

Assembly Bill 591... relating to: Recording and filing documents with the offices of register of deeds and the Department of Financial Institutions.

**BILL
SPONSORS**

Introduced by Senators **Cowles, Roessler**, Wirch, Lassa and Breske.

Cosponsored by Representative **F. Lasee**.

BILL HISTORY

Assembly Bill 591 was introduced on 10-15-03 and referred to the Assembly Committee on Financial Institutions.

A public hearing and executive session were held on 11-20-03. Assembly substitute amendment 1 offered by committee on Financial Institutions. The committee adopted assembly Substitute Amendment 1. **Ayes 16, Noes 0**

Passage as amended was recommended by committee on Financial Institutions, **Ayes 16, Noes 0**.

On 01-27-04 Assembly Bill 591 was read a third time and passed on a voice vote.

On 01-28-04. Assembly Bill 591 was referred to committee on Agriculture, Financial Institutions and Insurance.

A public hearing and executive session were held on 03-03-04. Concurrence was recommended by committee on Agriculture, Financial Institutions and Insurance, **Ayes 5, Noes 0**

LRB ANALYSIS

This bill makes the following changes regarding the recording and filing of documents with the offices of registers of deeds and the Department of Financial Institutions: 1. Requires documents pertaining to security interests that are *filed* with the offices of registers of deeds to meet most of the format and legibility standards for documents *recorded* with those offices. 2. Requires documents pertaining to security interests and certain other records that are filed with the offices of registers of deeds to be indexed in the real estate records index, rather than other separate indexes. 3. Clarifies which documents are recorded and which are filed with the offices of registers of deeds, and which are filed with the Department of Financial Institutions. The bill also clarifies which fees apply to which documents. 4. Provides that only the Department of Financial Institutions, not the offices of registers of deeds, when assigning a file number for a document pertaining to security interests, must include a digit that is mathematically derived from or related to the other digits of the file number and aids the filing office in determining whether a number communicated as the file number includes a single-digit or transpositional error. 5. Provides that only the Department of Financial Institutions, not the offices of registers of deeds, is required to provide results of searches of its records for financing statements filed in its filing system. 6. Eliminates the requirement that the Department of Financial Institutions and the offices of registers of deeds enter all information regarding filings under the provisions of the Uniform Commercial Code relating to security interests into the statewide lien system. 7. Eliminates, effective July 1, 2010, the requirement that the statewide lien system be maintained. 8. Makes changes to the current law dealing with the filing of notices of federal tax liens and related documents to make the duties of the registers of deeds with regard to federal tax liens consistent with their duties with regard to other documents filed or recorded with their offices.

FISCAL EFFECT	No State or Local Fiscal Effect
SUPPORT	<p>The following person/people appeared in favor of this bill: (1) Rep. Frank Lasee, 2nd Assembly District, Madison. (2) Jane Licht, WI Register of Deeds Assn. McFarland.</p> <p>The following person/people registered in favor of this bill: (1) Mark Ladd, WI Register of Deeds Assn, Brown County (2) Cathy Williquette, Register of Deeds Assn. Racine. (3) Marvel Lemke, Register of Deeds Assn. Taylor County.</p> <p>The Wisconsin Counties Association registered their support for the bill with the State Ethics Board, but did not testify or register at the public hearing.</p> <p>The following organizations registered their intention to lobby on Assembly Bill 591 but did not take a position on the bill: (1) American Civil Liberties Union of Wisconsin (2) Wisconsin Realtors Assn.</p>
OPPOSITION	<p>No one appeared in opposition to this bill.</p> <p>No one registered in opposition to this bill.</p> <p>The Wisconsin Bankers Association registered their opposition for the bill with the State Ethics Board, but did not testify or register at the public hearing.</p>
CONTACT	John O'Brien, Clerk Sen. Comm on Ag. Fin. Inst. & Insurance 266-0703
DATE	March 10, 2004

Vote Record

Committee on Agriculture, Financial Institutions and Insurance

Date: 03-03-04 Type Exec

Bill Number: 59

Moved by: Kedzie Seconded by: Hansen

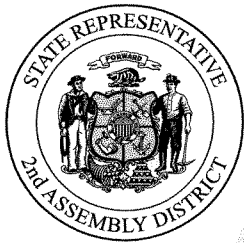
Motion: CONCURRENCE

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Dale Schultz, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ronald Brown	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Neal Kedzie	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator David Hansen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

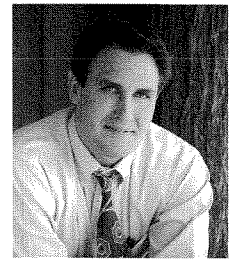
Motion Carried

Motion Failed



Frank Lasee

State Representative • 2nd Assembly District



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March 3, 2004

Senate Committee on Agriculture, Financial Institutions, and Insurance

AB 591, the Uniform Commercial Code Trailer Bill

On July 1, 2001, Wisconsin became one of the last states to adopt Revised Article 9 of the Uniform Commercial Code (UCC). Revised Article 9 was approved by the National UCC Committee, in an attempt to close gaps between states in the manner in which UCC documents (liens on property) are filed.

