county over a period of at least ten years.

The bill would allow a county or two or more counties seeking to expedite their county plan to issue bonds by resolution of the county board of commissioners, and without the vote of the electors, once the county or counties' plan had been approved by the commission. The principal of and interest on the bonds would be payable primarily from the money received or to be received under the contract between the county or counties and the commission (described above). The bonds could be secured by a limited tax full faith and credit pledge of the county or counties. The bonds would have to be payable in annual installments, and unless otherwise determined by the commission, the installments could not exceed the length of the contract. The issuance of bonds would be subject to the Revised Municipal Finance Act.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would increase costs related to bond interest payments for those counties that chose to utilize the bonding option provided by the bill. To the extent that early completion of a county's remonumentation plan led indirectly to other savings or efficiencies for the county, the bond interest costs could be offset. (4-15-02)

ARGUMENTS:

For:

When the legislature passed the Michigan Survey and Remonumentation Act, it recognized the importance of reestablishing the location of the state's survey corners for resolving property disputes and creating geographic information systems. More accurate maps and a centralized database will eventually enable a property owner to definitively establish where his or her property ends and where another begins. It will also enable the creation of a more accurate and uniform address system so that police, fire departments, and medical emergency teams can offer superior service to the state's residents. The sooner a county completes the remonumentation process, the sooner the state, county, local municipalities, and residents will see the benefits that remonumentation will provide.

Moreover, without the financial resources to expedite their plans, many counties will not be able to complete remonumentation by the 2013 deadline. Currently the act does allow counties to spend their own funds or to borrow funds in order to expedite implementation of their remonumentation plans. Although a large county with a large annual revenue stream may have access to the large sums of money required to significantly speed up the process, for smaller and rural counties that do not have cash on hand, borrowing can be a much riskier proposition. The bill would allow counties to issue bonds to raise the money needed to expedite their plans. Counties that opted to do so soon could take advantage of the low interest rates now available. Since the survey and remonumentation fund ultimately comes out of fees for documents filed at the local level anyway, and this would continue to be the source of funding for implementing plans, the bill would not commit the state to taking on any liability. Since the state has already acknowledged the benefits of expedited plans and allowed counties to borrow or spend available funds for that purpose, it makes sense to give counties an additional mechanism to help them speed up the process of remonumentation.

Response:

The bill would allow counties to bond without a vote of the electors. If the county is going to commit its faith and credit to securing the bonds, the county's taxpayers ought to have the opportunity to approve or reject the county's action.

POSITIONS:

The Michigan Society of Professional Surveyors supports the bill. (4-30-02)

The Michigan Association of Counties supports the bill. (4-30-02)

The Department of Treasury has no position on the bill. (4-30-02)

The Michigan Association of Registers of Deeds has no position on the bill. (4-30-02)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.