

Legislative Analysis



TRANSFER OF RENTAL PROPERTY

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Senate Bill 692 (S-1) as passed by the Senate

Sponsor: Sen. Dale Zorn

House Committee: Local Government and Municipal Finance

Senate Committee: Local Government

Complete to 12-7-20

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

SUMMARY:

Senate Bill 692 would amend Article 7 (Enforcement) of the Housing Law of Michigan to modify the rules for transferring ownership of a rental property, and having that property inspected, when transferring property between two affiliated entities.

Under the law, an enforcing agency (a local officer or agency designated by the municipality's governing body to administer the act, or the governing body itself) may maintain a registry of owners and premises regulated by the act. The act specifies that such a registry must include information about the owner of a multiple dwelling or rooming house, such as the owner's name and address or place of business and the location of the premises. The agent for a premises also must be included.

The bill would provide that a transfer of ownership to another *person* would not be considered a change of ownership under the act if the property was inspected in accordance with the act in the prior two years (or the period specified by an applicable local ordinance) and either of the following applies:

- The owner, owners, trustors, grantor, or members of the transferring person are the same as the owner owners, trustors, grantees, or members of the recipient person.
- Both the transferring and recipient person are under common control.

Person would mean an individual or a corporation, limited liability company, partnership, limited partnership, limited liability partnership, limited liability limited partnership, trust, individual retirement account, or other legal person recognized in Michigan.

MCL 125.525

FISCAL IMPACT:

The bill would have an indeterminate, but likely negligible, fiscal impact on local units of government. Fewer inspections would result in less revenue. However, the act requires that the fees charged for an inspection shall not exceed the actual, reasonable cost of providing the inspection. Therefore, while the bill would result in less revenue from inspections, it would also result in a corresponding reduction in costs. The bill would have no fiscal impact on state government.

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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.