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**SFA****BILL ANALYSIS**

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House Bill 5450 (Substitute S-2 as reported)  
Sponsor: Representative Samuel Buzz Thomas  
House Committee: Land Use and Environment  
Senate Committee: Economic Development, International Trade and Regulatory Affairs

### **CONTENT**

The bill would enact the "Michigan Land Bank and Community Development Authority Act" to do the following:

- Create the Michigan Land Bank and Community Development Authority, and provide that its board would consist of five members appointed by the Governor.
- Create a metropolitan land bank authority in Detroit upon the mayor's appointment of a five-member board.
- Allow a land bank to acquire, buy, own, lease as lessor, convey, demolish, or rehabilitate real or personal property.
- Establish procedures for an expedited quiet title and foreclosure action by a land bank.
- Authorize land banks to issue notes and bonds.
- Create the Michigan Land Bank and Community Development Authority Fund.
- Require the State Administrative Board to convey specific parcels of surplus State land to the Michigan Land Bank and Community Development Authority.
- Transfer certain tax reverted property and tax delinquent property to the Detroit land bank authority, and allow the Detroit mayor to rescind a transfer.
- Authorize the Detroit mayor, by executive order, to direct the transfer of additional tax delinquent property to the Detroit land bank.
- Permit the Detroit city council, with the authority's consent, to authorize the transfer of any real property or interest in real property to the Detroit land bank authority.
- Allow two or more local units in which at least 250 parcels of tax reverted land were located to enter into an intergovernmental agreement creating a metropolitan land bank authority.
- Allow a county foreclosing governmental unit, by resolution, to create a metropolitan land bank authority.
- Provide that, if a metropolitan land bank authority authorized the sale or other conveyance of property in Detroit, the Detroit land bank authority could exercise a right of first refusal to purchase the property at a price and on terms authorized by the metropolitan authority.
- Specify that a land bank would not be subject to restrictions imposed on it by the charter, ordinances, or resolutions of a local unit of government, but a land bank would not be exempt from local zoning or land use controls.

A land bank could purchase real property for any purpose it considered necessary, including to use or develop property; to facilitate the assembly of property for sale or lease to any other public or private person; or to protect or prevent the extinguishing of any lien held by the land bank or imposed on its property. A land bank could control, manage, demolish, and take all other actions necessary to preserve the value of property it held or owned. A land bank could accept a deed conveying a person's interest in tax delinquent property or tax reverted property in lieu of foreclosure or sale of the property for delinquent taxes, but could not do so without the written approval of all taxing jurisdictions and the foreclosing governmental unit that would be affected. Upon that approval, the unpaid taxes would be extinguished.

A land bank could convey, sell, transfer, lease as lessor, or otherwise dispose of property or rights or interest in property to any public or private person for value determined by the land bank, on terms and conditions and in a manner and for an amount that it considered proper, including no monetary consideration. Except as otherwise required or agreed to, a land bank could retain any proceeds it received for the purposes of the proposed Act. Money received as payment of taxes, penalties, or interest, or from the redemption or sale of property subject to a tax lien would have to be returned to the local tax collecting unit for distribution on a pro rata basis to the appropriate taxing units, in an amount equal to delinquent taxes, penalties, and interest owed. The land bank would retain any excess money and could use it for purposes authorized by the proposed Act.

A land bank could not condemn property or exercise the power of eminent domain; levy any tax or special assessment; or assist or spend any funds for, or related to, the development of a casino.

The Michigan Land Bank and Community Development Authority would be created within the Department of Management and Budget (DMB). The Authority would exercise its powers and duties independently of the DMB Director, although the Authority's budgeting, procurement, and related administrative functions would have to be performed under the Director's supervision. If requested, the DMB would have to provide staff and other support. The Authority's board would consist of five residents of the State appointed by the Governor, including one person approved by the mayor of Detroit. The Governor would have to appoint a person (other than a board member) to serve as the Authority's chief executive officer.

The Michigan Land Bank and Community Development Fund would be created under the Authority's jurisdiction and control and could be administered to secure any notes and bonds of the Authority. The Authority would have to deposit into the Fund all money it received from the sale or transfer of property, as well as the proceeds of the sale of notes or bonds. The Authority could spend money from the Fund for one or more of the following: to pay costs to clear or quiet title to property held by the land bank; to repay a loan made to the land bank by the State under House Bill 4853; or any other purpose provided in the proposed Act. The Authority could enter into an intergovernmental agreement with a metropolitan land bank authority for the joint exercise of powers and duties, and would have to report biennially to the Legislature on its activities.

The Detroit land bank authority could enter into an intergovernmental agreement with any city, village, or township in Wayne County. The authority also could enter into agreements with Wayne County or the county treasurer for the collection of property taxes or the enforcement and consolidation of tax liens within Detroit for any property or interest in property transferred to the authority.

A land bank's property and its income and operations would be exempt from all State and local taxation.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

Please see **FISCAL IMPACT** for House Bill 4851.

Date Completed: 6-25-02

Fiscal Analyst: David Zin

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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.