



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 5519 (Substitute H-1 as passed by the House)
Sponsor: Representative Willis Bullard, Jr.
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 9-17-96

CONTENT

The bill would amend the General Property Tax Act to require that special assessments be determined using taxable value; to define “mutual mistake” for purposes of taxpayers’ recovery of excess taxes paid; and to require that a suit for the recovery of excess taxes be commenced within three years from the date the taxes were due.

Special Assessment

The bill provides that an ad valorem special assessment imposed after 1994 and collected under the provisions of the Act would have to be determined using the taxable value rather than the State equalized valuation (SEV).

(Pursuant to the assessment cap placed in the State Constitution by the voters in 1994, the assessment on a parcel of property may increase, from one year to the next, by only 5% or the rate of inflation, whichever is less. Once a parcel is sold, the property is assessed at its market value and the new cap begins to apply again. Both the “taxable value” and the SEV of property are calculated each year; the taxable value reflects the value at which the property is taxed pursuant to the assessment cap, and the SEV reflects the property’s increase (or decrease) in market value.)

Recovery of Excess Taxes

Under the Act, if a taxpayer is assessed and pays taxes in excess of the correct and lawful amount due because of a clerical error or mutual mistake of fact made by the assessing officer, the taxpayer may recover the excess of taxes paid, without interest, if a suit is commenced within three years from the date of payment.

The bill would define “mutual mistake of fact” as a mistake that was physically observable to both the assessing officer and the taxpayer and that both the officer and the taxpayer reasonably should have discovered by December 31 in the year immediately preceding the year for which recovery of excess taxes was sought.

The bill also would require that a suit be commenced within three years from the date the taxes were due, rather than three years from the date of payment.

MCL 211.53a et al.

Legislative Analyst: S. Margules

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: R. Ross

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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.