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To: Michigan House Commerce and Tourism Committee
Date: Tuesday, 5/11/2021
Subject: HB 4729, HB 4730, HB 4731 & HB 4732 - Supporting Reasonable Access to Public Records Data Used to Empower Michigan Consumers with More and Better Information on Housing and the Real Estate Market

Chairperson Marino, Vice Chairperson Roth, Ranking Member Cambensy and members of the House Commerce and Tourism Committee, thank you for the opportunity to provide testimony on behalf of Zillow in support of HB 4729, HB 4730, HB 4731 and HB 4732, which would support reasonable access to public records data used to help empower Michigan consumers with more and better information on housing and the real estate market.

As part of our core values at Zillow, we strive to “turn on the lights” by empowering consumers with data and information on housing and the real estate market. Whether a Michigan consumer is looking to buy, sell, rent or finance their next home, the data and information we obtain from public records data is always available free of charge through Zillow’s platforms to help empower them to make more educated and informed choices in their search for the next chapter of their life in housing.

Zillow engages directly with state and local government offices and third party data providers across the United States to acquire public records data relating to real estate, which is used to power the information that is provided to consumers free of charge on Zillow, Trulia and other Zillow Group platforms. This public records data includes both property tax assessment (assessed values and total property taxes paid) and real estate transaction data (deeds, real estate documents, mortgage filings, etc.).

As we work with states and counties to obtain this data, Zillow agrees to standard data access agreements and pays reasonable charges and fees, which we agree should compensate government offices for the actual, direct and reasonable costs associated with providing the requested data. For the overwhelming majority of states and counties, we have been able to obtain all of this public records data at a reasonable cost and under reasonable terms and conditions.

Once we acquire this public records data, the data and information is displayed free of charge on the home details page of almost every U.S. property (even if the home is not listed for sale). In a simple, easy to use interface, any consumer can pull up almost any home and be provided at no charge with a detailed historical record of the property tax information (including both the assessed value and the amount of property taxes paid) and the real estate sales history of the property (in jurisdictions where we are allowed to publish this data).

Zillow also uses this public record data to provide important economic and housing research to state and local governments, non-profit partners and university researchers across the United States (again free of charge). Through Zillow’s Assessor and Real Estate database (ZTRAX), researchers with over 150 different government agencies and universities have used this data to complete important economic and housing research projects. Numerous Michigan government agencies, non-profit organizations and university researchers have utilized this free data source to conduct important research on Michigan-specific economic and housing issues.

Unfortunately, existing Michigan statutes currently allow counties and county offices to charge fees for this data that are significantly higher than what is charged in nearly every other U.S. state and county. While we are willing to pay the actual, direct and reasonable costs that counties incur in providing this data, these records are public records compiled using taxpayer dollars and we strongly believe that counties should not be allowed to monetize this data by charging grossly excessive fees.

Objective #1 - Modernizing the Fee Structure for Obtaining Electronic Documents and Records - HB 4729 and HB 4732

The first objective of the bills is to modernize the fee structure for obtaining electronic real estate documents and records and bring Michigan more in line with what is charged for similar documents and records in nearly all other U.S. states and counties. Under the current language found in MCL Section 2567(1)(c), counties are allowed to charge a \$1.00 per page fee for access to real estate transaction documents and records. The \$1.00 per page charge was first passed by the Michigan Legislature at a time when all real estate documents and records were filed, recorded and maintained in a paper, hard copy format.

At that time, any member of the public who requested a copy of the documents and records was required to travel to the county office and a staff member of the county office would physically make a copy of the document or record to fulfill the request. We understand that this was a time and resource-intensive process and that the \$1.00 per page fee made complete sense from a public policy perspective at that time.

Almost 60 years later, many things have changed. Today, most real estate documents and records are now both filed and maintained in an electronic format in many county offices. Members of the public who request a copy of those documents and records are no longer required to physically visit the county office and ask a county staff member to pull the documents from a physical filing system and physically make a copy of the paper documents to fulfill the request.

In HB 4729, we are simply proposing that if the requested documents and records have been filed and maintained by the Register of Deeds in an electronic format, the Register of Deeds is simply required to provide those requested documents and records in that electronic format they already maintain, rather than requiring the requester to accept those documents and records in a paper format. If the Register of Deeds does not maintain the documents and records in an electronic format, then the provisions of HB 4729 would continue to allow them to provide the requested documents and records in a paper format.

If the Register of Deeds maintains the requested documents and records in an electronic format, then the proposed language found in HB 4732 would allow the Register of Deeds to charge a fee for the actual cost of sending the requested electronic documents and records. The intent of this language is to allow the Register of Deeds to collect the actual, direct and reasonable costs associated with providing the specific electronic documents and records to fulfill the request. The \$1.00 per page found in MCL Section 2567(1)(c) would continue to apply to any paper documents and records provided by the Register of Deeds, which we believe is what the Michigan Legislature intended when it originally enacted this fee all the way back in the 1960s.

Under the current language found in MCL Section 2567(1)(c), for example, Genesee County (2010 population of 425,790) is attempting to charge \$44,250 a month for the requested real estate documents and records, which includes the \$1.00 per page outlined in the statute, plus an additional \$13.04 per hour in staff costs and \$4.06 per hour in staff benefit costs, which are proposed to be charged in addition to the per page fee allowed by the statute. On an annual basis, the total cost of obtaining real estate transaction documents and records from Genesee County would be somewhere in the neighborhood of \$531,000.

