



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 501 (as reported without amendment)  
Sponsor: Senator Patricia L. Birkholz  
Committee: Finance

Date Completed: 7-11-05

### **RATIONALE**

Public Act 123 of 1999, which provides for the repeal of 37 sections of the General Property Tax Act, effective December 31, 2006, was enacted as part of a package designed to streamline Michigan's tax reversion process. One of the sections to be repealed is Section 135, which requires a register of deeds to collect certificates documenting that there are no taxes owed, tax liens, or certain other encumbrances when property is sold. Reportedly, there is a concern among the State's county treasurers that, when the repeal of Section 135 becomes effective, sellers will find it easier to sell property to buyers who are not aware of unpaid tax obligations. Some people believe that Section 135 should be retained.

### **CONTENT**

**The bill would delete a provision that repeals Section 135 of the General Property Tax Act, effective December 31, 2006. Section 135 lists the certificates that a register of deeds must require with any instrument conveying title to property that is presented to the register of deeds for recording or filing.**

Specifically, the bill would repeal Enacting Section 5 of Public Act 123 of 1999, which provides for the repeal of 37 sections from the General Property Tax Act, effective December 31, 2006. The bill then would repeal 33 of the 37 restored sections, Sections 74, 75, 76, 77, 83, 84, 85, 86, 96, 97, 98, 98a, 98b, 99, 101, 102, 103, 127b, 131, 131a, 131b, 131c, 131d, 131e, 138, 140a, 141, 142, 142a, 143, 144, 156, and 157, effective December 31, 2006. Three of the sections the bill would restore, however,

Sections 95, 115, and 140, already have been repealed by Public Act 94 of 2001, effective December 31, 2003.

(Public Act 123 of 1999, along with Public Act 133 of 1999, amended the General Property Tax Act to revise the process for the forfeiture, foreclosure, and sale of tax-delinquent property. The sections scheduled for repeal on December 31, 2006, govern redemption, challenges to tax sales, responsibilities of the Department of Natural Resources, and other matters concerning tax-reverted property. Public Act 94 of 2001 was part of a legislative package that amended the tax-reversion process enacted in 1999.)

MCL 211.135

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The bill would prevent Section 135 of the General Property Tax Act from being repealed on December 31, 2006. If it is repealed, purchasers will no longer have certified assurances that the property they are buying is not subject to tax bills, tax liens, or certain other encumbrances. Section 135 also provides protection for neighboring property owners because it requires county treasurers to make sure that the description of the property in the deed matches the description on the tax roll.

Legislative Analyst: J.P. Finet

## **FISCAL IMPACT**

The bill would have no fiscal impact relative to the law in effect during 2005 and 2006 because the bill would prevent the repeal of MCL 211.135 on December 31, 2006. Relative to what the law will be beginning in 2007, the bill is expected to have little to no fiscal impact on either the State or local units.

Fiscal Analyst: David Zin

A0506\s501a

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.