



Senate Fiscal Agency
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Senate Bill 175 (Substitute S-1 as reported)
Sponsor: Senator Sylvia Santana
Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend the General Property Tax Act to allow a local assessing office to treat certain penalties as the personal liability of an individual who failed to notify the local assessing office of a transfer of property ownership and had since transferred such property to a new individual. It also would modify the maximum amount of those penalties, prescribe how a treasurer could collect them, and allow a governing body to waive them.

MCL 211.27b

BRIEF RATIONALE

According to testimony before the Senate Committee on Finance, Insurance, and Consumer Protection, some investment property buyers do not file a transfer affidavit with a local municipality upon purchasing a property. Often, the municipality will not know of the sale until a subsequent buyer follows the lawful transfer process by filing the transfer affidavit. In some cases, the property may have been transferred multiple times, resulting in the most recent owner bearing the cost of the fine for not filing a transfer. The City of Detroit reported a loss of \$1.6 million a year due to taxes not being assessed at the actual property value because of buyers not filing a transfer affidavit. Accordingly, it has been suggested that the penalty for not filing the affidavit be increased and fall to the individual who did not file initially.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have no fiscal impact on the State and an indeterminate fiscal impact on local units of government. It would change the maximum penalty of \$200 to double the additional taxes that would have been levied if the transfer of ownership had been recorded as required under the Act from the date of transfer, for a non-principal residence. It is indeterminate whether this change would bring in more or less money, depending on whether the maximum penalty under the new rule would be on average above or below \$200. This amount would be different for each local government.

Date Completed: 10-6-23

Fiscal Analyst: Bobby Canell