Legislative Analysis

HOUSE FISCAL AGENCY
Mitchell Bean, Director
Phone: (517) 373-8080
http://www.house.mi.gov/hfa

DELINQUENT PROPERTY TAXES

Senate Bill 1433 (Substitute H-1)
Sponsor: Sen. Tom George
House Committee: Intergovernmental, Urban and Regional Affairs
Senate Committee: Local, Urban and State Affairs

Complete to 12-8-08

A SUMMARY OF SENATE BILL 1433 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the General Property Tax Act to do the following:

- Require the city treasurer of an eligible city (i.e., a city with a population of more than 50,000 and less than 100,000 that is located in a county with a population of less than 350,000) to return to the county treasurer all uncollected delinquent real property taxes levied after 2008, notwithstanding the city charter.
- Permit the city treasurer of an eligible city to return to the county treasurer all uncollected delinquent real property taxes levied before December 31, 2008.
- Permit the city treasurer, with the agreement of the county treasurer, to return to the county treasurer uncollected delinquent personal property taxes levied after 2008, notwithstanding the city charter.
- Permit the city treasurer, with the agreement of the county treasurer, to return to the county treasurer all uncollected delinquent taxes levied on personal property before December 31, 2008.
- Remove the definition of "first class school district" from three sections of the General Property Tax Act (a definition now used to designate Detroit, since it has the only school district large enough to be so defined under Michigan law), and instead refer to "a city with a population or 600,000 or more." This change continues to require the city treasurer (of a city with a population of 600,000 or more) to return to the county treasurer all uncollected delinquent real property taxes levied after 2002, notwithstanding the city charter; and also continues to allow the city treasurer (of a city with a population of 600,000 or more) to return all uncollected delinquent taxes levied in 2001 and 2002 to the county treasurer with written notice of intent to do so.

The bill provides that a judgment entered on a foreclosure petition that extinguished any lien for unpaid taxes or special assessments would not extinguish the city's right to bring an action to enforce personal liability for those unpaid taxes or special assessments. The city could bring an action to enforce personal liability for unpaid delinquent taxes levied before January 1, 2009, or special assessments not returned as delinquent within 15 years after they were levied.

As used in these provisions, "delinquent taxes" or "uncollected delinquent taxes" would include any taxes levied by and payable to the city treasurer in installments whose balance remains unpaid on January 1 immediately following the year in which the taxes are levied, and would include all interest and penalties that accrue after July 31 of the year in which all taxes billed by the eligible city are levied if that interest and those penalties remain unpaid on the date the delinquent taxes are returned to the county treasurer. With regard to the real property provisions, the terms also would include any liens for unpaid tax and assessment liability acquired by the eligible city after December 31, 1999, and before January 1, 2009, under the city's charter.

The bill also provides that from January 1, 2009, through March 1, 2009, the county board of commissioners of a county with a population of at least 220,000, could rescind, by resolution and with written concurrence of the county treasurer and county executive, its prior resolution by which it elected to have the state foreclose property under the act forfeited to the county treasurer.

[According to the Senate Fiscal Agency, the counties potentially affected by the bill would include Genesee, Ingham, Kalamazoo, Kent, Macomb, Oakland, Ottawa, Washtenaw, and Wayne Counties. The affected cities are Battle Creek, Kalamazoo, and Saginaw.]

MCL 211.78 et al.

FISCAL IMPACT:

The bill would increase state and local revenue by an indeterminate amount.

POSITIONS:

The Department of Treasury supports the bill. 12-3-08)

The City of Kalamazoo supports the bill. (12-3-08)

The Kalamazoo County Treasurer supports the bill. (12-3-08)

The Michigan Association of County Treasurers supports the bill. (12-3-08)

Legislative Analyst: J. Hunault
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.