

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 4, 2005

TO: Honorable Jeff Wentworth, Chair, Senate Committee on Jurisprudence

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB335 by Carona (Relating to the Uniform Real Property Electronic Recording Act.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would require the Department of Information Resources (DIR) to adopt standards to implement the use of electronic signatures and the recording of documents that are eligible to be recorded in real property records filed electronically with a county clerk. The bill would authorize a county clerk to accept electronic submissions as meeting criteria for document filings and would establish responsibilities and procedures to follow related to accepting electronic signatures and documents. The bill would take effect September 1, 2005 and would apply only to document filed for recording on or after that date.

DIR states that developing and adopting standards could be absorbed using existing resources.

Local Government Impact

The fiscal impact on counties would vary, depending on existing electronic systems within each county and whether the county would choose to implement the authority granted by the provisions in the bill. Small counties that do not have electronic systems in place would likely experience the most significant fiscal impact for initially purchasing or establishing an electronic system. Thereafter, electronic filing would likely lead to an administrative savings.

As an example of the variance among counties, Bexar County reports that the county clerk already receives and stores in electronic form documents associated with recording real property records. The county contracts for the supplies and storage and anticipates its \$500,000 contract would cover expenses that would be associated with enactment of the bill; therefore, the county would experience no fiscal impact.

The Hidalgo County Clerk indicates that to implement provisions of the bill would result in an insignificant overall positive fiscal impact, with revenue gains of approximately \$24,000 the first year of implementation and increasing 10 percent each year thereafter. The county's estimate was based on having an average of 200,000 filings annually and assuming a \$2 fee for each recording to offset associated costs, with a fee increase to \$3 starting in fiscal year 2009. According to the Midland County Clerk, the fiscal impact would be insignificant for that county as well.

According to the Harris County budget office, if the county were to implement the provisions of the bill, the county would likely have to update its electronic filing systems. Those costs would vary depending on compatibility issues. The county estimates that if all of its systems had to be updated, the cost would be roughly \$1.5 million, which is less than 1 percent of the county's overall budget.

Source Agencies: 313 Department of Information Resources

LBB Staff: JOB, DLBa