

Legislative Analysis



JUST COMPENSATION

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House Bill 5821

Sponsor: Rep. Bill McConico

Committee: Government Operations

Complete to 5-1-06

A SUMMARY OF HOUSE BILL 5821 AS INTRODUCED 3-2-06

The Uniform Condemnation Procedures Act generally provides that before an agency initiates negotiations to purchase a property, it must provide the property owner with a good faith written offer of "just compensation" for the property. If the agency and the owner cannot agree on the purchase price, the agency may file an action in the circuit court of the county where the property is located, asking the court to determine the amount of just compensation. When an action is filed, the agency must place an amount it believes to be just compensation in escrow and set aside for the property owner.

House Bill 5821 says that at the time the agency provides the property owner with its good faith offer of just compensation, it must also notify the property's occupants of the condemnation proceeding, stating their basic rights in the process, including the fact that a person with a leasehold interest of less than six months is entitled to a \$5,200 moving allowance [as provided under House Bill 5817], and that occupants of a residential dwelling could not be displaced until they have had a reasonable opportunity to relocate to a comparable dwelling and have been paid the moving allowance.

The act also permits a property owner to file a written claim with the agency listing property the owner believes was not included or fully included in the agency's good faith offer, and requires that such claims be filed within 90 days after receiving the written offer or 60 days after a complaint is filed. The act also requires that the agency ask the court to compel the property owner to provide additional information necessary to evaluate the claim within 60 days after receiving the claim. The bill would delete these time requirements, and provide that the property owner's claim would have to be filed along with the appraisal, unless otherwise required by the court. The bill would also require the property owner to provide available information necessary to permit the agency to evaluate any claim that has not fully accrued or is continuing in nature.

MCL 213.55

FISCAL IMPACT:

The bill would have no impact on state revenue. It could, however, result in increased costs to various state and local entities acquiring property.

BACKGROUND INFORMATION:

The following amendments are anticipated:

- Page 7, Line 25: The amendment would provide property owners with a payment in addition to the just compensation payment, if the amount estimated to be just compensation is *greater than* 300 percent of the property's taxable value. The payment would also be placed in escrow (and subsequently payable to the property owner) in instances where the condemning authority and the property owner cannot agree to the just compensation amount. The additional payment would equal, $[(Just\ Compensation - Taxable\ Value) \times Millage\ Rate] \times 5$
- Page 5, Lines 7 and 12: The amendment would reinstate language in the act requiring claims for property not included in an agency's just compensation offer to be filed within 90 days after receiving the written offer or 60 days after a complaint is filed. (However, the bill would allow for a different deadline set by the court.)
- Page 6, Lines 2, 4, 6, and 7: The amendment is a technical amendment, replacing references to "items of property or damage" with "categories of claims."

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