



Senate Fiscal Agency
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Senate Bill 18 (as reported without amendment)
Senate Bill 19 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Mike Nofs
Committee: Local Government

CONTENT

Senate Bill 18 would add Section 2120a to Part 21 (General Real Estate Powers) of the Natural Resource and Environmental Protection Act to do the following:

- Require the Department of Natural Resources (DNR) to determine the identity of current de facto owners of certain land in Calhoun County, if the Governor applied to the U.S. government for conveyance of that land to the State.
- Require the DNR to convey a portion of the property to a de facto owner after determining the identity of that owner.
- Allow the DNR to convey a portion of the land to an adjacent de facto owner if it determined there was no de facto owner of that portion.
- Allow the DNR to require a person claiming de facto ownership of any of the land to reimburse the Department for any expenses it or the Department of Attorney General incurred in determining de facto ownership and conveying the property.
- Provide that interests or rights in, or obligations connected to, land conveyed under Section 2120a that were created before the conveyance would have the same legal effect as if the conveyance preceded the creation of the interest, right, or obligation.
- Specify that Section 2120a would not create a cause of action for or serve as a basis for a tax refund or a property tax appeal.
- Specify that other sections of the Act, dealing with the conveyance of swamp land from the United States, would not apply to the property addressed by the bill.
- State legislative findings and intent.

Senate Bill 19 (S-1) would amend the General Property Tax Act to exclude from "transfer of ownership" a conveyance of property to a de facto owner as required under proposed Section 2120a.

The bills are tie-barred.

Senate Bill 18 would define "de facto owner" as a person that could reasonably be considered the owner of the land despite not having good legal title, as indicated by one or more of the following:

- A purported chain of title that would show marketable title in the person, if a valid governmental patent or other conveyance had been given to the appropriate predecessor in the chain of title.
- The person's payment of property taxes on the land.
- The person's possession of and improvement to or maintenance of the land.
- Any other similar factor that the DNR, in its discretion, determines should be considered

Proposed MCL 324.2120a (S.B. 18)
MCL 211.27a (S.B. 19)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Senate Bill 18 would have a neutral fiscal impact on the Department of Natural Resources, and no fiscal impact on local units of government. The process of requesting conveyance from the United States Bureau of Land Management and then conveying the parcels to their de facto owners would likely result in new administrative costs for the DNR; however, the bill would allow the DNR to request reimbursement from the de facto property owners for any costs incurred during the process.

Senate Bill 19 (S-1) would have no fiscal impact on State or local government. The exemption from the definition of "transfer of ownership" would apply only to the parcels listed in Senate Bill 18, which are already on the tax roll. The exemption would prevent the assessment from being "uncapped" at the time of conveyance. As a result, there would be no change in State or local property tax revenue.

Date Completed: 2-18-15

Fiscal Analyst: Elizabeth Pratt
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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.