

SUBSTITUTE FOR
SENATE BILL NO. 1185

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 154 (MCL 211.154), as amended by 2003 PA
247.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 154. (1) If the state tax commission determines that
2 property subject to the collection of taxes under this act,
3 including property subject to taxation under 1974 PA 198, MCL
4 207.551 to 207.572, 1905 PA 282, MCL 207.1 to 207.21, 1953 PA
5 189, MCL 211.181 to 211.182, and the commercial redevelopment
6 act, 1978 PA 255, MCL 207.651 to 207.668, has been incorrectly
7 reported or omitted for any **of the** previous ~~year, but not to~~
8 ~~exceed the current assessment year and 2 years immediately~~
9 ~~preceding the date the incorrect reporting or omission was~~
10 ~~discovered and disclosed to the state tax commission, the state~~

Senate Bill No. 1185 (S-2) as amended December 9, 2004

1 ~~tax commission shall place the corrected assessment value for the~~
2 ~~appropriate years on the appropriate assessment roll. years~~
3 designated under this section, the state tax commission shall
4 issue an order to the local tax collecting unit if the local tax
5 collecting unit has possession of the tax roll being amended or
6 to the county treasurer if the county treasurer has possession of
7 the tax roll being amended requiring the revision of the assessed
8 value and taxable value for each year for which the property was
9 incorrectly reported or omitted. The order of the state tax
10 commission shall not exceed the current assessment year and [any previous
years, but not to exceed] the 2
11 years immediately preceding the date a person liable for the
12 incorrectly reported or omitted taxes notifies the state tax
13 commission that the taxes were incorrectly reported or omitted.
14 If the state tax commission is notified that taxes have been
15 incorrectly reported or omitted by someone other than a person
16 liable for the incorrectly reported or omitted taxes, the order
17 shall not exceed the current assessment year and [any previous years, but
not to exceed] 2 years
18 immediately preceding the later of the date the incorrect
19 reporting or omission was discovered and disclosed to the state
20 tax commission or the date written notice of the incorrect
21 reporting or omission was provided to the taxpayer. The written
22 notice provided shall be a copy of the petition alleging the
23 incorrect reporting or omission sent to the taxpayer by ordinary
24 mail at the taxpayer's last known address based on the records of
25 the assessor for the local tax collecting unit. The state tax
26 commission shall issue an order ~~certifying~~ to the treasurer of
27 the local tax collecting unit if the local tax collecting unit

1 has possession of a tax roll for a year for which an assessment
2 change is made or the county treasurer if the county has
3 possession of a tax roll for a year for which an assessment
4 change is made **requiring the revision of the assessed value and**
5 **taxable value and certifying** the amount of taxes due as computed
6 by the correct annual rate of taxation for each year except the
7 current year. Taxes computed under this section shall not be
8 spread against the property for a period before the last change
9 of ownership of the property.

10 (2) If an assessment change made under this section results
11 in increased property taxes, the additional taxes shall be
12 collected by the treasurer of the local tax collecting unit if
13 the local tax collecting unit has possession of a tax roll for a
14 year for which an assessment change is made or by the county
15 treasurer if the county has possession of a tax roll for a year
16 for which an assessment change is made. Not later than 20 days
17 after receiving the order certifying the amount of taxes due
18 under subsection (1), the treasurer of the local tax collecting
19 unit if the local tax collecting unit has possession of a tax
20 roll for a year for which an assessment change is made or the
21 county treasurer if the county has possession of a tax roll for a
22 year for which an assessment change is made shall submit a
23 corrected tax bill, itemized by taxing jurisdiction, to each
24 person identified in the order and to the owner of the property
25 on which the additional taxes are assessed, if different than a
26 person named in the order, by first-class mail, address
27 correction requested. Except for real property subject to

1 taxation under 1974 PA 198, MCL 207.551 to 207.572, 1905 PA 282,
2 MCL 207.1 to 207.21, 1953 PA 189, MCL 211.181 to 211.182, and the
3 commercial redevelopment act, 1978 PA 255, MCL 207.651 to
4 207.668, and for real property only, if the additional taxes
5 remain unpaid on the March 1 in the year immediately succeeding
6 the year in which the state tax commission issued the order
7 certifying the additional taxes under subsection (1), the real
8 property on which the additional taxes are due shall be returned
9 as delinquent to the county treasurer. Real property returned
10 for delinquent taxes under this section, and upon which taxes,
11 interest, penalties, and fees remain unpaid after the property is
12 returned as delinquent to the county treasurer, is subject to
13 forfeiture, foreclosure, and sale for the enforcement and
14 collection of the delinquent taxes as provided in sections 78 to
15 79a.

