



Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

ATTORNEY/COLLECTION FEES

House Bill 4940 as introduced
First Analysis (10-18-95)

Sponsor: Rep. Kirk A. Profit
Committee: Tax Policy

THE APPARENT PROBLEM:

Under the General Property Tax Act, a township or city treasurer can sue a person, firm, or corporation who has neglected or refused to pay taxes on property and garnishee any debtor or debtors of the person, firm, or corporation. (The state treasurer also can do this for an unpaid state education tax.) Representatives of townships have recommended that the act make the property owner liable for any attorney's fees or collection fees incurred in suing to collect the tax.

THE CONTENT OF THE BILL:

The bill would amend the General Property Tax Act to specify that if the treasurer of a local tax collecting unit, or the state treasurer, sues to collect a tax, the property owner would be liable for any reasonable attorney's or collection fees incurred and that the amount would be added to the tax assessment due.

MCL 211.47

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the attorney fees or collection fees "would offset collection costs associated with recovery of delinquent taxes. Data on the number and magnitude of these cases are not currently available." (Fiscal Note dated 10-9-95)

ARGUMENTS:

For:

It appears reasonable to make the property owner bear the cost when extraordinary collection efforts are required to obtain delinquent taxes.

POSITIONS:

The Michigan Townships Association supports the bill. (10-13-95)