

PARTIAL PAYMENT OF DEFERRED SPECIAL ASSESSMENTS

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Senate Bill 1053 (S-1) as passed by the Senate
Sponsor: Sen. Roger Victory
House Committee: Ways and Means
Senate Committee: Finance
Complete to 12-14-20

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 331 of 2020)

SUMMARY:

Senate Bill 1053 would amend 1976 PA 225, which allows for the deferral of special assessments on the principal residences of limited-income senior citizens (65 or older) or totally and permanently disabled persons.¹ The bill would allow an owner to make partial payments on the balance of special assessments owed, including interest, under certain conditions. The bill would also provide that special assessments assessed on or after October 1, 2020, are not covered by the program.

The act generally allows a senior citizen or totally and permanently disabled person who makes less than a specified amount (in 2019, \$24,305) to defer payment of special assessments on their homestead (principal residence). The homeowner must apply to the local assessing officer for this deferment. If it is approved, the Department of Treasury pays the balance owing, including delinquent amounts, and puts a lien on the property in that amount. The lien accrues monthly interest at a rate of 0.5% per month. The full amount is due within one year after the homeowner dies or upon transfer of title to the property. The act also allows a homeowner to pay the amount in full at any time.²

Partial payments

The bill would additionally allow a homeowner to make partial payments on the balance, including any interest due on the assessments, subject to all of the following:

- The owner could make up to four partial payments per calendar year in a form and manner prescribed by the Department of Treasury.
- A partial payment would have to be in an amount that was at least the greater of the following:
 - Five percent of the sum of the balance of special assessments owed and the interest due on those special assessments.
 - \$500.
- Interest would continue to accrue on the unpaid special assessment balance.
- Payment for the balance of special assessments and interest would be due in full if the owner conveyed, transferred, or entered into a contract to sell the homestead or any part of it.
- Upon the death of the owner, payment would be due in full within one year for the balance of special assessments and interest.

¹ https://www.michigan.gov/taxes/0,4676,7-238-43535_55602-233204--,00.html

² Program FAQs: https://www.michigan.gov/documents/treasury/DeferredSpecialAssessments_189257_7.pdf

Application of program under the act

As noted above, under the act, the payment of the special assessments and interest due is deferred until either of the following occurs:

- One year after the owner's death.
- The homestead or any part of it is conveyed or transferred or a contract to sell is entered into.

The bill would provide that the payment of special assessments assessed before October 1, 2020, is deferred until either of the above occurs.

The bill would additionally provide that the Department of Treasury shall not pay for any special assessments assessed on or after October 1, 2020.

MCL 211.762

FISCAL IMPACT:

As written, the bill would not have any direct state or local fiscal impact. The Department of Treasury reimburses local units for assessments, and then is repaid by the locals when the special assessment is remitted by the taxpayer. To the extent that taxpayers make partial payments, the timing of collections might change, but the net amount due would remain the same.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.