



CITY of NOVI CITY COUNCIL

Agenda Item B
February 25, 2019

SUBJECT: Approval of Resolution to Waive the Penalty for Late Filing of Property Transfer Affidavits.

SUBMITTING DEPARTMENT: City Assessor

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Proposal A of 1994 brought about many changes to the assessment practices of a community, including the requirement that purchasers file a Property Transfer Affidavit (PTA). The PTA is required to be filed whenever real estate or some types of personal property are transferred. It is used to ensure that the property is assessed properly and receives the correct taxable value. The PTA must be filed by the new owner with the City's Assessor within 45 days of the transfer. If the PTA is not timely filed, a statutory penalty must be applied, unless the City waives said penalties by resolution. Penalties for not timely filing are provided for in Section 211.27b(1)(c) and (d) of Michigan Compiled Laws, Chapter 211, and they can be substantial.

For properties classified as either industrial or commercial real property, the amount of the penalty is as follows:

- if the sale price of the property transferred is \$100,000,000.00 or less, \$20.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$1,000.00.
- if the sale price of the property transferred is more than \$100,000,000.00, \$20,000.00 after the 45 days have elapsed.

For residential real property the amount of penalty is \$5.00 per day for each separate failure beginning after 45 days have elapsed, up to a maximum of \$200.00.

The City has no record of ever collecting a penalty fee for late filings. The City Assessor is unable to locate a resolution where the City officially waived the penalties, however it appears to have been an agreed-upon practice from the onset post-Proposal A. PTA late filings are not as prevalent today as they were in the early years after Proposal A was voted in. To ensure the City is meeting state requirements during its next assessment audit, it is recommended that the City pass a resolution formally waiving the PTA penalty fees as a means of administrative "housekeeping."

This waiver authority is specifically granted to the City Council in the General Property Tax Act, which provides at MCL 211.27b(5) that "The governing body of a local tax collecting unit may waive, by resolution, the penalty levied under [Section 27b(1)(c) and (d)]."

Passing this resolution will not change any of the assessment duties of staff or the manner taxes have been, or are being, billed or collected.

RECOMMENDED ACTION: Approval of Resolution to Waive the Penalty for Late Filing of Property Transfer Affidavits.

CITY OF NOVI
COUNTY OF OAKLAND
RESOLUTION TO WAIVE THE PENALTY FOR LATE FILING OF
PROPERTY TRANSFER AFFIDAVIT

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on _____, _____, at ____ o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers _____

ABSENT: Councilmembers _____

The following resolution was offered by Councilperson _____ and supported by Councilperson _____.

WHEREAS, Michigan PA 415 of 1994 requires the filing of a Property Transfer Affidavit when property ownership is transferred and provides for a penalty if that document is not filed on a timely basis; and

WHEREAS, the act allows local units of government to waive that penalty by resolution; and

WHEREAS, the City of Novi desires to waive the filing penalty;

NOW, THEREFORE, BE IT RESOLVED BY the City Council that:

1. Pursuant to its statutory authority, the City Council hereby determines to waive the penalty for late filing of a Property Transfer Affidavit as set forth at MCL 211.27b(1)(c) and (d), but not any additional taxes, interest, or penalty that may apply as a result of the late filing.

AYES:

NAYS:

ABSENT:

ABSTENTIONS:

RESOLUTION DECLARED ADOPTED.

Cortney Hanson, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this ____ day of _____, 2019, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

Cortney Hanson, City Clerk