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BILL ANALYSIS

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Senate Bill 868 (Substitute S-2 as reported)
Sponsor: Senator Laura M. Toy
Committee: Local, Urban and State Affairs

CONTENT

The bill would amend the General Property Tax Act to allow a county board of commissioners, during December 2007 and every fourth year after 2007, to adopt a resolution to do either of the following:

-- Elect to have the State foreclose tax-delinquent and abandoned property forfeited to the county treasurer.
-- Rescind its prior election to have the State foreclose property forfeited to the county treasurer.

Under the Act, a county board of commissioners had until December 1, 1999, to adopt a resolution electing to have the State foreclose property forfeited to the county. During December 2004, a county board could adopt a resolution either making that election, or rescinding a prior election to have the State foreclose property forfeited to the county.

The bill also would allow all or part of the balance in a local unit's delinquent tax proceeds account to be transferred to the county general fund. Under the Act, a foreclosing governmental unit must deposit the proceeds from the sale of property into a restricted account. Proceeds in the account may be used only to reimburse the delinquent tax revolving fund for taxes, interest, and fees on all of the property, and to pay costs of the sale of property, costs of the foreclosure proceedings, and other specified costs.

The bill would require a foreclosing governmental unit other than the State, in 2007 and each subsequent year, by June 30 of the second calendar year after foreclosure, to submit a written report to its board of commissioners identifying any remaining balance in the account and any contingent costs described in the Act. All or a portion of the remaining balance then could be transferred to the county general fund.

MCL 211.78 & 211.78m Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no effect on State or local revenue or expenditures, although it would alter the allocation between funds of certain revenue received by local units of government. Under current law, the affected revenue must be deposited in certain funds such as a delinquent tax property sales proceeds account or delinquent tax revolving fund. The bill would allow this revenue to be deposited in the general fund of the county, under certain conditions.

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

Date Completed: 2-27-06 Fiscal Analyst: David Zin