

Legislative Analysis



TAX REVERTED PROPERTY SPECIFIC TAX: ADMINISTRATION AND COLLECTION

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<http://www.house.mi.gov/hfa>

House Bill 4984 as introduced

Sponsor: Rep. Tom Barrett

Committee: Tax Policy

Complete to 2-22-16

(Enacted as Public Act 151 of 2016)

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

SUMMARY:

The bill would amend the Tax Reverted Clean Title Act. Under that act, a specific tax is levied for five years on certain tax-reverted property instead of the usual property taxes. This applies to tax reverted property that has been sold or otherwise conveyed by a land bank authority. The amount of the specific tax is the same as the general property tax would have been, but the revenues are distributed differently: 50% to the appropriate land bank fast track authority and 50% to the usual local government recipients of property taxes, except that revenues that would otherwise go to local and intermediate school districts are transmitted to the state for school aid purposes.

The specific tax is, generally speaking, paid just as the standard property tax is paid; that is, it is an annual tax, payable at the same time, in the same installments, and to the same local officers. House Bill 4984 would add the following:

** The eligible tax reverted property specific tax is subject to the same collection fee and interest as standard property taxes (under the General Property Tax Act).

** The specific tax would become a lien on the eligible property on the same date that a tax becomes a lien on real property under the General Property Tax Act, and a lien for the specific tax would include any applicable collection fee or interest. Such a lien would continue until paid.

** With the consent of the county treasurer, any unpaid specific tax and any applicable collection fee and interest would be returned as delinquent to the county treasurer at the same time as delinquent property taxes.

** Generally, property subject to the specific tax returned as delinquent would be subject to forfeiture, foreclosure, and sale at the same time and in the same manner as standard property taxes. If a tax and applicable collection fee and interest had not been paid for two or more years on the date the property is returned as delinquent, the property would be forfeited to the county treasurer upon its return and would be subject to the foreclosure and sale at the same time and in the same manner as property forfeited under the General Property Tax Act.

[Another section of the act allows a land bank authority to exempt eligible tax reverted property from the specific tax if the exemption will assist in the creation of jobs,

investment, or other economic development benefits in the city, village, or township where the eligible tax reverted property is located. Such exempted property would then fall under the General Property Tax Act and be eligible for any property tax exemptions that applied.]

MCL 211.1025

FISCAL IMPACT:

To the extent that the provisions of the bill enhance collections of the specific tax, there would be an indeterminate revenue increase to both the appropriate land bank authority and local assessing units, including the School Aid Fund. However, it is not possible to estimate the fiscal impact without knowing which properties would be affected by the changes.

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