



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5725 (as passed by the House)
Sponsor: Representative Brian Palmer
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 12-1-04

CONTENT

The bill would amend the plant rehabilitation and industrial facilities Act (commonly called P.A. 198) to do the following:

- Specify that the industrial facility tax would become a lien on real property on the date the tax was levied.**
- Delete the requirement that a certificate of nonpayment of the tax be filed in order for the tax to become a lien on real property.**
- Allow a local unit of government to designate the tax day on which the tax would become a lien on real or personal property in situations involving bankruptcy, foreclosure, seizure, or similar actions.**

Under the Act, the amount of the industrial facility tax applicable to real property is a lien on the real property subject to an industrial facilities exemption certificate (which exempts a facility from ad valorem property taxes, and makes it subject to the industrial facility tax). The tax is a lien, however, only when a certificate of nonpayment of the tax, along with proof of service of the certificate upon the facility owner, is filed with the register of deeds of the county where the real property is situated. The bill would delete that condition. Under the bill, except as provided below, the industrial facility tax would become a lien on the property on the date the tax was levied.

The bill would allow the treasurer of a county, township, city, or village to designate the tax day provided for in Section 2 of the General Property Tax Act as the date on which industrial facility taxes would become a lien on the real or personal property assessed. The treasurer could do so by filing an affidavit in the office of the register of deeds for the county in which the real or personal property was located, attesting that one or more of the following had occurred:

- The owner or person otherwise assessed had filed a bankruptcy petition under the Federal Bankruptcy Code.
- A secured lender had brought an action to foreclose on or to enforce an interest secured by the real or personal property assessed.
- For personal property only, the owner, the person otherwise assessed, or another person had liquidated or was attempting to liquidate the personal property assessed.
- The real or personal property assessed was subject to receivership under State or Federal law.
- The owner or person otherwise assessed had assigned the real or personal property for the benefit of his or her creditors.

- The real or personal property had been seized or purchased by Federal, State, or local authorities.
- There had been commenced a judicial action that could impair the ability of the taxing authority to collect any tax due in the absence of a lien on the real or personal property.

The affidavit would have to include the year for which the industrial facility taxes were levied; the date they were assessed; the name of the owner or person otherwise assessed who was identified in the tax roll; and the tax identification number of the real or personal property assessed.

(Under Section 2 of the General Property Tax Act, the taxable status of people and property for a tax year must be determined as of December 31 of the immediately preceding year, which is considered the tax day.)

MCL 207.563

Legislative Analyst: Suzanne Lowe
J.P. Finet

FISCAL IMPACT

The bill would have a negligible fiscal impact on State and local government.

Fiscal Analyst: David Zin

S0304\5725sa

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.