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SFA**BILL ANALYSIS**

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House Bill 5017 (Substitute S-1 as reported)
Sponsor: Representative Tony Stamas
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to alter current requirements placed on the State Tax Commission and local and county treasurers when the Commission changes an assessment from a previous year, and when a change results in increased property taxes.

Under the Act, the Commission is required to place a corrected assessment on the appropriate current assessment roll, if the Commission determines that property subject to tax has been incorrectly reported or omitted for any previous year (but not exceeding the current assessment year and the two years immediately preceding the date of discovery and disclosure of the error or omission). The Commission must certify to the treasurer who has possession of the roll the amount of taxes due as computed by the correct annual rate of taxation for each year except the current year. If a change in the assessment results in increased property taxes, the additional tax must "be collected in the same manner, at the same time, and with the same property tax administration fees, penalties, and interest as the current year's taxes".

The bill would continue to require the Commission to place a corrected assessment on the appropriate assessment roll, but would revise the remaining provisions. Under the bill, the Commission would have to issue an order certifying an assessment change and the amount of taxes due. The order would have to be issued to the treasurer of the local collecting unit if it had possession of a tax roll for a year for which an assessment change was made, or to the county treasurer if the county had possession of a tax roll for a year for which an assessment change was made. If an assessment change resulted in increased property taxes, the taxes would have to be collected by the local treasurer or by the county treasurer, as appropriate. Within 20 days after receiving the order certifying the amount of taxes due, the appropriate treasurer would have to mail a corrected tax bill, itemized by taxing jurisdiction, to each person identified in the order and to the owner of the property on which the additional taxes were assessed (if different from the person identified in the order).

In regard to real property (with certain exceptions), if the additional taxes remained unpaid on the March 1 in the year immediately succeeding the year in which the order was issued, the real property would be returned as delinquent to the county treasurer. Real property returned for delinquent taxes, and upon which taxes, interest, penalties, and fees remained unpaid after the property was returned as delinquent, would be subject to forfeiture, foreclosure, and sale as provided in the Act.

MCL 211.154

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would change the procedures used to collect property tax liabilities that result from correcting past errors in assessment levels, but would not change the amount of property taxes due, so this bill should not have any fiscal impact on State or local governments.

Date Completed: 6-1-00

Fiscal Analyst: J. Wortley