

SUBSTITUTE FOR  
SENATE BILL NO. 175

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 27b (MCL 211.27b), as amended by 2012 PA 382.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 27b. (1) If the buyer, grantee, or other transferee in  
2 the immediately preceding transfer of ownership of property does  
3 not notify the appropriate assessing office as required by section  
4 27a(10), the property's taxable value ~~shall~~**must** be adjusted under  
5 section 27a(3) and, **subject to subsection (9)**, all of the following  
6 ~~shall~~**must** be levied:

7           (a) Any additional taxes that would have been levied if the  
8 transfer of ownership had been recorded as required under this act  
9 from the date of transfer.

1 (b) Interest and penalty from the date the tax would have been  
2 originally levied.

3 (c) For property classified under section 34c as either  
4 industrial real property or commercial real property, a penalty in  
5 the following amount:

6 (i) Except as otherwise provided in subparagraph (ii), if the  
7 sale price of the property transferred is \$100,000,000.00 or less,  
8 \$20.00 per day for each separate failure beginning after the 45  
9 days have elapsed, up to a maximum of \$1,000.00.

10 (ii) If the sale price of the property transferred is more than  
11 \$100,000,000.00, \$20,000.00 after the 45 days have elapsed.

12 However, if the appropriate assessing office determines that the  
13 failure to notify the assessing office within 45 days after the  
14 property's transfer of ownership was due to reasonable cause and  
15 not the willful neglect of the buyer, grantee, or other transferee,  
16 the penalty under subparagraph (i) ~~shall~~**must** be imposed. If the  
17 appropriate assessing office makes a determination that the failure  
18 to notify the assessing office within 45 days after the property's  
19 transfer of ownership was a result of the willful neglect of the  
20 buyer, grantee, or other transferee, that assessing office shall  
21 promptly send that buyer, grantee, or other transferee written  
22 notice, by certified mail, of that determination. A buyer, grantee,  
23 or other transferee who is assessed the penalty under this  
24 subparagraph may appeal that determination to the Michigan tax  
25 tribunal.

26 (d) For real property other than real property classified  
27 under section 34c as industrial real property or commercial real  
28 property, a penalty of \$5.00 per day for each separate failure  
29 beginning after the 45 days have elapsed, up to a maximum of **1 of**

1 the following, as applicable:

2 (i) For property owned and occupied as a principal residence,  
3 \$200.00. As used in this subparagraph, "principal residence" means  
4 that term as defined in section 7dd.

5 (ii) For all other property, double the amount of additional  
6 taxes determined under subdivision (a).

7 (2) The appropriate assessing officer shall certify for  
8 collection to the treasurer of the local tax collecting unit if the  
9 local tax collecting unit has possession of the tax roll or the  
10 county treasurer if the county has possession of the tax roll any  
11 additional taxes due under subsection (1)(a) and any penalty due  
12 under subsection (1)(c) or (d).

13 (3) The treasurer of the local tax collecting unit if the  
14 local tax collecting unit has possession of the tax roll or the  
15 county treasurer if the county has possession of the tax roll shall  
16 collect any taxes, interest, and penalty due pursuant to this  
17 section, and shall immediately prepare and submit a corrected tax  
18 bill for any additional taxes due under subsection (1)(a) and any  
19 interest and penalty due under subsection (1)(b). A penalty due  
20 under subsection (1)(c) or (d) may be collected with the  
21 immediately succeeding regular tax bill.

22 (4) Any taxes, interest, and penalty collected pursuant to  
23 subsection (1)(a) and (b) ~~shall~~**must** be distributed in the same  
24 manner as other delinquent taxes, interest, and penalties are  
25 distributed under this act. Any penalty collected under subsection  
26 (1)(c) or (d) ~~shall~~**must** be distributed to the local tax collecting  
27 unit.

28 (5) The governing body of a local tax collecting unit may  
29 waive, by resolution, the penalty levied under subsection (1)(c) or

1 (d).

2 (6) If the taxable value of property is increased under this  
3 section, the appropriate assessing officer shall immediately notify  
4 by first-class mail the owner of that property of that increase in  
5 taxable value. A buyer, grantee, or other transferee may appeal any  
6 increase in taxable value or the levy of any additional taxes,  
7 interest, and penalties under subsection (1) to the Michigan tax  
8 tribunal within 35 days of receiving the notice of the increase in  
9 the property's taxable value. An appeal under this subsection is  
10 limited to the issues of whether a transfer of ownership has  
11 occurred and correcting arithmetic errors. A dispute regarding the  
12 valuation of the property is not a basis for appeal under this  
13 subsection.

14 (7) If the taxable value of property is adjusted under  
15 subsection (1), the assessing officer making the adjustment shall  
16 file an affidavit with all officials responsible for determining  
17 assessment figures, rate of taxation, or mathematical calculations  
18 for that property within 30 days of the date the adjustment is  
19 made. The affidavit ~~shall~~**must** state the amount of the adjustment  
20 and the amount of additional taxes levied. The officials with whom  
21 the affidavit is filed shall correct all official records for which  
22 they are responsible to reflect the adjustment and levy.

23 (8) Notification of a transfer of ownership provided as  
24 required under section 27a(10) or a levy of additional taxes,  
25 interest, and penalty under this section ~~shall~~**must** not be  
26 considered a determination of or evidence of the classification of  
27 the property transferred as real or personal property.

28 **(9) The levy described in subsection (1) is a lien against the**  
29 **property only if the property is still owned by the buyer, grantee,**

1 or other transferee that failed to notify the appropriate assessing  
2 office as required by section 27a(10). If the property has  
3 subsequently been transferred to a buyer, grantee, or other  
4 transferee who did notify the appropriate assessing office as  
5 required by section 27a(10), the amounts described in subsection  
6 (1)(a) to (d) must not be levied on the property and must instead  
7 be treated as the personal liability of the prior buyer, grantee,  
8 or other transferee that failed to notify the appropriate assessing  
9 office as required by section 27a(10) of the prior transfer. The  
10 official described in subsection (3) shall collect those amounts  
11 and distribute them in the manner described in subsection (4). The  
12 governing body of a local tax collecting unit may waive, by  
13 resolution, the personal liability of the prior buyer, grantee, or  
14 other transferee for the amounts described in subsection (1)(c) or  
15 (d).