

TRANSFER REVENUE FROM LAND REUTILIZATION FUND TO GENERAL FUND

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House Bill 6116 as introduced
Sponsor: Rep. Sarah L. Lightner
Committee: Appropriations
Complete to 8-28-20

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

SUMMARY:

House Bill 6116 would amend the General Property Tax Act to transfer \$9.2 million from the Land Reutilization Fund to the state's general fund for FY 2019-20 only.

MCL 211.78n

BACKGROUND:

The Land Reutilization Fund was established with the enactment of 1999 PA 123, a major rewrite of the tax reversion process. The fund includes:

- The \$175 fee attached to forfeited property, for properties where the state is the foreclosing governmental unit, when that fee is collected by the county treasurer.
- The excess amount of sales proceeds, less the minimum bid and all costs related to the demolition, renovation, improvements, or infrastructure development of the property, if the property is purchased by a local unit and subsequently sold and the state is the foreclosing governmental unit.
- The amount remaining after the sale of property after (1) the delinquent tax revolving fund is reimbursed for all taxes, interest, and fees; (2) all costs of the sale for the year are paid; (3) any costs for the foreclosure proceeding for the year are paid; (4) any costs for the foreclosure proceeding or sales in prior years are paid; and (5) any costs incurred by the foreclosing governmental unit for maintaining the property before the property was sold are paid.
- The state's portion (\$5) of the expense charge for all descriptions of property with unpaid taxes preceding the tax lien sale. This charge supports the state's costs of publishing lists of property and other expenses.

The act provides that money in the fund may be expended for the following purposes:

- Contracts with title insurance companies to perform title searches, on-site visits, and other functions required to collect delinquent property taxes.
- Costs incurred for determining addresses, service of notices, and recording fees.
- Defense of title actions.
- Other costs incurred in administering the foreclosure and disposition of property forfeited for delinquent taxes.

FISCAL IMPACT:

The bill would increase the state's general fund revenues by \$9.2 million and reduce the Land Reutilization Fund balance by a corresponding amount. This transfer was agreed to as part of a FY 2019-20 budget balancing agreement. As of July 2020, the Land Reutilization Fund had an unencumbered balance of approximately \$11.0 million. Existing appropriations supported by the fund would not be affected.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.