



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 453 (as enacted)
Sponsor: Senator Bert Johnson
Senate Committee: Finance
House Committee: Tax Policy

PUBLIC ACT 321 of 2011

Date Completed: 1-23-12

CONTENT

The bill added Section 110 to the General Property Tax Act to establish procedures for the cancelation of rejected taxes if the taxes were rejected or charged back because the property was tax exempt, the taxes had been paid, or the taxes had been assessed twice; and require rejected taxes to be reassessed if they were not rejected or charged back for any of those reasons.

Section 110 applies to taxes imposed under the Act after December 31, 2006. Section 110 applies to taxes imposed after December 31, 1999, however, if the taxes were imposed on property owned, or being acquired pursuant to an installment purchase agreement, by a public school academy and the taxes were rejected for any of the reasons noted above.

The bill requires a county treasurer, by June 30 each year, to prepare and file with the State Treasurer a statement setting forth all rejected taxes, the reasons the taxes were rejected, who rejected the taxes, and a description of the property upon which the taxes were assessed. Upon request, a local tax collecting unit must give the county treasurer any available information necessary to complete the statement.

If the State Treasurer approves a statement of rejected taxes, he or she must return a copy of the statement to the county treasurer. The county treasurer must cancel taxes contained in an approved statement if the taxes were rejected or charged back by

the State Treasurer or the county treasurer for any of the following reasons:

- The property was not subject to taxation at the time the taxes were assessed.
- The taxes on the property were paid.
- There was a double assessment of the taxes on the property.

If taxes contained in a statement of rejected taxes approved by the State Treasurer were not rejected or charged back for any of those reasons, the taxes must be reassessed by the county treasurer upon the same property, collected with the taxes of the current year, and treated in the same manner as taxes of the current year. Taxes that are rejected or charged back are not subject to penalties other than those that apply to taxes assessed in the current year.

If the taxes cannot be properly assessed upon the same property, the county treasurer must cause the taxes to be reassessed upon the taxable property of the proper local tax collecting unit.

The State Treasurer must prescribe the form to be used by county treasurers for preparing a statement of rejected taxes, and may require a statement to be submitted in an electronic format.

MCL 211.110

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill will have an unknown, and likely negligible, impact on State and local revenue that will depend on the number of properties affected as well as their specific characteristics. Rejected taxes typically represent instances where property has been assessed twice, or the description of the property being assessed is incorrect or unclear, but can also include taxes levied on exempt property. The bill effectively allows rejected taxes on exempt property to be removed from the tax roll while exempt, presumably eliminating additional instances of rejected taxes on the same property in the future.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.