

Legislative Analysis



TRANSFER OF PROPERTY TO LAND BANK

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House Bill 5083

Sponsor: Rep. David Rutledge
Committee: Local Government

Complete to 10-30-13

A SUMMARY OF HOUSE BILL 5083 AS INTRODUCED 10-16-13

House Bill 5083 would amend the General Property Tax Act to allow some tax-foreclosed public property to be transferred to a land bank under certain circumstances. A more detailed description of the bill follows.

Michigan's Land Bank Fast Track Act, Public Act 258 of 2003, allows for the creation of land bank fast track authorities by qualified cities, counties, and the state. The authorities work to redevelop or repurpose the many tax-forfeited properties that have reverted to the taxing jurisdictions in which they are located.

Currently under the General Property Tax Act, tax delinquent property is sold by foreclosing jurisdictions at two auction sales, held in the summer or early fall. The tax-forfeited properties are sold, and their titles are transferred to the person who bids the highest amount above the minimum bid (defined in the law to include delinquent taxes, interest, penalties, and fees). If the properties are not purchased during the auction sales, then cities, villages, or townships can purchase the properties by paying the minimum bid. If they do not do so, then the county may purchase the property by paying the minimum bid. House Bill 5083 would retain all of these provisions.

In addition, House Bill 5083 specifies that if a city, village, township, or county does not purchase the property, then the property can be transferred to a city Land Bank Fast Track Authority, if it is "eligible property" and if the city authority submitted a written request for the transfer.

Under the bill, if the city authority had not submitted a written request, then the property could be transferred to the county Land Bank Fast Track Authority, if the property was eligible and if the county authority had submitted a written request. If the county land bank had not submitted a written request for the transfer, then the property could be transferred to the state Land Bank Fast Track Authority, again if the property were eligible and the state authority had submitted a written request for the transfer. In each case, House Bill 5083 specifies that the property could be transferred to a land bank fast track authority upon payment of the minimum bid.

Definitions

House Bill 5083 defines "eligible property" to mean property that meets one or more of the following conditions: (1) is blighted property; or (2) has previously been subject to

forfeiture, foreclosure, and sale for delinquent taxes under the General Property Tax Act at any time during the immediately preceding five years.

The bill defines "blighted property" to mean property that meets any of the following criteria: (1) the property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance; (2) the property is an attractive nuisance because of physical condition or use; (3) the property is a fire hazard or is otherwise dangerous to the safety of persons or property; (4) the property has had the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of one year or more so that the property is unfit for its intended use; (5) the property is improved real property that has remained vacant for five consecutive years and that is not maintained in accordance with applicable local housing or property maintenance codes or ordinances; and (6) the property has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within one year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.

The bill also defines "public purpose" to mean use as a park, a museum, an open space available to the public, a public utility, or public infrastructure.

MCL 211.78m

FISCAL IMPACT:

A fiscal analysis is in process.

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