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BILL ANALYSIS

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Senate Fiscal Agency

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**House Bill 4239 (Substitute H-2 as reported without amendment)****Sponsor: Representative Lynn Owen****House Committee: Taxation****Senate Committee: Finance****Date Completed: 10-28-87*****RATIONALE***

The General Property Tax Act requires a taxing unit to seize the personal property of a delinquent taxpayer and sell it at public auction to collect the person's taxes. City and township treasurers are also authorized, "if otherwise unable to collect a tax on personal property", to sue a delinquent taxpayer for the taxes. According to testimony before the Senate Finance Committee, the provisions, taken together, have in some cases caused a taxing unit's failure to seize property to be used as a defense in civil suits filed to recover unpaid taxes. This has created an obstacle for local units that would prefer to use lawsuits to collect taxes rather than to seize and sell property. Some people feel that rather than placing treasurers in the difficult position of having to seize property to collect taxes, they should be given the option of suing for payment.

***CONTENT***

The bill would amend the General Property Tax Act to provide that if a taxpayer neglected or refused to pay a tax on personal property, the treasurer of a township or city could sue the taxpayer for payment, regardless of whether the treasurer had seized the taxpayer's personal property for sale at auction as the Act requires. The bill specifies that the seizure of personal property could be done only in cases in which taxes were owed on personal property, and not for taxes owed on real property. (Other provisions in the Act allow local units to place a lien on and sell a taxpayer's real property in case of nonpayment of property taxes.)

The bill would eliminate a provision that allows a taxpayer to deed land to the State in order to be released from taxes levied on personal property.

MCL 211.47

***FISCAL IMPACT***

The bill would have no fiscal impact on State or local government.

***ARGUMENTS******Supporting Argument***

The bill would remove an impediment to local units in the collection of delinquent personal property taxes by allowing local treasurers the option to sue taxpayers for payment, rather than requiring the sometimes awkward and impractical method of seizing and selling personal property.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

H.B. 4239 (10-28-87)