

MICHIGAN ASSOCIATION OF COUNTY TREASURERS

HB 4984 (Tom Barrett)

Collection of Delinquent Eligible Tax Reverted Property Specific Taxes

The Michigan Association of County Treasurers support HB 4984

Brief Summary

HB 4984 Creates a mechanism for collection of delinquent eligible tax reverted specific taxes, which are currently uncollectable.

Summary of Content

- Amends the Tax Reverted Clean Title Act (2003 PA 260) to require eligible tax reverted property specific taxes to be collected in the same manner as regular delinquent property taxes on real property.
- Provides that eligible tax reverted property specific taxes are a lien against the real property on which the tax is imposed, in the same manner as a lien for regular property taxes on real property.
- Allows a county treasurer to accept the return of delinquent eligible tax reverted property specific taxes for collection in the same manner as regular property taxes on real property.
- Provides that eligible tax reverted property specific taxes returned to a county treasurer and delinquent for more than 2 years will immediately be “forfeited” (as that term is defined under the General Property Tax Act) for tax foreclosure proceedings to begin.

Need for Legislation

Property sold by a land bank fast track authority is exempt from regular property taxes on real estate for 5 years after the sale. Instead, the eligible tax reverted specific tax is imposed during that 5-year period . 50% of the revenue generated from that tax is distributed pro rata to local tax collecting units. The other 50% is returned to the land bank fast track authority to fund title clearance and other costs incurred by the land bank fast track authority. (the “5/50 Tax”).

In 2012, the Michigan Legislature inadvertently repealed the mechanism for collection of delinquent eligible tax reverted property specific taxes (see 2012 PA 222).

Since then, when property taxes are not paid on property purchased from a land bank fast track authority, there is no mechanism to collect the unpaid 5/50 taxes. Instead, only after the 5-year period ends and regular taxes are again imposed on the property may delinquent taxes be collected. That can be an 7-8 year delay. In the meantime properties sit dormant and deteriorate.

This legislation would allow 5/50 taxes to be collected again, as quickly as next spring if HB 4984 is enacted this year.