



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

BILL



ANALYSIS

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

Senate Bill 35 (Substitute S-3 as reported by the Committee of the Whole)
Senate Bill 36 (Substitute S-3 as reported by the Committee of the Whole)
Senate Bill 37 (Substitute S-3 as reported by the Committee of the Whole)
Senate Bill 38 (Substitute S-1 as reported by the Committee of the Whole)
Senate Bill 39 (as reported without amendment)
Sponsor: Senator Virgil Smith (S.B. 35)
 Senator Bert Johnson (S.B. 36)
 Senator Tonya Schuitmaker (S.B. 37)
 Senator Rick Jones (S.B. 38)
 Senator Tupac A. Hunter (S.B. 39)

Committee: Judiciary

CONTENT

Senate Bill 35 (S-3) would amend Section 4q of the Home Rule City Act, 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 from 2.0 million to 1.5 million for a county containing a city with a population of 3,300 or more.

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 2.0 million or more, to establish an administrative hearings bureau to adjudicate and impose sanctions for a blight violation. The bill would refer 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 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 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 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 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).

MCL 117.4q (S.B. 35)
MCL 125.3406 (S.B. 36)
Proposed MCL 125.1509c (S.B. 37)
Proposed MCL 600.4027 (S.B. 38)
MCL 117.4r (S.B. 39)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Senate Bill 35 (S-3) would have an indeterminate fiscal impact on State and local government. Cities could see increased revenue from the collection of fines and costs for blight violations, and the State could see increased revenue resulting from the \$10-per-citization justice system assessment. Although there are no data to indicate how many offenders would be charged with the proposed misdemeanors, those convicted could be incarcerated and/or placed under community supervision, increasing costs for local units.

Increased civil infraction and penal fine revenue associated with the proposed State civil infraction and the proposed misdemeanors would benefit public libraries.

Senate Bills 36 (S-3), 37 (S-3), and 39 would have no impact on State revenue and a likely negligible effect on local unit revenue. Cities' revenue could be increased slightly under the assumption that the changes would either make it more likely that certain fines or costs would be paid, or paid in a timely manner, or provide alternative options for cities to more effectively or efficiently collect a payment relating to a lien.

Senate Bill 38 (S-1) would have a negligible fiscal impact on the local court system. Courts could see a marginal increase in caseload associated with enforcing garnishments against those who neglected to pay civil fines and costs ordered for blight violations. Cities would receive increased revenue from the collection of the fines and costs.

Date Completed: 4-17-13

Fiscal Analyst: Dan O'Connor
David Zin

Floor\sb35

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.