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BILL ANALYSIS



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Senate Bill 978 (as reported without amendment)
Senate Bill 979 (Substitute S-1 as reported)
Senate Bill 1015 (Substitute S-1 as reported)
Senate Bill 1016 (as reported without amendment)
Senate Bill 1017 (Substitute S-1 as reported)
Sponsor: Senator Jason E. Allen (S.B. 978)
 Senator Tom George, M.D. (S.B. 979 & 1017)
 Senator Gerald Van Woerkom (S.B. 1015)
 Senator Tupac A. Hunter (S.B. 1016)

Committee: Commerce and Tourism

CONTENT

Senate Bill 978 would amend the Tax Reverted Clean Title Act to include in the Act's definition of "authority" a "redevelopment authority" established under the Land Bank Fast Track Act (pursuant to Senate Bill 979 (S-1)), and include property exempt from the collection of taxes under the General Property Tax Act (pursuant to Senate Bill 1016) in the definition of "eligible tax reverted property". (The Tax Reverted Clean Title Act imposes a specific tax (equal to the property tax) on property sold by a land bank fast track authority, and dedicates 50% of the proceeds of that specific tax to the authority that sold the property.)

Senate Bill 979 (S-1) would amend the Land Bank Fast Track Act to provide that, if a county foreclosing governmental unit located in a county with a population of more than 1.5 million (i.e., Wayne County), entered into an intergovernmental agreement with a "qualified city" (i.e., Detroit) to operate jointly a land bank fast track authority, the resulting authority would be considered a redevelopment authority. The intergovernmental agreement would have to provide that one of the members of the governing body would be appointed by the Governor.

Senate Bill 1015 (S-1) would amend the Land Bank Fast Track Act to include the promotion of urban agriculture in the Act's statement of purpose. The Act includes a statement that it is in the best interests of the State and local units "to assemble or dispose of public property...to promote economic growth in this state and local units of government in this state". The bill would add, "and to promote urban agriculture in compliance with local ordinances".

Senate Bill 1016 would amend the General Property Tax Act to exempt property whose title was held by a redevelopment authority from the collection of taxes under the Act.

Real property sold or otherwise conveyed by a redevelopment authority under the Land Bank Fast Track Act also would be exempt from taxes under the General Property Tax Act beginning on December 31 in the year in which the property was sold or otherwise conveyed by the redevelopment authority until eight years after that date. The property would be subject to the specific tax levied under the Tax Reverted Clean Title Act.

The exemption for property sold or conveyed by a redevelopment authority would not apply to property included in a brownfield plan under the Brownfield Redevelopment Financing Act, if both of the following conditions were satisfied:

- The brownfield plan included assistance provided to a land bank fast track authority authorized under the Brownfield Redevelopment Financing Act.
- The redevelopment authority approved the release of the exemption, if the authority had issued bonds or notes, or had entered into a reimbursement agreement, pledging or dedicating the specific tax levied under the Tax Reverted Clean Title Act, before the sale of the property subject to the exemption.

The exemption also would not apply to property included in a neighborhood enterprise zone under the Neighborhood Enterprise Zone Act.

Senate Bill 1017 (S-1) would amend the General Property Tax Act to require the transfer of unsold tax-delinquent property to a redevelopment authority, upon its request. If a redevelopment authority did not request transfer of that property, the property would have to be transferred to the State land bank fast track authority or a land bank fast track authority created by an intergovernmental agreement between a county and the State or the City of Detroit and the State, upon the authority's request.

MCL 211.1022 & 211.1023 (S.B. 978)
124.753 & 124.773 (S.B. 979)
124.752 (S.B. 1015)
Proposed MCL 211.7II (S.B. 1016)
MCL 211.78m (S.B. 1017)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would change the timing and distribution of revenue to local units and the School Aid Fund by an unknown amount. Presumably, affected foreclosed property would return to the tax rolls more rapidly under the bills, which would accelerate the date when the property would again contribute revenue to units of government. However, under the bills, once the affected property returned to the tax rolls, it would face a specific tax that would be divided equally between the redevelopment authority and other local units of government. As a result, the tax revenue received by other local units of government would represent 50% of the revenue that would have been received from the property absent the bills. The actual amount of any changes would depend upon the number of affected parcels and the specific postforeclosure characteristics of each affected parcel.

Date Completed: 5-27-10

Fiscal Analyst: David Zin

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