



Senate Fiscal Agency
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House Bill 4675 (Substitute S-1 as reported)
House Bill 4679 (as reported without amendment)
Sponsor: Representative Kristian Grant
House Committee: Tax Policy
Senate Committee: Finance, Insurance, and Consumer Protection

CONTENT

House Bill 4675 (S-1) would amend the Land Bank Fast Track Act to exempt a land bank authority's property, income, and operations from all taxes, special assessments, and user fees imposed by the State or a local unit of government.

The Land Bank Fast Track Act establishes land bank authorities to assist governmental entities in the assembly and clearance of title to property in a coordinated manner; to facilitate the use and development of certain property; and to promote economic growth. The property of an authority and its income and operations are exempt from all taxation by the State or a local unit of government. The bill would expand the exemption to all taxes, special assessments, and user fees imposed by the State or a local unit of government.

House Bill 4679 would amend the Revenue Bond Act to allow a public improvement to provide a free service to a land bank authority.

BRIEF RATIONALE

According to testimony, land bank authorities only come into possession of properties when those properties are tax delinquent or vacant. These properties are only held until an owner can put the property to good use. Authorities pay for the maintenance of such properties, but the authorities are not organized to be able to pay taxes and back-taxes on properties that they come into possession of. Some believe that land bank authorities should receive a tax exemption in law to make it clear that, as distressed communities look for ways to increase revenue, local municipalities should not charge authorities property taxes on these properties.

MCL 124.754 et al. (H.B. 4675)
141.118 (H.B. 4679)

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bills would likely have a positive fiscal impact on the State and a mixed fiscal impact on local government units. Overall, there would likely be a net-zero fiscal impact as funds would shift between various State and local government units. The State would likely benefit from decreased costs and local land banks would benefit from lower costs as well. This would come as a decrease in revenue for local governments that imposed these fees or taxes.

The bills would have a positive fiscal impact on the State Land Bank Authority to the extent that the Authority received free public improvement services that otherwise would not have been allowed under current law. The extent to which is unknown.

Date Completed: 12-11-24

Fiscal Analyst: Bobby Canell; Cory Savino, PhD

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Bill Analysis @ www.senate.michigan.gov/sfa

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