



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4984 (as passed by the House)
Sponsor: Representative Tom Barrett
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 5-3-16

CONTENT

The bill would amend the Tax Reverted Clean Title Act to do the following:

- **Provide that the eligible tax reverted property specific tax would become a lien on the eligible tax reverted property assessed on the same date that a tax becomes a lien on real property under the General Property Tax Act.**
- **Require any unpaid specific tax and any applicable collection fee or interest to be returned as delinquent to the county treasurer at the same time as taxes are returned as delinquent under the General Property Tax Act, if the county treasurer consented.**
- **Provide that the specific tax would be subject to the same collection fee and interest as taxes imposed under the General Property Tax Act.**

The Tax Reverted Clean Title Act exempts eligible tax reverted property from ad valorem property taxes collected under the General Property Tax Act. Instead, eligible tax reverted property owners must pay a specific tax, which is the amount of tax that would have been collected on that parcel under the General Property Tax Act, and is paid at the same times, in the same installments, and to the same officer or officers as taxes imposed under that and the State Education Tax Act. However, the specific tax must be distributed in the following manner:

- 50% to the State, cities, townships, villages, schools districts, counties, or other taxing units at the same times and in the same proportions as required under the General Property Tax Act.
- 50% to the land bank fast track authority that sold or otherwise conveyed the property, which may use the tax only for specified purposes.

Specific tax revenue must be transmitted to the State Treasury and credited to the State School Aid Fund, instead, if the revenue otherwise would be disbursed to an intermediate school district that receives State aid, or to a local school district for school operating purposes.

("Eligible tax reverted property" means property whose title is held by a land bank fast track authority. Real property sold or otherwise conveyed by an authority is exempt from the collection of ad valorem taxes under the General Property Tax Act beginning on December 31 in the year in which the property is sold or otherwise conveyed by the authority until the December 31 occurring five years after the exemption was initially granted.)

Under the bill, the specific tax would be subject to the same collection fee and interest as taxes imposed under the General Property Tax Act.

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

If the county treasurer consented, any unpaid specific tax and any applicable collection fee or interest would have to be returned as delinquent to the county treasurer at the same time taxes are returned as delinquent under the General Property Tax Act. Except as otherwise provided, property subject to a specific tax returned as delinquent would be subject to forfeiture, foreclosure, and sale at the same time and in the same manner as property that is subject to delinquent taxes under the General Property Tax Act. If a specific tax or any applicable collection fee or interest for an eligible tax reverted property had not been paid for two or more years on the date the property was returned as delinquent, the property would have to be forfeited to the county treasurer upon its return and would be subject to foreclosure and sale at the same time and in the same manner as other property forfeited under the General Property Tax Act.

MCL 211.1025

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would tend to increase State and local revenue by an indeterminate amount by extending the collection fees, interest, and lien provisions that currently apply to taxes levied under the General Property Tax Act to specific tax revenue due under the Tax Reverted Clean Title Act. State revenue to the School Aid Fund and State Land Bank Fast Track Authority would increase as would revenue to local units of government (excluding local and intermediate school districts because revenue attributable to the tax that would be disbursed to them goes to the School Aid Fund) and local land banks. The amount of additional revenue would depend on the number and location of parcels subject to the Tax Reverted Clean Title Act, the characteristics of that property, local millage rates, and delinquency rates.

Fiscal Analyst: Elizabeth Pratt

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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.