Not surprisingly, these amounts are of course grossly out of line with the average monthly cost of obtaining similar documents and records from other large U.S. counties. Below in Table #1, you will find a representative sample of the average monthly cost of obtaining similar documents and records from other large U.S. counties.

Table #1. Comparison of Public Records Data Acquisition Costs Between Selected Michigan Counties and Other U.S. Counties

State	County	2010 Population	County Pricing Method	Average Monthly Cost	Average Annual Cost
CA	Alameda	1,510,271	\$40/Recording Date	\$880.00	\$10,560.00
CA	Contra Costa	1,049,025	Monthly Flat Rate	\$325.50	\$3,906.00
CA	Los Angeles	9,818,605	\$34/Recording Date	\$750.00	\$9,000.00
CA	Orange	3,010,232	\$60/Recording Date	\$1,320.00	\$15,840.00
CA	Sacramento	1,418,788	\$31/Recording Date	\$682.00	\$8,184.00
CA	Santa Clara	1,781,642	\$42/Per Week	\$182.00	\$2,184.00
FL	Broward	1,748,066	Free	\$0.00	\$0.00
FL	Miami Dade	2,496,435	Monthly Flat Rate	\$500.00	\$6,000.00
NV	Clark	1,951,269	Monthly Flat Rate	\$375.00	\$4,500.00
TX	Bexar	1,714,773	Free	\$0.00	\$0.00
TX	Dallas	2,368,139	Free	\$0.00	\$0.00
TX	Harris	4,092,459	Monthly Flat Rate	\$500.00	\$6,000.00
TX	Tarrant	1,809,034	Monthly Flat Rate	\$104.00	\$1,248.00
TX	Travis	1,024,266	\$10/Recording Date	\$210.00	\$2,520.00
UT	Salt Lake	1,029,655	\$0.02/image	\$2,500.00	\$30,000.00

As you can see above, for example, Los Angeles County (2010 population of over 9.8 million) charges just \$750 per month (or \$9,000 annually) to obtain the same set of real estate documents and records in an electronic format. This obviously involves the monthly transfer of a much larger set of documents and records due to the much larger population compared to Genesee County. Several major counties in Florida and Texas even provide this public record data free of charge.

Objective #2 - Clarifying the Application of the "Qualified Data File" Provision for Property Tax Assessment Records - HB 4730

The second objective of the bills is to clarify the application of the "qualified data file" provision for property tax assessment records found in MCL Section 48.101(8). Under the current language found in MCL Section 48.101(6), if the County Treasurer maintains property tax assessment records in an electronic format in a "qualified data file," the County Treasurer must transmit those records electronically to a requester and cannot charge more than \$0.25 per parcel record, not to exceed \$1,500 for each request made under this section.

Under MCL Section 48.101(8), a "qualified data file" means an electronic data file that includes at least 16 different data fields for each parcel of real property in the county for the current tax year. If the electronic data file does not include all 16 of the data fields specified in the statute for each parcel of property in the county, some counties are currently interpreting this statute to relieve them of the obligation to transfer their electronic data file to a requester under MCL Section 48.101(6).

In HB 4730, we are simply proposing that, under MCL Section 48.101(6), the County Treasurer be obligated to electronically transmit any information found in an electronic data file to a requester pertaining to property tax assessments records on parcels of real property in the county, even if the electronic data file does not include all 16 of the different data fields currently listed in MCL Section 48.101(8).

As long as an electronic data file maintained by a County Treasurer contains at least four of the 16 different data fields contained in the list found in MCL Section 48.101(8), the new language found in HB 4730 would require the County Treasurer to electronically transmit that data file to a requester under the provisions of MCL Section 48.101(6), which is what we believe the Michigan Legislature most likely intended when it enacted the current language found in MCL Section 48.101.

Under this language, Michigan County Treasurers would still be allowed to collect the \$0.25 per parcel record fee for this electronic data, not to exceed the \$1,500 for each request made under the section. In the absence of this language, many Michigan County Treasurers are attempting to charge anywhere from \$0.50 to \$0.78 per parcel record for this data, which clearly exceeds the \$0.25 per parcel record limit that the Michigan Legislature established in MCL Section 48.101(6).

Objective #3 - Clarifying that the Geographical Information System (GIS) Statutes Do Not Apply to Requests for Property Tax Assessment Records - HB 4731

The third objective of the bills is to clarify that the geographical information system (GIS) statutes do not apply to requests for property tax assessments documents and records. In HB 4731, we are simply proposing to clarify that the provisions of MCL Section 15.443 do not apply to requests for property tax assessment records.

By enacting the provisions discussed above in HB 4730, we believe that the Michigan Legislature intended for requests for property tax assessment records to fall under other Michigan statutory sections. The proposed language in HB 4731 would clarify this issue and state explicitly that MCL Section 15.443 does not apply to requests for property tax assessment records.

Conclusion

In closing, we would respectfully request that the members of the House Commerce and Tourism Committee support HB 4729, HB 4730, HB 4731 and HB 4732. Thank you for the opportunity to provide comments on this very important issue and we would be happy to stand for questions at the appropriate time.