

Legislative Analysis



PROPERTY TAX EXEMPTION: LAND BANK FAST TRACK PROPERTY

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House Bill 5455

Sponsor: Rep. Barbara Farrah

Committee: Tax Policy

Complete to 1-29-08

A SUMMARY OF HOUSE BILL 5455 AS INTRODUCED 11-13-07

Public Act 189 of 1953 deals, generally, with the taxation of otherwise exempt real property when it is leased to an individual or entity for business conducted for profit. In that case, property that otherwise would be exempt from property taxes is instead subject to taxation just as if the lessee or user owned the property. However, there are exceptions.

House Bill 5455 would create a new exception (at MCL 211.181) that applies to (1) property the title to which is held by a land bank fast track authority or (2) property sold or otherwise conveyed by an authority when the property is subject to use by a private individual or entity in connection with a business conducted for profit. The exemption would apply from December 31 in the year the property became subject to the for-profit use until December 31 five years after.

This exemption mirrors the exemption for land bank fast track authority property found in the General Property Tax Act (at MCL 211.7gg).

[Land bank authorities were created by the Land Bank Fast Tract Act (Public Act 258 of 2003), and related legislation, to assist governments with the assembly, acquisition, and redevelopment of land within their jurisdictions that does not have clear title (often tax-reverted land). The legislation, among other things, authorizes the enforcement of tax liens and the clearing or quieting of title; the conveyance of certain properties to a land bank fast track authority; and, the transfer and acceptance of property in lieu of taxes and the release of tax liens. There is a state authority, and local units of government can create authorities as well.]

FISCAL IMPACT:

The fiscal impact of this bill depends on the taxable value and local unit millage rates of the property held by a land bank fast track authority and the property leased for for-profit use.

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