

HOUSE BILL NO. 4967

September 12, 2023, Introduced by Reps. Whitsett, Young and Tyrone Carter and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending sections 2, 78a, and 89b (MCL 211.2, 211.78a, and 211.89b), section 2 as amended by 2002 PA 620, section 78a as amended by 2014 PA 499, and section 89b as amended by 2008 PA 512, and by adding section 7yy.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1** Sec. 2. (1) For the purpose of taxation, real property
2 includes all of the following:
3 (a) All land within this state, all buildings and fixtures on

1 the land, and all appurtenances to the land, except as expressly
2 exempted by law.

3 (b) All real property owned by this state or purchased or
4 condemned for public highway purposes by any board, officer,
5 commission, or department of this state and sold on land contract,
6 notwithstanding the fact that the deed has not been executed
7 transferring title.

8 (c) ~~For taxes levied after December 31, 2002, buildings~~
9 **Buildings** and improvements located ~~upon~~**on** leased real property,
10 except buildings and improvements exempt under section 9f or
11 improvements assessable under section 8(h), if the value of the
12 buildings or improvements is not otherwise included in the
13 assessment of the real property. However, buildings and
14 improvements located on leased real property ~~shall~~**must** not be
15 treated as real property unless they would be treated as real
16 property if they were located on real property owned by the
17 taxpayer.

18 (2) The taxable status of persons and real and personal
19 property for a tax year ~~shall~~**for general property taxes collected**
20 **under this act and for any specific tax applicable to real or**
21 **personal property under the laws of this state, including, but not**
22 **limited to, a specific tax under the land tax equity act, must** be
23 determined as of each December 31 of the immediately preceding
24 year, which is considered the tax day, any provisions in the
25 charter of any **county**, city, or village to the contrary
26 notwithstanding. An assessing officer is not restricted to any
27 particular period in the preparation of the assessment roll but may
28 survey, examine, or review property at any time before or after the
29 tax day.

1 (3) Notwithstanding a provision to the contrary in any law, if
2 real property is acquired for public purposes by purchase or
3 condemnation, all general property taxes, **and any specific taxes**
4 **applicable to the real property under the laws of this state,**
5 **including, but not limited to, a specific tax under the land tax**
6 **equity act,** but not penalties, levied during the 12 months
7 immediately preceding, but not including, the day title passes to
8 the public agency ~~shall~~**must** be prorated in accordance with this
9 subsection. The seller or condemnee is responsible for the portion
10 of taxes from the levy date or dates to, but not including, the day
11 title passes and the public agency is responsible for the remainder
12 of the taxes. If the date that title will pass cannot be
13 ascertained definitely and an agreement in advance to prorate taxes
14 is desirable, an estimated date for the passage of title may be
15 agreed to. ~~In the absence of~~**Absent** an agreement, the public agency
16 shall compute the proration of taxes as of the date title passes.
17 The question of proration of taxes ~~shall~~**must** not be considered in
18 any condemnation proceeding. ~~As used in this subsection, "levy~~
19 ~~date" means the day on which general property taxes become due and~~
20 ~~payable.~~In addition to the portion of taxes for which the public
21 agency is responsible under the provisions of this subsection, the
22 public agency is also responsible for all general property taxes
23 **and all specific taxes applicable to the real property under the**
24 **laws of this state, including, but not limited to, a specific tax**
25 **under the land tax equity act,** levied on or after the date title
26 passes and before the property is removed from the tax rolls.

27 (4) In a real estate transaction between private parties, ~~in~~
28 ~~the absence of~~**absent** an agreement to the contrary, the seller is
29 responsible for that portion of the annual **general property** taxes

1 and any specific taxes applicable to the real property under the
 2 laws of this state, including, but not limited to, a specific tax
 3 under the land tax equity act, levied during the 12 months
 4 immediately preceding, but not including, the day title passes,
 5 from the levy date or dates to, but not including, the day title
 6 passes and the buyer is responsible for the remainder of the annual
 7 taxes.

8 (5) As used in this ~~subsection~~, **section**, "levy date" means the
 9 day on which a general property tax **or a specific tax applicable**
 10 **under the laws of this state, including, but not limited to, a**
 11 **specific tax under the land tax equity act**, becomes due and
 12 payable.

13 Sec. 7yy. (1) Subject to subsection (2), real property located
 14 in a land equity city or land equity local unit that is not
 15 otherwise exempt by law is exempt from the collection of qualified
 16 taxes for each year in which both of the following requirements
 17 have been met:

18 (a) A land value tax has been authorized by the land equity
 19 city or land equity local unit and approved by the qualified voters
 20 of the land equity city or land equity local unit under the land
 21 tax equity act.

22 (b) The land value tax has been approved and certified mills
 23 have been designated to be qualified taxes by the land equity city
 24 or land equity local unit.

