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BILL ANALYSIS

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Senate Bill 700 (Substitute S-1 as enrolled)  
Sponsor: Senator Patricia L. Birkholz  
Committee: Finance

### **CONTENT**

The bill would amend the General Property Tax Act to require the City of Detroit to collect real and personal property taxes levied after December 31, 2003, by all taxing jurisdictions authorized to levy property tax in the city; and require the city treasurer to return all uncollected delinquent real property taxes to the Wayne County treasurer for collection.

For taxes levied after December 31, 2003, the bill would require the city to prepare and submit to each taxpayer a statement indicating the amount of tax levied on real and personal property by all taxing jurisdictions authorized to levy a general ad valorem property tax in the city; and to collect those taxes. This requirement would apply notwithstanding any county or city charter provision to the contrary.

The bill also would require the Detroit city treasurer to return to Wayne County for collection all uncollected delinquent taxes levied on real property after December 31, 2002. (Currently, the Detroit city treasurer must return only uncollected delinquent State education taxes.) As currently required, the delinquent taxes would have to be returned on March 1 immediately following the year in which they were levied.

The bill would allow the city treasurer, on March 1, 2004, to return to the county for collection, uncollected delinquent taxes levied in 2001 and/or 2002. The county treasurer would have to collect those taxes with taxes returned as delinquent in 2004, and remit to the city treasurer, after each month, the taxes and interest collected during that month.

The bill provides that, if a lien against property for unpaid taxes or special assessments were extinguished in a foreclosure action, that judgment would not extinguish the city's right to bring an action to enforce personal liability for the taxes or assessments. Within 15 years after the taxes or assessments were levied, the city could bring such an action for unpaid delinquent taxes levied before 2003 or special assessments not returned to the county for collection.

MCL 211.89a et al.

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The bill would have no effect on State tax revenues but would reduce School Aid Fund expenditures by an unknown amount. The bill also would increase local unit revenues to Wayne County, the City of Detroit, and the Detroit Public Schools. Under the assumption that Wayne County would improve upon the amount of revenue successfully collected from delinquent property taxes, the local units involved would receive more revenue. School Aid Fund expenditures would decline because, as property tax revenues to the Detroit public school district increased, the State would have to provide less money to bring total funding up to the per-pupil allowance.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 10-31-03

Fiscal Analyst: David Zin

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Bill Analysis @ [www.senate.michigan.gov/sfa](http://www.senate.michigan.gov/sfa)

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