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

BILL ANALYSIS

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

Senate Bill 1053 (Substitute S-1 as reported)
Sponsor: Senator Roger Victory
Committee: Finance

CONTENT

The bill would amend Public Act 225 of 1976, which pertains to the deferment of collecting special assessments, to prohibit the Department of Treasury from paying for any special assessments assessed on or after October 1, 2020.

Generally, the Act defers the payment of special assessments assessed and due and payable on a homestead in any year in which the owner meets all of the terms and conditions of the Act until one year after the owner's death, subject to certain circumstances. Under the bill, this would apply to assessments assessed before October 1, 2020.

Special assessments deferred under the Act may be paid in full at any time. Under the bill, as an alternative, an owner, at any time, could make partial payments on the balance of special assessments owned, including any interest due on those assessments, subject to all of the following:

-- At the owner's discretion, the owner could make as many as four partial payments per calendar year in a form and manner the Department prescribed.
-- A partial payment would have be at least the greater of 5.0% of the sum of balance due plus interest, or $500.
-- Interest would continue to accrue on any unpaid balance.
-- Payment would be due in full for the balance on those special assessments if the owner conveyed or transferred the homestead or any part of it, or entered a contract to sell the homestead or any part of it.
-- After the death of the owner, payment would be due in full within one year for the balance owed plus interest.

MCL 211.762 Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on the State or local government. Amounts deferred under the Act are paid to local governments by the Department of Treasury out of a revolving fund. When the local government receives payment for the special assessment, it must reimburse the Department for the amounts advanced, with those payments going back into the revolving fund (except for part that is transmitted to the Michigan Veterans Trust Fund). By allowing property owners to make partial payments of the deferred special assessments and interest, the timing of payments could change, but ultimately, the total payments would not change.

The Department of Treasury could experience additional costs in tracking and accounting for partial payments of deferred special assessments. The costs could include one-time information technology changes to allow for the accounting of partial payments. These costs likely would be minimal and within current appropriations.

Date Completed: 10-2-20

Fiscal Analyst: Ryan Bergan
Cory Savino