



**Senate Fiscal Agency**  
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BILL ANALYSIS



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House Bill 5912 (as passed by the House)  
Sponsor: Representative Aric Nesbitt  
House Committee: Energy Policy  
Senate Committee: Finance

Date Completed: 12-6-16

**CONTENT**

**The bill would amend the General Property Tax Act to exclude from a foreclosure judgment certain oil and gas interests in property assessable as personal property under the Act.**

The Act establishes procedures for the return of tax-delinquent property to a county treasurer, the placement of a lien on the property, forfeiture of the property, and the eventual foreclosure and sale of the property. These procedures require a number of notices, allow the owner to "redeem" the property by paying the delinquent taxes and other amounts, and involve court proceedings.

The Act requires a circuit court to enter final judgment on a foreclosure petition at any time after the hearing on the petition but not later than the March 30 immediately following the hearing, with the judgment effective on the March 31 immediately following the hearing for uncontested cases, or 10 days after the conclusion of the hearing for contested cases. All redemption rights to the property expire on the March 31 immediately following the entry of a foreclosure judgment, or in a contested case 21 days after the entry of the judgment.

The foreclosure judgment must specify that all existing recorded and unrecorded interest in the property are extinguished, except a visible or recorded easement or right-of-way, private deed restrictions, interests of a lessee or an assignee of an interest of a lessee under a recorded oil or gas lease, interests in oil or gas in that property that are owned by a person other than the owner of the surface that have been preserved as provided in Public Act 42 of 1963 (commonly called the Dormant Minerals Act), or restrictions or other governmental interests imposed under the Natural Resources and Environmental Protection Act, if all forfeited delinquent taxes, interest, penalties, and fees are not paid on or before March 31 immediately following the entry of a judgment foreclosing the property, or in a contested case within 21 days of the entry of a judgment foreclosing the property.

The bill would add to these exceptions interests in property assessable as personal property under Section 8(g) of the General Property Tax Act.

(Section 8(g) states that, for the purpose of taxation, personal property includes the personal property of gas and coke companies, natural gas companies, electric light companies, waterworks companies, hydraulic companies, and pipe line companies transporting oil or gas as public or common carriers, to be assessed in the local tax collecting unit in which the personal property is located. The mains, pipes, supports, and wires of these companies, and the rights of way and the easements or other interests in real property by virtue of which the mains, pipes, supports, and wires are erected and maintained, must be assessed as personal

property in the local tax collecting unit where laid, placed, or located. Interests in underground rock strata used for gas storage purposes, must be separately valued and assessed as personal property in the local tax collecting unit in which it is located to the person who holds the interest. The personal property of street railroad, plank road, cable or electric railroad or transportation companies, bridge companies, and all other companies not required to pay a specific tax to the State in lieu of all other taxes, must be assessed in the local tax collecting unit in which the property is located, used, or laid, and the track, road, or bridge of a company is considered personal property.)

MCL 211.78k

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government. The bill would clarify that the ownership interests of specific types of personal property, including certain mining, utility, and transportation personal property, are not extinguished by tax foreclosure affecting the real property on which the personal property is located. Section 8(g) of the Act, which defines these types of personal property, already states, "None of the property assessable as personal property under this subdivision shall be affected by any assessment or tax levied on the real property through or over which the personal property is laid, placed, or located, nor shall any right of way, easement, or other interest in real property, assessable as personal property under this subdivision, be extinguished or otherwise affected in case the real property subject to assessment is sold in the exercise of the taxing power."

Fiscal Analyst: Elizabeth Pratt

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