

STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2004

Introduced by Senators Cassis, Garcia and McManus

ENROLLED SENATE BILL No. 1185

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 154 (MCL 211.154), as amended by 2003 PA 247.

The People of the State of Michigan enact:

Sec. 154. (1) If the state tax commission determines that property subject to the collection of taxes under this act, including property subject to taxation under 1974 PA 198, MCL 207.551 to 207.572, 1905 PA 282, MCL 207.1 to 207.21, 1953 PA 189, MCL 211.181 to 211.182, and the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, has been incorrectly reported or omitted for any of the previous years designated under this section, the state tax commission shall issue an order to the local tax collecting unit if the local tax collecting unit has possession of the tax roll being amended or to the county treasurer if the county treasurer has possession of the tax roll being amended requiring the revision of the assessed value and taxable value for each year for which the property was incorrectly reported or omitted. The order of the state tax commission shall not exceed the current assessment year and any previous years, but not to exceed the 2 years immediately preceding the date a person liable for the incorrectly reported or omitted taxes notifies the state tax commission that the taxes were incorrectly reported or omitted. If the state tax commission is notified that taxes have been incorrectly reported or omitted by someone other than a person liable for the incorrectly reported or omitted taxes, the order shall not exceed the current assessment year and any previous years, but not to exceed 2 years immediately preceding the later of the date the incorrect reporting or omission was discovered and disclosed to the state tax commission or the date written notice of the incorrect reporting or omission was provided to the taxpayer. The written notice provided shall be a copy of the petition alleging the incorrect reporting or omission sent to the taxpayer by ordinary mail at the taxpayer's last known address based on the records of the assessor for the local tax collecting unit. The state tax commission shall issue an order to the treasurer of the local tax collecting unit if the local tax collecting unit has possession of a tax roll for a year for which an assessment change is made or the county treasurer if the county has possession of a tax roll for a year for which an assessment change is made requiring the revision of the assessed value and taxable value and certifying the amount of taxes due as computed by the correct annual rate of taxation for each year except the current year. Taxes computed under this section shall not be spread against the property for a period before the last change of ownership of the property.

(2) If an assessment change made under this section results in increased property taxes, the additional taxes shall be collected by the treasurer of the local tax collecting unit if the local tax collecting unit has possession of a tax roll for a year for which an assessment change is made or by the county treasurer if the county has possession of a tax roll for a year for which an assessment change is made. Not later than 20 days after receiving the order certifying the amount of taxes due under subsection (1), the treasurer of the local tax collecting unit if the local tax collecting unit has possession of a tax roll for a year for which an assessment change is made or the county treasurer if the county has possession of a tax roll for a year for which an assessment change is made shall submit a corrected tax bill, itemized by taxing jurisdiction, to each person identified in the order and to the owner of the property on which the additional taxes are assessed, if different than a person named in the order, by first-class mail, address correction requested. Except for real property subject to taxation under 1974 PA 198, MCL 207.551 to 207.572, 1905 PA 282, MCL 207.1 to 207.21, 1953 PA 189, MCL 211.181 to 211.182, and the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, and for real property only, if the additional taxes remain unpaid on the March 1 in the year immediately succeeding the year in which the state tax commission issued the order certifying the additional taxes under subsection (1), the real property on which the additional taxes are due shall be returned as delinquent to the county treasurer. Real property returned for delinquent taxes under this section, and upon which taxes, interest, penalties, and fees remain unpaid after the property is returned as delinquent to the county treasurer, is subject to forfeiture, foreclosure, and sale for the enforcement and collection of the delinquent taxes as provided in sections 78 to 79a.

(3) For assessments corrected by the state tax commission under this section as a result of a person's failure to file the statement required under section 19 for property that has not been otherwise assessed, a corrected tax bill may include a penalty of 1% per month of the resulting tax bill plus interest at the rate provided under section 37 of the tax tribunal act, 1973 PA 186, MCL 205.737, from the date the taxes originally could have been paid without interest. If the state tax commission determines that the failure to file the statement required under section 19 was due to reasonable cause, the state tax commission shall waive the penalty. If the tax bill has not been paid within 60 days after the corrected tax bill is issued, interest shall again begin to accrue from the date the corrected tax bill is issued at the rate provided under section 37 of the tax tribunal act, 1973 PA 186, MCL 205.737.

(4) For assessments corrected as a result of notification filed with the state tax commission after December 29, 2003 and for which a person either did not request that an increased assessment due to incorrectly reported or omitted personal property be added to the assessment roll under this section before March 1, 2004, or did not otherwise inform the state tax commission of an issue as to the person's reporting or omitting personal property prior to December 29, 2003, a corrected personal property tax bill that is issued under this section due to reasons other than a person's failure to file the statement required under section 19 may include interest as provided under section 37 of the tax tribunal act, 1973 PA 186, MCL 205.737, calculated from the date the taxes originally could have been paid without interest or penalty and a penalty of 1% per month on the corrected portion of the assessment only, not to exceed 18% of the total tax due. If the state tax commission determines that the incorrect reporting or omission was the result of reasonable cause, the state tax commission shall waive the penalty. In no case shall interest and penalty be imposed on any assessment subject to a notification pending before the state tax commission as of December 29, 2003. If the corrected tax bill has not been paid within 60 days after the corrected tax bill is issued, all of the following shall again begin to accrue from the date the corrected tax bill is issued:

(a) Interest at the rate provided under section 37 of the tax tribunal act, 1973 PA 186, MCL 205.737.

(b) A penalty at the rate of 1% per month.

(5) Except as otherwise provided in this section, the treasurer of the local tax collecting unit or the county treasurer shall disburse the payments of interest and penalty received to this state and to a city, township, village, school district, county, and authority, in the same proportion as required for the disbursement of taxes collected under this act. The amount to be disbursed to a local school district, except for that amount of interest attributable to mills levied under section 1211(2) of the revised school code, 1976 PA 451, MCL 380.1211, and mills that are not included as mills levied for school operating purposes under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963. For an intermediate school district receiving state aid under section 56, 62, or 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the interest that would otherwise be disbursed to or retained by the intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of the state school aid, shall be paid instead to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(6) If an assessment change made under this section results in a decreased tax liability, a refund of excess tax payments shall be made by the county treasurer and shall include interest at the rate of 1% per month or fraction of a month for taxes levied before January 1, 1997 and interest at the rate provided under section 37 of the tax tribunal act, 1973 PA 186, MCL 205.737, for taxes levied after December 31, 1996, from the date of the payment of the tax to the date of the payment of the refund. The county treasurer shall charge a refund of excess tax payments under this subsection to the various taxing jurisdictions in the same proportion as the taxes levied.

(7) A person to whom property is assessed under this section may appeal the state tax commission's order to the Michigan tax tribunal.

(8) Failure to file the statement required under section 19 by the date required shall not prohibit a person from seeking relief under this section if that person files the statement required under section 19 prior to the first meeting of the board of review.

Enacting section 1. This amendatory act is retroactive and is effective December 29, 2003.

Carol Morey Viventi

Secretary of the Senate

Sam E. Randall

Clerk of the House of Representatives

Approved _____

Governor