

LAND BANKS: ILLEGAL ACQUISITION OF TAX REVERTED PROPERTY

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House Bill 4626

Sponsor: Rep. Ken Yonker

Committee: Local Government

Complete to 10-30-13

A SUMMARY OF HOUSE BILL 4626 AS INTRODUCED 4-25-13

House Bill 4626 would amend the Land Bank Fast Track Act (MCL 124.773) to establish protocols that address a land bank's illegal acquisition of tax reverted property. A more detailed description of the bill follows.

Suspend Authority

The bill specifies that if the Department of Treasury determined that a land bank authority had purchased or acquired tax reverted property in violation of the Land Bank Fast Track Act, the department would be required to suspend the power of that authority to purchase tax reverted property until the department was satisfied the authority would operate in compliance with the act. [Note: In the statute, "department" is defined to mean the Department of Labor and Economic Growth; however, the Land Bank Fast Track program is now overseen by the Michigan Department of Treasury.]

Complaint Process

Under the bill, any person or business entity could file a complaint with the department, if they believed a land bank authority had violated the act. If a complaint was filed, the department would be required to make a written determination of its decision, and provide a copy of that determination to the authority, and to the person or business entity who filed the complaint, within 90 days after the complaint had been received. Either party could appeal the decision of the department to the circuit court where the authority was located, within 56 days after the determination.

The bill further specifies that if a land bank authority lost an appeal at the circuit court, then the authority would be required to pay the reasonable attorney fees of the opposing party.

Remove Director

Under the bill, if the department determined that an authority had purchased or acquired tax reverted property in violation of the act, then the governing body of the county, city, qualified city, township, or village that entered into the intergovernmental agreement to create the authority would be required to remove the authority's director.

FISCAL IMPACT:

House Bill 4626 would impose administrative costs on the Department of Treasury to adjudicate complaints under the provisions of the bill. Additionally, local land banks would realize administrative costs in answering challenges to their property acquisitions as they arise. The magnitude of the impact would depend on the number and complexity of challenges to property acquisitions.

If the local land bank's authority is suspended, the local unit of government would decide on whether to acquire its property, convey it to another entity, or hold on to the property. Conveying the property outside of the land bank would have an indeterminate fiscal impact on the local unit of government.

The loss of property that was acquired by a local land bank authority in violation of the act would have an indeterminate fiscal impact on local units of government. Any fiscal impact would depend on the characteristics of each situation.

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