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**SFA**

BILL ANALYSIS

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House Bill 4028 (Substitute S-4 as reported by the Committee of the Whole)

Sponsor: Representative Andrew Richner

House Committee: Land Use and Environment

Senate Committee: Local, Urban and State Affairs

## **CONTENT**

The bill would create a new act to do the following:

- Allow a municipality to designate a structure or lot as "blighting property" and acquire title to it by purchase, gift, exchange, or condemnation.
- Require the municipality to hold a hearing on the designation between 42 and 119 days after a written notice was provided, give notice to persons with a legal interest in the property and occupants of the property, and inform occupants about assistance agencies.
- Allow persons with a legal interest in the property to contest the designation at the hearing and to appeal the designation in court.
- Require the municipality to transfer blighted property for development or to develop it.
- Allow the municipality to accept a deed instead of foreclosure for delinquent property taxes on the blighting property.

The bill would be repealed five years after its effective date. ("Blighting property" would mean property that was likely to have a negative financial impact on surrounding property values or on the increase in value of surrounding property and that: was declared a public nuisance; was an unattractive nuisance; was a fire hazard or otherwise dangerous; had the utilities disconnected; had on it a damaged building or structure that did not meet building codes; had a building or structure that was likely to fall, become detached, or collapse and injure persons or damage property; or had a building or structure that had become the place for the accumulation of trash or debris, was a haven for rodents, was unsanitary or unfit, or was determined to injure the health, safety or general welfare of people in the dwelling.)

Legislative Analyst: Nobuko Nagata

## **FISCAL IMPACT**

The bill would reduce both State and local property tax revenues by an unknown, but likely minimal, amount. The fiscal impact would depend upon the number of properties declared as blighted and their value, location and applicable millage rates. Blighted properties generally have low values and the fiscal impact would be determined by the affected properties on which property taxes were delinquent, thus suggesting any impact would be minimal. The fiscal impact assumes that at some time a local unit would be able to recover such delinquent taxes.

The bill also would increase local unit expenses by an unknown, although likely minimal, amount. To declare a property as blighted, a local unit would be required to incur certain expenses, such as those for publication of notices, the filing of certain documents, and in the case of contested judgments, court costs.

Date Completed: 2-14-02

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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.