16 (3) ~~Except as otherwise provided in subsection (4), a~~
17 ~~corrected tax bill based on an assessment roll corrected for~~
18 ~~incorrectly reported or omitted personal property that is issued~~
19 ~~after the effective date of the amendatory act that added this~~
20 ~~subsection shall include penalty and interest at the rate of~~
21 ~~1.25% per month or fraction of a month from the date the taxes~~
22 ~~originally could have been paid without interest or penalty. For~~
23 **assessments corrected by the state tax commission under this**
24 **section as a result of a person's failure to file the statement**
25 **required under section 19 for property that has not been**
26 **otherwise assessed, a corrected tax bill may include a penalty of**
27 **1% per month of the resulting tax bill plus interest at the rate**

1 provided under section 37 of the tax tribunal act, 1973 PA 186,
2 MCL 205.737, from the date the taxes originally could have been
3 paid without interest. If the state tax commission determines
4 that the failure to file the statement required under section 19
5 was due to reasonable cause, the state tax commission shall waive
6 the penalty. If the tax bill has not been paid within 60 days
7 after the corrected tax bill is issued, interest shall again
8 begin to accrue ~~at the rate of 1.25% per month or fraction of a~~
9 ~~month~~ from the date the corrected tax bill is issued at the rate
10 provided under section 37 of the tax tribunal act, 1973 PA 186,
11 MCL 205.737.

12 (4) ~~If a person requests that an increased assessment due to~~
13 ~~incorrectly reported or omitted personal property be added to the~~
14 ~~assessment roll under this section before March 1, 2004 with~~
15 ~~respect to statements filed or required to be filed under section~~
16 ~~19 for taxes levied before January 1, 2004, and the corrected tax~~
17 ~~bill issued under this subsection is paid within 30 days after~~
18 ~~the corrected tax bill is issued, that person is not liable for~~
19 ~~any penalty or interest on that portion of the additional tax~~
20 ~~attributable to the increased assessment resulting from that~~
21 ~~request. However, a person who pays a corrected tax bill issued~~
22 ~~under this subsection more than 30 days after the corrected tax~~
23 ~~bill is issued is liable for the penalties and interest imposed~~
24 ~~under subsection (3).~~ For assessments corrected as a result of
25 notification filed with the state tax commission after December
26 29, 2003 and for which a person either did not request that an
27 increased assessment due to incorrectly reported or omitted

1 personal property be added to the assessment roll under this
2 section before March 1, 2004, or did not otherwise inform the
3 state tax commission of an issue as to the person's reporting or
4 omitting personal property prior to December 29, 2003, a
5 corrected personal property tax bill that is issued under this
6 section due to reasons other than a person's failure to file the
7 statement required under section 19 may include interest as
8 provided under section 37 of the tax tribunal act, 1973 PA 186,
9 MCL 205.737, calculated from the date the taxes originally could
10 have been paid without interest or penalty and a penalty of 1%
11 per month on the corrected portion of the assessment only, not to
12 exceed 18% of the total tax due. If the state tax commission
13 determines that the incorrect reporting or omission was the
14 result of reasonable cause, the state tax commission shall waive
15 the penalty. In no case shall interest and penalty be imposed on
16 any assessment subject to a notification pending before the state
17 tax commission as of December 29, 2003. If the corrected tax
18 bill has not been paid within 60 days after the corrected tax
19 bill is issued, all of the following shall again begin to accrue
20 from the date the corrected tax bill is issued:

21 (a) Interest at the rate provided under section 37 of the tax
22 tribunal act, 1973 PA 186, MCL 205.737.

23 (b) A penalty at the rate of 1% per month.

24 (5) Except as otherwise provided in this section, the
25 treasurer of the local tax collecting unit or the county
26 treasurer shall disburse the payments of interest and penalty
27 received to this state and to a city, township, village, school

1 district, county, and authority, in the same proportion as
2 required for the disbursement of taxes collected under this act.
3 The amount to be disbursed to a local school district, except for
4 that amount of interest attributable to mills levied under
5 section 1211(2) ~~or 1211e~~ of the revised school code, 1976 PA
6 451, MCL 380.1211, ~~and 380.1211e,~~ and mills that are not
7 included as mills levied for school operating purposes under
8 section 1211 of the revised school code, 1976 PA 451, MCL
9 380.1211, shall be paid to the state treasury and credited to the
10 state school aid fund established by section 11 of article IX of
11 the state constitution of 1963. For an intermediate school
12 district receiving state aid under section 56, 62, or 81 of the
13 state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662,
14 and 388.1681, of the interest that would otherwise be disbursed
15 to or retained by the intermediate school district, all or a
16 portion, to be determined on the basis of the tax rates being
17 utilized to compute the amount of the state school aid, shall be
18 paid instead to the state treasury and credited to the state
19 school aid fund established by section 11 of article IX of the
20 state constitution of 1963.

21 (6) If an assessment change made under this section results
22 in a decreased tax liability, a refund of excess tax payments
23 shall be made by the county treasurer and shall include interest
24 at the rate of 1% per month or fraction of a month for taxes
25 levied before January 1, 1997 and interest at the rate provided
26 under section 37 of the tax tribunal act, 1973 PA 186, MCL
27 205.737, for taxes levied after December 31, 1996, from the date

1 of the payment of the tax to the date of the payment of the
2 refund. The county treasurer shall charge a refund of excess tax
3 payments under this subsection to the various taxing
4 jurisdictions in the same proportion as the taxes levied.

5 (7) A person to whom property is assessed under this section
6 may appeal the state tax commission's order to the Michigan tax
7 tribunal.

8 (8) Failure to file the statement required under section 19
9 by the date required shall not prohibit a person from seeking
10 relief under this section if that person files the statement
11 required under section 19 prior to the first meeting of the board
12 of review.

13 Enacting section 1. This amendatory act is retroactive and
14 is effective December 29, 2003.