



*Michigan Land Bank
Fast Track Authority*

Frequently Asked Questions for Taxes Collected on Property Owned or Sold by a Land Bank Fast Track Authority

What is the Eligible Tax Reverted Property Specific Tax?

P.A. 260 of 2003 (known as the Tax Reverted Clean Title Act) provides for the levy of a specific tax upon property sold or otherwise conveyed by a Land Bank Fast Track Authority which qualifies for the five-year exemption (see State Tax Commission Bulletin – 2004-12 – http://www.michigan.gov/treasury/0,1607,7-121-1751_2228_2230_28932-104691--,00.html). The legal name for the tax is the **Eligible Tax Reverted Property Specific Tax**.

How is the Eligible Tax Reverted Property Specific Tax Collected and when is it levied?

The specific tax levied on certain properties sold or otherwise conveyed by a Land Bank Fast Track Authority is an annual tax, payable at the same times, in the same installments, and to the same officer or officers as taxes imposed under the General Property Tax Act and the State Education Tax Act.

Where does the money go?

To assist with the costs of administration of the Land Bank Fast Track Authority, the Act (PA 260 of 2003) allows for 50% of the property taxes to be distributed to the Authority that sold the property.

For summer taxes, 50% of the State Education Tax (SET) and 50% of the county allocated mills must be distributed to the Land Bank Fast Track Authority that sold the property and the 50% difference paid to the taxing unit.

Example: If the total summer tax bill is \$1,000, once paid by the taxpayer - then 50% or \$500 would be attributed to the Land Bank Fast Track Authority that sold the property, and the remainder would be distributed in accordance with the General Property Tax Act – so 3 out of the 6 mills of the SET and 50% of the county allocated would be transmitted to the County Treasurer for processing in accordance with MCL 211.43 (10 business days after the 1st and 15th).

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What form must be used to transmit a school aid payment relating to 50% of the 18 local operating mills for the Eligible Tax Reverted Property Specific Tax?

The county treasurer should use a voucher entitled “Return for Michigan State Education Tax, Mobile Home Tax, Agriculture Property Recapture Tax, and Eligible Tax Reverted Property Specific Tax” which is a Michigan Department of Treasury Form 2720 – http://www.michigan.gov/documents/taxes/2720_183021_7.pdf to submit the school aid fund payments.

See State Tax Commission Memorandum date June 28, 2005 and STC approved Distribution Worksheet for the Eligible Tax Reverted Property Specific Tax

A city or township treasurer should check with the county treasurer to determine how best to transmit payments to the county.

As required by MCL 211.1025 http://www.michigan.gov/documents/STCMemo_6-28-05_130118_7.pdf:

(5) For intermediate school districts receiving state aid under sections 56, 62, and 81 of the state school aid act of 1979, 1979 PA 94, MCL 388.1656, 388.1662, and 388.1681, of the amount of eligible tax reverted property specific tax that would otherwise be disbursed to an intermediate school district, all or a portion, to be determined on the basis of the tax rates being utilized to compute the amount of state aid, **shall be paid to the state treasury to the credit of the state school aid fund** established by section 11 of article IX of the state constitution of 1963.

(6) The amount of eligible tax reverted property specific tax described in subsection (2) that would otherwise be disbursed to a local school district for school operating purposes **shall be paid instead to the state treasury and credited to the state school aid fund** established by section 11 of article IX of the state constitution of 1963.

For a county treasurer or staff of the Office of County Treasurer, please use Michigan Department of Treasury Form 2720 – http://www.michigan.gov/documents/taxes/2720_183021_7.pdf, to transmit the portion of the taxes to be credited for the school aid fund. Please mail this to Department 77627, Michigan Department of Treasury, P.O. Box 77000, Detroit, MI 48277-0627. If you have any additional questions you may call (517) 373-3227.

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Where should a local unit send a payment to the State Land Bank Fast Track Authority?

