



**HB 151 would have a minimal to moderate fiscal impact in the first year, but the fiscal impact on county clerk offices would be significant over the next several years as the phased-in requirements take effect.**

For the first year, the impact of the bill may be minimal since the only impact may be to require offices to keep offices open to the public for a short time longer if they do not already allow access to recorded instruments at least 40 hours per week. However, the bill phases in online portal requirements over the next six years. Overall costs relate to creating a portal, scanning nearly 55 years of recorded documents to an electronic format, creating an online index for nearly 55 years of recorded documents, and lost fees. This could require hiring an additional person to review and check the indexing, misspellings, and other typographical errors.

About 35 states have adopted the Uniform Real Property Electronic Recording Act (URPERA), which *allows* local recording offices to accept property-related documents in electronic format. Kentucky adopted URPERA in 2019 as part of SB 114, which increased various filing fees that were intended to assist county clerks with implementing electronic filing. About 17 counties have begun to allow electronic recording, but all counties are still required to maintain paper copies of the copies. Thus, electronic records must be printed for various recording books in the county clerk offices. The paper or microfilm copy is considered the official storage.

It has been estimated that all counties should have the capability to begin electronic recording by the end of 2021. The cost and time to upgrade hardware and software for an e-recording portal is significant. Kenton County required four months to set up software and six additional months for data conversion, after which the county only allowed limited access to e-recording to allow for possible problems with the vendors' software. There is also a cost related to extensive time for training staff.

The Fayette County Clerk has estimated that the conversion to electronic recording for his office would cost approximately \$300,000. Existing recording fees should assist with covering costs. It may cost an additional \$500,000 to scan and review nearly 55 years of recorded documents.

However, while SB 114 allowed for fees that were intended to help fund electronic recording, some counties do not provide the funds to the county clerk until the end of the fiscal year. Some county clerks must return excess fees to the fiscal courts and others require county clerks to participate in fee pooling. This makes it difficult to accumulate a capital reserve to fund the conversion to electronic recording. Ultimately, the fiscal court is responsible for all costs related to the county clerk's records room.

HB 151's prohibition against fees for accessing or obtaining electronic records would result in lost revenue to counties that otherwise may receive thousands of dollars each year for providing copies.

Transferring 55 years of property records to electronic format could cost between \$200,000 and \$500,000. The Hardin County Clerk's Office already has online searchable deeds from 1950 to present.

**Part III: Differences to Local Government Mandate Statement from Prior Versions**

Part II, above, relates to the introduced version of the bill.

**Data Source(s):** LRC Staff; US Archive and Imaging Services, [usarchive.com/government](https://usarchive.com/government); Don Blevin, Fayette County Clerk, testimony, August 21, 2019, August 20, 2020, October 22, 2020, Task Force on Electronic Recording of Official Documents by County Clerks; Debbie Donnelly, Hardin County Clerk, testimony, August 20, 2020, Electronic Recording of Official Documents by County Clerks; Gabrielle Summe, August 21, 2019, Kenton County Clerk, testimony, Task Force on Electronic Recording of Official Documents by County Clerks; CASO Document Management, [caso.com/industries/government-state-county](https://caso.com/industries/government-state-county); [https://dailyjournalonline.com/news/local/county-deeds-scanned/article\\_27d3cb9d-174a-5973-b125-81f6724636cd.html](https://dailyjournalonline.com/news/local/county-deeds-scanned/article_27d3cb9d-174a-5973-b125-81f6724636cd.html); Kentucky County Clerks' Association

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