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Senate Bill 243 (as introduced 3-11-21)  
Sponsor: Senator Michael D. MacDonald  
Committee: Appropriations

Date Completed: 3-16-21

## **CONTENT**

**The bill would amend the General Property Tax Act to allow the owner of qualified pandemic-affected real property to apply to the Department of Treasury to have the State pay any interest or penalties charged to that property for unpaid summer 2020 property taxes.**

The owner of qualified property would have until April 15, 2021, to apply for the waiver of penalties and interest on unpaid delinquent summer 2020 property taxes. If the application were approved, the Department would have to make a payment by April 30, 2021, on behalf of the applicant, to the county treasurer in an amount equal to the unpaid interest or penalties. The Department's criteria for determining payment eligibility would need to be narrowly tailored to determining only whether the property was qualified pandemic-affected real property and the amount of unpaid interest and penalties charged to that property for unpaid summer 2020 property taxes.

The bill would define "qualified pandemic-affected real property" as real property that meets all of the following:

- Is either the owner's principal residence or is used primarily for the operation of an eligible business that experienced economic hardship as a result of the COVID-19 pandemic or the government's response to the pandemic, or both.
- Was returned to the county treasurer for delinquent summer 2020 property taxes that remain unpaid and include unpaid interest or penalties.
- Was not subject to unpaid delinquent taxes in 2018 or 2019.

"Eligible business" would mean any of the following:

- An entertainment venue (which includes an auditorium, arena, banquet hall, cinema, concert hall, conference center, performance venue, sporting venue, stadium, or theater).
- An exercise facility (which would mean a facility in which individuals participate in individual or group physical activity, including a gymnasium, fitness center, or exercise studio).
- A food service establishment, as that term is defined the Food Law.
- A recreation facility or place of public amusement (which includes an amusement park, arcade, bingo hall, bowling alley, casino, nightclub, skating rink, water park, or trampoline park).

The bill states that the Legislature intends that the appropriation listed in Section 406 of Public Act 2 be used to fund the State's payments of interest and penalties as provided above.

MCL 211.44a

## **FISCAL IMPACT**

The bill would have a negative fiscal impact on the State and likely would have a positive fiscal impact on local governments. If local governments recovered penalty and interest payments that they otherwise would not have collected from affected business owners, they would see an increase in revenue by the amounts collected. The total cost to the State is unknown, and would depend on the characteristics of affected property, as well as how many eligible business owners applied for the program and were approved. Public Act 2 of 2021 included an appropriation on \$22.0 million for the purpose of making these payments. The bill would not give the Department of Treasury authority to deny payments if the property were eligible, so if the total cost of payments exceeded \$22.0 million, additional appropriations would be needed.

Fiscal Analyst: Ryan Bergan

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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.