State of Michigan Land Bank Fast Track Authority
PO Box 30766
Lansing, Michigan 48909

Where should one call or send correspondence regarding property sold or currently held by the State Land Bank Fast Track Authority?

State of Michigan Land Bank Fast Track Authority
7150 Harris Drive
Lansing, Michigan 48909

Phone (517) 636-5149

Where should a local unit send a payment for the County Land Bank?

Please check with your county treasurer on how to process your county land bank payment.

Where does the local unit send the 50% of the SET for those properties that fall under an – Eligible Tax Reverted Property Specific Tax?

As required by MCL 211.1025 http://www.michigan.gov/documents/STCMemo_6-28-05_130118_7.pdf, a local unit collecting the summer SET payments for property sold or otherwise conveyed by a Land Bank Fast Track Authority that qualifies for the five-year exemption, should send these payments on to the county treasurer in the same manner as required by MCL 211.43. Please check with your county treasurer to ensure that your local unit is reporting this detail in a format that will agree with the county's settlement process.

What if the five-year exemption overlaps with the last years of a Renaissance Zone where the taxes are not totally exempt?

See [STC Bulletin 12 of 2004](#) and [PA 376 of 1996](#)

When does the Eligible Tax Reverted Property Specific Tax Apply?

The specific tax is not levied upon property still held by the Land Bank Fast Track Authority. The specific tax only applies to those properties sold or otherwise conveyed by a Land Bank Fast Tract Authority and is exempt from regular property taxes for a five-year period.

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When does the five-year exemption start for the Eligible Tax Reverted Property Specific Tax? Is it applied for the total tax year? For example the property is conveyed after the summer taxes but before the winter taxes – similar to a BOR adjustment does it apply for only the taxes going forward or are adjustments made during the year of the sale or conveyance?

Property owned by a Land Bank Fast Track Authority is exempt from ad valorem property taxes. If the property was exempt before acquired by the Authority it remains exempt. If the Authority acquires property other than through tax foreclosure and it is not exempt when acquired, it becomes exempt the following year, *i.e.*, as of December 31 of the year acquired by the Authority, and the Authority may be responsible for the taxes in the year it was acquired. If the Authority acquires property by tax foreclosure at the end of the foreclosure process, it is also exempt for the year of acquisition. When the Authority sells or conveys the property, it is exempt from the ad valorem property tax, but subject to the specific tax, for the following five years.

Example: The Land Bank Fast Track Authority takes ownership of a property in May 2004 and sells it in July 2007. The property is not exempt from 2004 property taxes unless the property was already exempt; the Authority is responsible for making sure the 2004 taxes are paid. The property is exempt for 2005, 2006 and 2007. The property is exempt from the ad valorem property tax, but subject to the specific tax, for the five years after it is sold by the Authority. Thus, the property is exempt for 2007, but is subject to the specific tax for 2008 through 2012.

How are the payment of taxes handled for property located within a Brownfield Plan?

Property included in a Brownfield plan under the Brownfield Redevelopment Financing Act (BRFA), MCL 125.2651 et seq., is not exempt from ad valorem real property taxes under the General Property Tax Act, MCL 211.7gg, and will not yield specific taxes to the Land Bank Fast Track Authority, **if** the Brownfield plan includes assistance to the Land Bank Fast Track Authority to clear or quiet title to the property or sell or otherwise convey the property. MCL 211.7gg(3). However, the Land Bank Fast Track Authority would not lose its specific tax proceeds where the Brownfield plan includes assistance to the Land Bank Fast Track Authority to clear or quiet title to the property or sell or otherwise convey the property if the Land Bank Fast Track Authority had pledged the specific tax for the repayment of bonds, notes or a reimbursement agreement, prior to selling the property, unless the Land Bank Fast Track Authority agrees to waive its proceeds. If BRFA funds are not used to clear or quiet title to the property or sell or otherwise convey the property, the Land Bank Fast Track Authority will receive its specific tax revenues from property in a Brownfield based on the taxable value of the property (although the other 50% of the specific tax is subject to capture under the BRFA).