



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4860 (Substitute H-1 as passed by the House)
Sponsor: Representative Jim Stamas
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 11-26-12

CONTENT

The bill would amend the General Property Tax Act to increase the penalty for failure to notify the local assessor of the transfer of ownership of industrial or commercial property.

Section 27a(10) of the Act requires a buyer, grantee, or other transferee of property to notify the appropriate local assessing office within 45 days of the transfer of ownership. A buyer, grantee, or other transferee who fails to give this notice is liable for any additional taxes that would have been levied if the transfer had been recorded; interest and penalty from the date the tax would have been originally levied; and a penalty of \$5 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.

Under the bill, this penalty would apply with respect to real property other than property classified as industrial real property or commercial real property. For industrial or commercial real property, the penalty would be as follows.

If the sale price of the property transferred were \$100.0 million or less, the penalty would be \$20 per day for each separate failure beginning after the 45 days had elapsed, up to a maximum of \$1,000.

If the sale price of the property transferred were more than \$100.0 million, the penalty would be \$20,000 after the 45 days had elapsed. If the assessing office determined that the failure to give notice was due to reasonable cause and not the willful neglect of the buyer, grantee, or other transferee, however, the penalty would be as described above (for property with a sale price of \$100.0 million or less). If the assessing office determined that the failure to give notice within 45 days after the transfer of ownership was a result of the buyer's, grantee's, or other transferee's willful neglect, the assessing office would promptly have to send the buyer, grantee, or transferee written notice, by certified mail, of that determination. The buyer, grantee, or other transferee could appeal the determination to the Michigan Tax Tribunal.

The bill also specifies that notification of a transfer of ownership as required under Section 27a(10) or a levy of additional taxes, interest, and penalty could not be considered a determination of or evidence of the classification of the property transferred as real or personal property.

MCL 211.27b

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no effect on State revenue or expenditure and would increase revenue to local units by an unknown amount. The impact on local units would depend on the specific characteristics of any affected properties and the degree to which the bill altered the number of unreported transfers.

Fiscal Analyst: David Zin

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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.