



**House
Legislative
Analysis
Section**

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RESTORE PROPERTY SEIZURE POWERS

House Bill 5650 with committee amendments
First Analysis (5-26-88)

RECEIVED

Sponsor: Rep. Lynn Owen
Committee: Taxation

JUL 08 1988

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THE APPARENT PROBLEM:

Public Act 177 of 1987 (enrolled House Bill 4239) amended the General Property Tax Act to allow city and township treasurers to sue to collect back taxes owed by a person, firm, or corporation and to garnishee that person's debtors without first seizing or attempting to seize property. Prior to the amendment, the law appeared to require use of the seizure procedure before filing a lawsuit. In the course of amending the relevant section of law, the ability of municipalities to seize personal property to collect on delinquent real property taxes was removed, because it was believed to be obsolete. Municipalities assert that this limitation represents a serious loss of authority to enforce the payment of property taxes, particularly in situations involving absentee landlords, and seek to have the original language restored.

THE CONTENT OF THE BILL:

The bill would amend the General Property Tax Act to provide that a township or city could seize personal property in order collect taxes on real, as well as personal, property. The bill also contains language intended to make it clear that a suit to collect on taxes could be commenced in addition to or instead of a property seizure.

MCL 211.47

FISCAL IMPLICATIONS:

Fiscal information is not available at present.

ARGUMENTS:

For:

The bill would return to municipalities a means of enforcing tax collections that occasionally proves useful—that of collecting on real property taxes by seizing or threatening to seize personal property. Such authority can provide a crucial leverage against, for instance, a business with a local inventory: either the business will value its inventory enough to pay the taxes owed, or the inventory will be seized and sold to pay the taxes. Either way, the duty to pay taxes is enforced.

Against:

Some people consider it to be inappropriate to subject personal property to seizure for the collection of taxes on real property. What the bill would allow is for any non-affixed, non-land property to be seized even if the taxpayer has been unfairly assessed. A person could lose or be threatened with the loss of household goods or personal property that provided his or her livelihood, which strikes many as unfair.

Response: The bill would merely return the law to the condition that existed before the enactment of P.A. 177 of 1987. No one has alleged that any abuses of this provision have occurred during its long history.

POSITIONS:

The Michigan Municipal League supports the bill. (5-25-88)

H.B. 5650 (5-26-88)