In Wisconsin, UCC documents are handled by the state Department of Financial Institutions (in cases of liens on personal property – moveable, portable property) or county Registers of Deeds (in cases involving real property – buildings, stationary equipment, etc.).

Unfortunately, 2001 SB 10 left several contradictions and confusions in the law, due to the tight deadline under which it was passed.

The problems in existing law include:

- A requirement that Registers of Deeds use a “check digit,” which DFI’s computer system needs, but the Registers’ don’t;
- A requirement that Registers of Deeds use three separate indexes for different types of liens, when one is more efficient and cheaper;
- Varied filing fees which are not expressly explained in statute, causing confusion, and incorrect payments, which result in returned and unfiled documents;
- Different document standards for Registers and DFI, also causing confusion and wasting time;
- A requirement that both Registers and the DFI continue entering information into the old UCC system, which no longer accepts such information.

At the request of the Wisconsin Association of Registers of Deeds, Rep. Kerkman and I have drafted legislation to fix these problems.

AB 591 passed the Assembly Committee on Financial Institutions 16-0, and passed the full Assembly without dissent. I ask that you take action to move this bill along.

With that, I’ll end my comments. I’m happy to take your questions, although I will defer your more technical questions to Jane Licht, Register of Deeds here in Dane County, and a member of the Wisconsin Register of Deeds Association’s legislative committee.

Firm, Fair, Honest & Committed

REGISTER OF DEEDS

Taylor County

Marvel A. Lemke

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Sara K. Nuernberger, Chief Deputy
Elizabeth H. Geiger, Deputy/Records Clerk

March 3, 2004

To: Senators Schultz, Brown, Kedzie, Hansen, and Lassa, members of the Senate Agriculture, Financial Institutions and Insurance Committee

From: Marvel A. Lemke, Taylor County Register of Deeds

Re: AB 591 – UCC “trailer bill”

On July 1, 2001, Wisconsin adopted Revised Article 9 of the Uniform Commercial Code (UCC) as Wisconsin Act 10 relating to the revising the Uniform Commercial Code Secured Transactions.

Prior to this date, both the Department of Financial Institutions (DFI) and the Register of Deeds indexed personal property financing statements into one computer indexing system. After this date, the local Register of Deeds has responsibility for the realty-related UCC documents, which were to be indexed in their respective real estate recording systems. The DFI has responsibility for the personal property related documents.

There was legislation presented as Assembly Bill 723 during the last session. However, before the bill could be acted on by the full Legislature, the session ended.

Due to concerns of the Wisconsin Register of Deeds Association (WRDA), Representatives Kerkman and Lasee agreed to sponsor this bill and present it again to the Legislature. The main purpose of the bill is to address the fact that the local registers are no longer filing these documents in the UCC system, but instead, must record them with the real estate records in their respective counties.

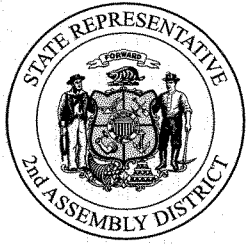
The bill also updates the law regarding the processing of federal tax liens to better reflect the modern technology used by local register of deeds.

The bill:

1. Clarifies the format and legibility standards for documents filed and recorded.
2. Clarifies that the realty-related UCC documents are indexed in with the real estate records rather than setting up a separate index.
3. Provides that only the Department of Financial Institutions, not the offices of registers of deeds, must use a computer check digit when assigning unique numbers to UCC documents. This would be an unnecessary expense to upgrade all county software programs as there are current checks already in place within the real estate systems.
4. Provides that only the DFI performs certified searches; the realty-related UCCs are included in title searches performed by title companies.
5. Eliminates the requirement that the local registers of deeds enter information into a statewide lien system (this is the system that was in effect prior to Revised Article 9).
6. Allows registers to record federal tax liens and return originals to IRS officials.
7. Clarifies the fact that federal tax liens may be recorded with real estate records rather than setting up a separate manual index.

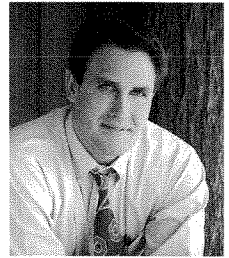
In summary, Assembly Bill 591 addresses technical adjustments in the statutes that were made necessary due to the passage of 2001 Wisconsin Act 10 (Revised Article 9).

“FEW THINGS LAST AS LONG AS COUNTY RECORDS”



Frank Lasee

State Representative • 2nd Assembly District



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March 3, 2004

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