

Legislative Analysis



LAND BANK: SPECIFIC TAX EXEMPTION

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House Bill 5646

Sponsor: Rep. Wayne Schmidt

Committee: Commerce

Complete to 5-21-12

A SUMMARY OF HOUSE BILL 5646 AS INTRODUCED 5-16-12

The bill would allow a land bank fast track authority to exempt eligible tax reverted property from the "eligible tax reverted property specific tax" if the exemption would assist in the creation of jobs, investment, or other economic development benefits in the city, village, or township where the property is located.

If the property is exempted by an authority from the specific tax, it would then be subject to the collection of taxes under the General Property Tax Act instead. [Such property would then also be eligible for any property tax exemption that applied.]

The bill is an amendment to the Tax Reverted Clean Title Act (MCL 211.1025 et al.). Under that act, a specific tax is levied for five years on certain tax-reverted property instead of the usual property taxes. This applies to tax reverted property that has been sold or otherwise conveyed by a land bank authority. The amount of the specific tax is the same as the general property tax would have been, but the revenues are distributed differently: 50% to the appropriate land bank fast track authority and 50% to the usual local government recipients of property taxes, except that revenues that would otherwise go to local and intermediate school districts are transmitted to the state for school aid purposes.

The bill would also repeal Section 26 of the Tax Reverted Clean Title Act, which deals with properties with unpaid specific taxes.

FISCAL IMPACT:

The fiscal impact would depend on the number of properties affected, the taxable values, and local millage rates.

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