

Legislative Analysis



FRAUDULENT CONVEYANCES

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House Bills 5598 (proposed substitute H-1) and 5599 as introduced
Sponsor: Rep. Tullio Liberati, Jr.
Committee: Local Government and Municipal Finance
Complete to 6-11-24

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5598 would make updates to 1883 PA 98, an act pertaining to fraudulent land conveyances. House Bill 5599 is a companion bill that would make complementary changes to the Code of Criminal Procedure.

House Bill 5598 would amend 1883 PA 98 to prohibit the intentional filing of a fraudulent document with a register of deeds and to update language in the act. The act's title would also be amended to reflect the new language in the bill.

Currently under the act, a person who procures or places upon record a conveyance of real estate with the intent to deceive as to the identity of the grantor mentioned in the conveyance must be punished by up to three years' imprisonment at the state prison for hard labor or a fine of up to \$5,000, or both.

The bill would instead provide that a person that procures or places upon record a conveyance of real estate with the intent to deceive another person as to the veracity of the document is guilty of a felony, punishable by up to three years' imprisonment, a fine of up to \$5,000, or both.

Additionally, a person that knowingly and willfully drafts or submits a document to be filed and recorded with a register of deeds in Michigan with the intent to defraud the owner of real estate or the owner of an interest in real estate would be guilty of a felony, punishable by up to 10 years' imprisonment, a fine of up to \$5,000, or both. A register of deeds that believes a fraudulent document has been submitted could provide evidence of the violation to the appropriate county prosecutor.

MCL 565.371

House Bill 5599 would amend the sentencing guidelines chapter of the Code of Criminal Procedure to incorporate the proposed felony of drafting or submitting a fraudulent conveyance to be filed with a register of deeds. Under the bill, such an offense would be a Class D felony against property punishable by a statutory maximum term of imprisonment of 10 years.

The bill cannot go into effect unless HB 5598 is also enacted.

MCL 777.15b

FISCAL IMPACT:

House Bill 5598 would have an indeterminate fiscal impact on the state and on local units of government. The number of convictions that would result under provisions of the bill is not known. New felony convictions for individuals knowingly and willfully drafting or submitting fraudulent documents to be filed and recorded with registers of deeds would result in increased costs related to state prisons and state probation supervision. In fiscal year 2023, the average cost of prison incarceration in a state facility was roughly \$48,700 per prisoner, a figure that includes various fixed administrative and operational costs. State costs for parole and felony probation supervision averaged about \$5,400 per supervised offender in the same year. Those costs are financed with state general fund/general purpose revenue. The fiscal impact on local court systems would depend on the number of new convictions and how they affect court caseloads and related administrative costs. Any increase in penal fine revenue would increase funding for public and county law libraries, which are the constitutionally designated recipients of those revenues.

House Bill 5599 is a companion bill to House Bill 5598 and would amend the sentencing guidelines chapter of the Code of Criminal Procedure to include the proposed new felony of drafting or submitting fraudulent documents to be filed with the register of deed as a Class D felony punishable by a statutory maximum of 10 years. The bill would not have a direct fiscal impact on the state or on local units of government.

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