

Legislative Analysis



COMPUTERIZED SETTLEMENT TAX ROLLS

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House Bill 5047 (as reported from committee with amendment)

Sponsor: Rep. Harold Haugh

Committee: Local, Intergovernmental, and Regional Affairs

First Analysis (10-19-11)

(Enacted as Public Act 461 of 2012)

BRIEF SUMMARY: The bill would allow a local tax collection unit to transmit its settlement tax roll to the county treasurer either in a computer printed format or a disk, external drive, or other electronic data processing format.

FISCAL IMPACT: As written, the bill would not have any state or local revenue impact, although it might have an indeterminate impact on local government costs.

THE APPARENT PROBLEM:

The General Property Tax Act requires that the officials in local government tax-collecting units transmit their final tax rolls (customarily called settlement rolls) to their respective county treasurers in a computer printout. The settlement tax roll is used to record changes made in the assessed valuation of properties and equipment, generally as the result of disputes decided by the Michigan Tax Tribunal many months following an original assessment, or sometimes in the instance of a judgment rendered during a tax-forfeited property that has been foreclosed.

The printout of all the assessed parcels within the jurisdiction of a tax-collecting unit often generates a many-paged paper document that lists thousands of parcels and stands over a foot high. For example, in the City of Roseville, located in Macomb County, a clerk spends an estimated 16 hours to generate a settlement tax roll that is 15,000 pages long. That printout must then be hand-carried to the office of the county treasurer. Then, according to committee testimony, a clerk in the county treasurer's office must electronically scan the tax roll printout in order to return all of the information it contains to a useful digital format.

Legislation has been introduced to update the General Property Tax Act so that local officials are authorized, but not required, to convey their settlement tax rolls to their county treasurers in electronic formats.

THE CONTENT OF THE BILL:

House Bill 5047, as amended, would amend the General Property Tax Act (MCL 211.42a) to allow a local tax collection unit to transmit its settlement tax roll to the county treasurer either in a computer printed format or a disk, external drive, or other electronic data processing format that is compatible with the computer system used by the county treasurer.

Now under the law, a local tax collecting unit can use a computerized data base system as the tax roll if either the local unit or the county treasurer obtains written authorization from the state tax commission. To be authorized, the local tax collection unit or the county treasurer must demonstrate that the proposed system will comply with nine requirements, including the capacity to:

- (1) Print an original pre-collection tax roll from the computerized data base that is warranted by the assessor.
- (2) Produce a separate computer printout of all parcel splits and combinations (including sufficient information to document their accuracy) that is prepared and maintained by the assessor until the expiration of any delinquent tax redemption period following a judgment foreclosing property that is forfeited for delinquent taxes.
- (3) Produce a separate computer printout of all corrections and adjustments to the pre-collection tax roll authorized by action of the board of review, the state tax commission, or the tax tribunal (including sufficient information to document their accuracy).
- (4) Produce a final ***computer printed*** settlement tax roll to certify the taxes collected to the county treasurer.
- (5) Enable the local treasurer to prepare and maintain a journal of the collections totaled and reconciled to the amount of actual collections daily.
- (6) Post a tax payment to the computerized data base system using a transaction or receipt number with the date of payment.
- (7) Demonstrate internal and external security procedures that are sufficient to assure the integrity of the system.
- (8) Enable the local tax collecting unit to make available a posted computer printed tax roll.
- (9) Demonstrate compatibility with the system used by the county treasurer for the collection of delinquent taxes.

House Bill 5047 would retain all of these requirements, but modify number four (4), above, in order to expand the transmittal options. Instead of the requirement to produce a final "computer printed" settlement tax roll to certify to the county treasurer the taxes that have been collected, House Bill 5047 would require that ***"the settlement tax roll transmitted to the county treasurer may be in either a computer printed format or a disk, external drive, or other electronic data processing format compatible with the computer system used by the county treasurer."***

ARGUMENTS:

For:

Proponents of the bill urge that the General Property Tax Act be updated so that modern technologies can be used by officials to convey tax roll information between jurisdictions, in local and state government. They testify that the current practice—that is, generating a computer printout thousands of pages long, and then hand-delivering that printout to the county treasurer—is a waste of time and money. Instead, local officials should have the option to send their settlement tax rolls to county treasurers electronically, in useful, digitized formats.

Further, proponents of the bill note that many sections of the General Property Tax Act should be updated, and they promise that more legislation will soon be introduced in order to ensure the use of cost-efficient information storage and transmission technologies.

POSITIONS:

The Michigan Department of Treasury supports the bill. (10-13-11)

The Michigan Association of County Treasurers supports the bill, as amended. (10-13-11)

The Michigan Townships Association supports the bill. (10-13-11)

The City of Roseville (Macomb County) supports the bill. (10-12-11)

The Michigan Assessors Association is neutral on the bill. (10-13-11)

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■ 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.