25 (2) If approved by a land equity city or land equity local
 26 unit, an exemption created under subsection (1) must be phased into
 27 effect in equal percentages, as determined by the land equity city,
 28 over a period of up to 3 years during which a land value tax is
 29 initially imposed. In the last year of the phase-in period and each

1 following year, the exemption must be effective at 100% of the
2 amount of the qualified taxes.

3 (3) The assessor of a land equity city shall specifically
4 identify in the assessment notice required under section 24c all of
5 the following:

6 (a) The assessed value and taxable value of the land portion
7 of each parcel of property that is subject to the specific tax
8 under the land tax equity act.

9 (b) The assessed value and taxable value of each parcel of
10 real property and improvements, other than the land portion of the
11 parcel, that includes land subject to the specific tax under the
12 land tax equity act.

13 (c) A statement that the taxable value, as identified under
14 subdivision (a), will be the basis of the tax imposed under the
15 land tax equity act.

16 (4) Unless an alternative method for determining the taxable
17 value of land is prescribed by the state tax commission, the
18 taxable value of the land portion of a parcel of property in each
19 year is the product of the taxable value for the entire property
20 for the year multiplied by the percentage that the state equalized
21 value of the land portion of the parcel for the year represents to
22 the state equalized value of the entire property for the year,
23 including improvements.

24 (5) If the board of review for a land equity city takes action
25 authorized under this act to correct or change the assessed value
26 of any parcel of property, the assessor of the land equity city
27 shall have the sole responsibility and authority to proportionately
28 adjust the assessed values identified in subsection (3) (a) and (b)
29 to allocate the correction or make the respective assessed values

1 relatively just and proper.

2 (6) The treasurer of a land equity city shall prepare, in a
3 form prescribed by the treasurer, a tax statement related to the
4 collection of the land value tax. The tax statement required by
5 this act for the land value tax may be separate from or made part
6 of the tax statement prepared under section 44. The treasurer of a
7 land equity city shall include the following information related to
8 the collection of land value taxes under the land tax equity act on
9 the statement required under this section for the land value tax:

10 (a) The taxable value of the real property subject to tax
11 under the land tax equity act.

12 (b) The amount of tax levied and to be collected, specified by
13 dollar amount, under the land tax equity act.

14 (c) Any information required for the statement under the land
15 tax equity act.

16 (7) As used in this section:

17 (a) "Authorized ad valorem millage" means the rate of ad
18 valorem millage that a city or local unit of government is
19 authorized to levy for operating purposes under law or charter,
20 after any reduction caused by application of section 34d.

21 (b) "Equivalent land tax rate" means that term as defined in
22 section 3 of the land tax equity act.

23 (c) "Land equity city" means a city that has adopted a
24 resolution under section 4 of the land tax equity act authorizing
25 the levy of a land value tax.

26 (d) "Land equity local unit" means a local unit of government
27 that has adopted a resolution under section 4 of the land tax
28 equity act authorizing the levy of a land value tax.

29 (e) "Land value tax" means the specific tax authorized under

1 the land tax equity act.

2 (f) "Local unit of government" means that term as defined in
3 the land tax equity act.

4 (g) "Operating purposes" means either of the following, as
5 applicable:

6 (i) Municipal purposes for which a city is authorized under
7 section 3 of the home rule city act, 1909 PA 279, MCL 117.3, to lay
8 and collect taxes under the city's charter.

9 (ii) Purposes for which ad valorem property taxes collected
10 under this act are levied by a local unit of government, other than
11 the levy of ad valorem property taxes to provide school districts
12 revenue that is deposited in a building and site fund and other
13 than to pay principal and interest due on a bond or note if and to
14 the extent the ad valorem taxes levied for these purposes are in
15 addition to charter or statutory limitations, as authorized by the
16 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
17 141.2821.

18 (h) "Qualified tax" means that portion, which must not be less
19 than 50%, of a city's or local unit of government's authorized ad
20 valorem millage that is designated under the land tax equity act as
21 eligible to be converted to an equivalent land tax rate for levy as
22 a land value tax.

23 Sec. 78a. (1) For taxes levied after December 31, 1998, all
24 property returned for delinquent taxes, and upon which taxes,
25 interest, penalties, and fees remain unpaid after the property is
26 returned as delinquent to the county treasurers of this state under
27 this act or other laws of this state, including, but not limited
28 to, property returned for delinquent specific taxes under the land
29 tax equity act, is subject to forfeiture, foreclosure, and sale for

1 the enforcement and collection of the delinquent taxes as provided
2 in section 78, this section, and sections 78b to 79a. As used in
3 section 78, this section, and sections 78b to 79a, "taxes" includes
4 interest, penalties, and fees imposed before the taxes become
5 delinquent and unpaid special assessments or other assessments that
6 are due and payable up to and including the date of the foreclosure
7 hearing under section 78k.

