

Legislative Analysis



PENALTIES FOR BLIGHTED VIOLATIONS

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Senate Bill 35 as passed by the Senate
Sponsor: Sen. Virgil Smith

Senate Bill 36 as passed by the Senate
Sponsor: Sen. Bert Johnson

Senate Bill 38 as passed by the Senate
Sponsor: Sen. Rick Jones

Senate Bill 37 as passed by the Senate
Sponsor: Sen. Tonya Schuitmaker

Senate Bill 39 as passed by the Senate
Sponsor: Sen. Tupac A. Hunter

House Committee: Local Government
Senate Committee: Judiciary

Complete to 5-15-13

A SUMMARY OF SENATE BILLS 35 - 39 AS PASSED BY THE SENATE 4-18-13

The bills would amend various acts to increase the penalties that may be imposed by local officials on property owners when blighted property violations are ignored and fines are not paid. A more detailed description of each bill follows.

Senate Bill 35 (Substitute S-3) would amend Section 4q of the Home Rule City Act (MCL 117.4q), which allows certain cities to establish an administrative hearings bureau to adjudicate blight violations, to do the following:

- Establish additional civil and criminal penalties that could be imposed on a person who committed a blight violation and failed to pay a fine and costs of \$1,000 or more.
- Exclude certain entities that become the owner of foreclosed property from the additional sanctions, under certain circumstances.
- Lower the minimum population threshold from 2 million to 1.5 million for a county containing a city with a population of 3,300 or more.

More specifically, Section 4q allows a city with a population of 7,500 or more in any county, and a city with a population of 3,300 or more in a county with a population of 2 million or more, to establish an administrative hearings bureau to adjudicate and impose sanctions for a blight violation. Senate Bill 35 would retain these provisions, but refer, instead, to a county with a population of 1.5 million or more.

A city that creates an administrative hearings bureau must establish its jurisdiction for adjudicating certain blight violations. A hearing officer may impose reasonable and proportionate sanctions consistent with applicable ordinance provisions and assess certain costs against a person found responsible for a violation. Under the bill, if the civil fine and costs imposed were \$1,000 or more and the person did not pay within 30 days after a

final decision (and order) of the hearing officer or (upon appeal) of the circuit court, the person would be subject to the following:

- For a first violation, the person would be responsible for a state civil infraction and could be ordered to pay a maximum civil fine of \$500.
- For a second violation, the person would be guilty of a misdemeanor punishable by imprisonment for up to 93 days and a maximum fine of \$500, or both.
- For a third or subsequent violation, the person would be guilty of a misdemeanor punishable by imprisonment for up to one year and a mandatory fine of \$500.

Senate Bill 36 (S-3) would amend the Michigan Zoning Enabling Act (MCL 125.3406) to do the following:

- Allow a city zoning ordinance to provide that a person would be ineligible for rezoning, site approval, or other zoning authorization if the person were delinquent in paying a fine or costs for a blight violation.
- Exclude certain entities that become the owner of foreclosed property from the bill's ineligibility for zoning or site approval restrictions.

Senate Bill 37 (S-3) would amend the Single State Construction Code Act (MCL 125.1501 et al) to do the following:

- Allow a city to provide by ordinance that a person would be ineligible for a building permit, a certificate of use and occupancy, or a variance if the person were delinquent in paying a fine or costs for a blight violation.
- Exclude certain entities that become the owner of foreclosed property from the bill's ineligibility for a building permit, certificate of use and occupancy, or variance.

Senate Bill 38 (S-1) would amend the Revised Judicature Act (MCL 600.101 et al) to allow a city to file a garnishment action if a fine or costs were ordered for a blight violation.

Senate Bill 39 would amend the Home Rule City Act (MCL 117.4r) to allow a lien against property involved in a blight violation to be enforced and discharged by the city in the same manner as liens for delinquent taxes.

The additional sanctions under Senate Bill 35 (S-3), and a zoning ordinance adopted under Senate Bill 36 (S-3) or 37 (S-3), would not apply to any of the following that become the owner of a property after foreclosure or after taking a deed in lieu of foreclosure:

- A government-sponsored enterprise or the Michigan State Housing Development Authority.
- A financial institution.

- A mortgage servicer that is subject to the Mortgage Brokers, Lenders, and Servicers Licensing Act.
- A credit union service organization organized under Michigan or U.S. law.

"Government-sponsored enterprise" would mean that term as defined in federal law (2 USC 622(8), which refers to a corporate entity created by U.S. law that has a federal charter; is privately owned; is under the direction of a board of directors, a majority of which is elected by private owners; and is a financial institution with the power to make loans or loan guarantees for limited purposes).

FISCAL IMPACT:

The bills create new misdemeanors and civil infractions. Any increase in penal fine revenues would increase funding for local libraries, which are the constitutionally-designated recipients of those revenues. There also could be an increase in local correctional costs, the cost of local incarceration in a county jail and local misdemeanor probation supervision varies by jurisdiction.

The incentives in the bills also could result in blight-related fines being paid that are not currently being paid.

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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.