

Legislative Analysis



PROPERTY TAX PAYMENTS: POSTMARK SIGNIFIES DATE OF RECEIPT

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5431 (Substitute H-1)
Sponsor: Rep. Neal Nitz
Committee: Local Government and Urban Policy
Revised First Analysis (3-29-04)

BRIEF SUMMARY: The bill would specify that, with some exceptions, the date of a U.S. Postal Service postmark would be considered the date of receipt of payments under the General Property Tax Act.

FISCAL IMPACT: As written, the bill should have no significant state or local fiscal impact.

THE APPARENT PROBLEM:

When taxpayers use the U.S. Postal Service to send their tax payments to the government officials who collect them, it is customary that the postmark date on the envelope used to transmit the payment be considered as the day of receipt. So, a taxpayer can post his payment the day it is due, despite the fact that it will not arrive at the tax collector's office until a few days later. According to committee testimony, both state and city governments routinely regard the postal service postmark date, as the day of receipt.

In contrast, some township treasurers—although not all—who are responsible for the collection of property taxes do not regard the postmark date as the day of receipt.

In order to achieve a uniform standard among all tax collecting government officials, legislation has been introduced to require township treasurers to regard the postmark date as the day of receipt, with a few exceptions.

THE CONTENT OF THE BILL:

House Bill 5431 would amend the General Property Tax Act to specify that for the purposes of determining the date of payment under the act, the date of a U.S. Postal Service postmark would be considered the date of receipt. Currently under the law, the postmark date "may" be considered the date of receipt.

The bill also specifies that a U.S. Postal Service postmark would not be considered the date of receipt of payment in any of the following circumstances: a) if the payment was for delinquent taxes; and, b) if the date of the postmark was after February 15 for taxes levied in the immediately preceding tax year.

MCL 211.44b

ARGUMENTS:

For:

Taxpayers would find it helpful to have a uniform ‘receipt standard’ among all tax collectors—one that requires every treasurer in local government to regard the U.S. Postal Service postmark that records the date when taxes are mailed by the taxpayer as the day of receipt. There should be only two exceptions to the standard: when taxes are delinquent; and, when winter taxes would arrive too late for the tax rolls to be posted to the county treasurer, which must be completed by township treasurers by March 1 of each year. This bill would establish the uniform standard, and also provide for the necessary exceptions to the rule.

Against:

Many township treasurers keep their tax collection records current, posting the receipts on the actual day of receipt using computer software that makes electronic record-keeping accurate and efficient. According to committee testimony, the computer software systems discourage the backdating of bills or taxes received. If the bill were enacted into law, it should *not* be given immediate effect. Too many computer programs used by township treasurers will require modification in order to accommodate the new ‘receipt standard’, and it will take some time to reprogram them.

Against:

Tax bills in townships are mailed to taxpayers two and one-half months before the due date. And most townships allow many payment options—mail, drop box, credit card online and by telephone, internet from checking or savings, phone from checking or savings, and a full-time cashier’s office. These methods of notice and payment should provide ample time and sufficient opportunity to get a tax payment in the mail. If not, the statute already allows an exception if the local treasurer thinks it is warranted.

POSITIONS:

The Michigan Townships Association is neutral on the bill. (3-16-04)

The Michigan Municipal League is neutral on the bill. (3-16-04)

Legislative Analyst: J. Hunault
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.