

# Legislative Analysis



## LIENS ON TOWNSHIP SPECIAL ASSESSMENTS: APPLY TO INSTALLMENTS

Mary Ann Cleary, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 1007 (Substitute H-1)**  
**Sponsor: Sen. John Pappageorge**  
**House Committee: Tax Policy**  
**Senate Committee: Finance**

**House Bill 5202 (Substitute H-1)**  
**Sponsor: Rep. Michael D. McCreedy**  
**House Committee: Tax Policy**  
**Senate Committee: Committee of the Whole**

**Complete to 12-12-14**

## **A SUMMARY OF HOUSE BILL 5202 AS REPORTED BY THE HOUSE AND SENATE BILL 1007 (H-1) AS REPORTED BY HOUSE COMMITTEE**

House Bill 5202 (H-1) and Senate Bill 1007 (H-1) would amend Public Act 188 of 1954, an act permitting townships to make various public infrastructure improvements financed by special assessments against the benefitting property owners. They would specify that if a township board provides for a special assessment to be paid in installments, then the amount of any lien on the property would be limited to each individual installment and would not attach to the property until the individual installment is due.

The two bills work together, with overlapping provisions. The bills are tie-barred, meaning neither can take effect unless both are enacted.

Under PA 188, special assessments constitute a lien against the property, from the date the special assessment roll is approved by the township board of supervisors. The act also provides that special assessments may be payable in one or more installments, with the first installment due at some time fixed by the township board after confirmation of the special assessment roll, with subsequent installments generally due in 12 months intervals thereafter.

Reportedly, it is often the case that special assessments (including any future installment payments) must be paid in full before a property may be sold to a new owner or before the property owner may refinance a mortgage on that property.

As noted above, House Bill 5202 and Senate Bill 1007 would specify instead that if a township board provides for a special assessment to be paid in installments, then the amount of any lien on the property would be limited to each individual installment and would not attach to the property until the individual installment is due.

MCL 41.727, 728, & 729a

## **FISCAL IMPACT:**

As written, the bills would have no impact on state revenue. To the extent that a special assessment could be assumed by the purchaser when a transfer of property occurs instead of being fully paid off at the time of the transfer, it's possible that in some cases townships might not receive the full amount of the special assessment as quickly, although it would not affect the amount ultimately collected.

Legislative Analyst: Chris Couch  
Fiscal Analyst: Adam Desrosiers

---

■ 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.