



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



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

Senate Bills 1073 and 1074 (as discharged)

Sponsor: Senator Jim Ananich

Committee: Finance (discharged)

CONTENT

Senate Bill 1073 would amend the Land Bank Fast Track Act to specify that, beginning January 5, 2004, in addition to an exemption from all taxes and State and local special assessments, land bank fast track authority property would be exempt from any user fee imposed by a local unit of government. The bill states that it would be retroactive and would apply retroactively beginning on and after January 5, 2004.

Senate Bill 1074 would amend the Revenue Bond Act to allow a public improvement to provide a free service to a land bank fast track authority. The Act generally prohibits a public improvement (as defined in the Act) from furnishing free service to a person, firm, or public or private corporation, or a public agency or instrumentality.

MCL 124.754 et al. (S.B. 1073)

141.118 (S.B. 1074)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

Senate Bill 1073 would have no impact on State revenue, but would likely reduce State expenditures, and would change the distribution of local revenue and expenditure. The bill would expand the exemption in Section 4 for properties of a land bank fast track authority from all taxes to all taxes, special assessments and user fees imposed by the State and local units of government. This would make the exemption more closely match the exemption in Section 13 (which currently exempts property of the authority from all taxes and special assessments but would be amended to also include user fees). The changes would be retroactive to January 5, 2004.

Conflicting court decisions in different jurisdictions have provided differing levels of exemption to different land banks. In the case of fees and assessments being assessed to a local land bank, the bill would change the distribution of revenue and expenditures by prohibiting local units from assessing levies and charges against local land banks and allowing the land bank authorities to retain the revenue. In the case of fees and assessments levied against the State land bank authority, the bill would prevent future State expenditures and prevent local units from receiving additional revenue. In the case of one of the relevant court decisions, the fees total approximately \$500,000 (and include assessments for previous years as allowed under the statute of limitations) and would exceed the existing operating reserves of the State land bank. As a result, absent the bill, the State land bank would be forced to cease operations or would require additional money to be appropriated from the General Fund.

Property held by the land bank fast track authority typically is tax-reverted property. The amount of any taxes, special assessments, and user fees that would be levied on affected property would depend on the specific characteristics of affected property. The impact of the

bill also would depend on if the affected liabilities have already been paid or are being contested (and/or have not been paid) by the affected parties. Relevant special assessments and user fees generally are small compared to both the property taxes on a specific property and with respect to local unit revenue.

Senate Bill 1074 would have no fiscal impact on State or local government.

Date Completed: 9-28-22

Fiscal Analyst: David Zin

SAS\Floor\sb1073

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.