

Legislative Analysis



PENALTY FOR FAILING TO REPORT TRANSFER OF PROPERTY TO ASSESSOR

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House Bill 4860

Sponsor: Rep. Jim Stamas

Committee: Tax Policy

Complete to 5-8-12

A SUMMARY OF HOUSE BILL 4860 AS INTRODUCED 7-27-11

The bill would set the penalty for failure to notify the local assessor of a transfer of ownership of property at 1% of the sales price per day, beginning after 45 days had elapsed, up to a maximum of 25% of the sales price.

The current penalty is \$5 per day, up to a maximum of \$200. The penalty is distributed to the local tax collecting unit. The governing body of a local tax collecting unit can waive the penalty by resolution. (The bill would not change the distribution of the penalty or the permitted waiver.)

The bill would amend the General Property Tax Act (MCL 211.7b). Under that act, the buyer, grantee, or other transferee of property is required to notify the appropriate assessing office in the local unit of government in which the property is located of the transfer of ownership of the property within 45 days of the transfer of ownership, on a form prescribed by the State Tax Commission that states the parties to the transfer, the date of the transfer, the actual consideration for the transfer, and the property's parcel identification number or legal description.

The term "transfer of ownership" is a key term in the act's property assessment provisions because of its application to the cap on property assessments. Generally speaking, under Michigan law, the taxable value of a parcel of property cannot increase from one year to the next by more than the rate of inflation or five percent, whichever is less. However, when there is a transfer of ownership, generally speaking, the assessment of a parcel "pops up" to 50% of market value.

FISCAL IMPACT:

Without being able to identify the affected properties, a fiscal impact cannot be determined. However, it can be expected that the bill would increase revenue to affected tax collecting units.

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