

Legislative Analysis



LIENS ON TOWNSHIP SPECIAL ASSESSMENTS: APPLY TO INSTALLMENTS

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Senate Bill 1007 without amendment
Sponsor: Sen. John Pappageorge
House Committee: Tax Policy
Senate Committee: Finance
Complete to 12-9-14

A SUMMARY OF SENATE BILL 1007 AS PASSED BY THE SENATE 9-24-14

Senate Bill 1007 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. It 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. SB 1007 has the same content as House Bill 5202, which has already passed the House.

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, 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.

FISCAL IMPACT:

As written, the bill 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.

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