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BILL ANALYSIS

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House Bill 4121 (as passed by the House)
Sponsor: Representative Wendell Byrd
House Committee: Local Government and Municipal Finance
Ways and Means
Senate Committee: Finance

Date Completed: 5-14-19

CONTENT

The bill would amend the General Property Tax Act to eliminate a June 30, 2019, sunset on a provision that allows a county treasurer to enter into a tax foreclosure avoidance agreement for a term of up to five years with an owner of property returned as delinquent to the county treasurer under the Act or forfeited to the county treasurer under the Act if the property is classified as residential real property, the property is eligible property, and the owner makes an initial payment of at least 10% of the delinquent taxes owned on the property.

MCL 211.78q

BACKGROUND

Under the Act, on March 1 each year, certified abandoned property and property that is delinquent for taxes, interest, penalties, and fees for the previous 12 months or more is forfeited to the county treasurer for the total unpaid amount. Property forfeited to the county treasurer may be redeemed at any time by March 31 immediately after the entry of a foreclosure judgment or in a contested case within 21 days of the entry of a foreclosure judgment, upon the payment of certain amounts to the county treasurer.

By June 15 each year, a foreclosing governmental unit must file with the circuit court a petition listing all property forfeited and not redeemed to the county treasurer to be foreclosed for the total of the forfeited unpaid delinquent taxes, interest, penalties, and fees. The petition must seek a judgment in favor of the foreclosing governmental unit for the forfeited unpaid delinquent taxes, interest, penalties, and fees listed against each parcel of property. The governmental unit may withhold property from the petition under certain circumstances, including cases of substantial financial hardship.

A county treasurer may not enter into more than two tax foreclosure avoidance agreements with an owner. A county treasurer may refuse to enter into a tax foreclosure avoidance agreement with an owner who is not in compliance with another tax foreclosure avoidance agreement with the county treasurer or with a delinquent property tax installment plan with the county treasurer. While a tax foreclosure avoidance agreement is effective, the property must be withheld or removed from the foreclosure petition, certain interest rates must apply, and the owner must make timely payments as provided under the agreement.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill will have an unknown but likely minimal impact on State and local property tax revenue. Eliminating the sunset on the authority for a foreclosing governmental unit to enter into an installment payment plan with an eligible taxpayer would maintain an option for collecting property tax revenue and would prevent foreclosure.

Fiscal Analyst: David Zin