8 (2) On March 1 in each year, taxes levied in the immediately
9 preceding year that remain unpaid ~~shall~~**must** be returned as
10 delinquent for collection. However, if the last day in a year that
11 taxes are due and payable before being returned as delinquent is on
12 a Saturday, Sunday, or legal holiday, the last day taxes are due
13 and payable before being returned as delinquent is on the next
14 business day and taxes levied in the immediately preceding year
15 that remain unpaid ~~shall~~**must** be returned as delinquent on the
16 immediately succeeding business day. Except as otherwise provided
17 in section 79 for certified abandoned property, property delinquent
18 for taxes levied in the second year preceding the forfeiture under
19 section 78g or in a prior year to which this section applies ~~shall~~
20 **must** be forfeited to the county treasurer for the total of the
21 unpaid taxes, interest, penalties, and fees for those years as
22 provided under section 78g.

23 (3) A county property tax administration fee of 4% and, except
24 as provided in section 78g(3)(c), interest computed at a
25 noncompounded rate of 1% per month or fraction of a month on the
26 taxes that were originally returned as delinquent, computed from
27 the date that the taxes originally became delinquent, ~~shall~~**must** be
28 added to property returned as delinquent under this section. A
29 county property tax administration fee provided for under this

1 subsection ~~shall~~**must** not be less than \$1.00.

2 (4) Any person with an unrecorded property interest or any
3 other person who ~~wishes at any time~~**wants** to receive notice of the
4 return of delinquent taxes on a parcel of property may pay an
5 annual fee not to exceed \$5.00 by February 1 to the county
6 treasurer and specify the parcel identification number, the address
7 of the property, and the address to which the notice ~~shall~~**should**
8 be sent. Holders of any undischarged mortgages wishing to receive
9 notice of the return of delinquent taxes on a parcel or parcels of
10 property may provide a list of such parcels in a form prescribed by
11 the county treasurer and pay an annual fee not to exceed \$1.00 per
12 parcel to the county treasurer and specify for each parcel the
13 parcel identification number, the address of the property, and the
14 address to which the notice should be sent. The county treasurer
15 shall notify the person or holders of undischarged mortgages if
16 delinquent taxes on the property or properties are returned within
17 that year.

18 (5) Notwithstanding any charter provision to the contrary, the
19 governing body of a local governmental unit that collects
20 delinquent taxes may establish for any property, by ordinance,
21 procedures for the collection of delinquent taxes and the
22 enforcement of tax liens and the schedule for the forfeiture or
23 foreclosure of delinquent tax liens. The procedures and schedule
24 established by ordinance ~~shall~~**must** conform at a minimum to those
25 procedures and schedules established under sections 78a to ~~78l~~**79a**,
26 except that those taxes subject to a payment plan approved by the
27 treasurer of the local governmental unit as of July 1, 1999 ~~shall~~
28 **must** not be considered delinquent if payments are not delinquent
29 under that payment plan.

1 Sec. 89b. For taxes levied after December 31, 2003,
 2 notwithstanding the provisions of a charter of a county adopted
 3 ~~pursuant to~~ **under** 1966 PA 293, MCL 45.501 to 45.521, or the
 4 provisions of the charter of a home rule city, to the contrary, a
 5 city with a population of ~~600,000~~ **500,000** or more shall do all of
 6 the following:

7 (a) Prepare and submit to each taxpayer a statement indicating
 8 the amount of tax levied on real and personal property by all
 9 taxing jurisdictions authorized to levy a general ad valorem
 10 property tax in that city **or a specific tax applicable under the**
 11 **laws of this state to real or personal property in that city,**
 12 **including, but not limited to, a specific tax under the land tax**
 13 **equity act.**

14 (b) Collect the tax levied on real and personal property by
 15 all taxing jurisdictions authorized to levy a general ad valorem
 16 property tax in that city **or a specific tax applicable under the**
 17 **laws of this state to real or personal property in that city,**
 18 **including, but not limited to, a specific tax under the land tax**
 19 **equity act.**

20 Enacting section 1. This amendatory act does not take effect
 21 unless Senate Bill No. ____ or House Bill No. 4966 (request no.
 22 03630'23) of the 102nd Legislature is enacted into law.

23 Enacting section 2. If any portion of this amendatory act or
 24 application of any portion of this amendatory act to any person,
 25 property, or circumstance is found to be invalid by a court, the
 26 invalidity must not affect the remaining portions or applications
 27 of this amendatory act that can be given effect without the invalid
 28 portion or application if the remaining portions are not determined
 29 by the court to be inoperable. The provisions of this amendatory

1 act are severable.