

HOUSE BILL NO. 5170

October 29, 2019, Introduced by Reps. Byrd and Wittenberg and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 78q (MCL 211.78q), as amended by 2019 PA 35.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 78q. (1) Notwithstanding any provision of this act or
- 2 charter to the contrary, a foreclosing governmental unit may create
- 3 a delinquent property tax installment payment plan for eligible
- 4 property, the title to which is held by a financially distressed



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1 person.

2 (2) If a financially distressed person agrees to participate
3 in a delinquent property tax installment payment plan created under
4 subsection (1) and makes the initial payment required under that
5 delinquent property tax installment payment plan, the foreclosing
6 governmental unit may remove eligible property the title to which
7 is held by that financially distressed person from the petition for
8 foreclosure as provided in section 78h(3)(c).

9 (3) If a financially distressed person successfully completes
10 a delinquent property tax installment payment plan created under
11 subsection (1), interest under section 78g(3)(b) and any additional
12 interest otherwise applicable ~~shall~~**must** be waived.

13 (4) If a financially distressed person does not successfully
14 complete a delinquent property tax installment payment plan created
15 under subsection (1), both of the following apply:

16 (a) Interest under section 78g(3)(b) and any additional
17 interest otherwise applicable apply to any unpaid taxes on the
18 property.

19 (b) The eligible property ~~shall~~**must** be included in the
20 immediately succeeding petition for foreclosure under section 78h.

21 (5) Notwithstanding any provision of this act or charter to
22 the contrary, until June 30, 2026, a county treasurer may enter
23 into a tax foreclosure avoidance agreement for a term of up to 5
24 years with an owner of property returned as delinquent to the
25 county treasurer under this act or forfeited to the county
26 treasurer under section 78g if the property is classified **under**
27 **section 34c** as residential real property ~~under section 34e, or as~~
28 **commercial real property**, if the property is eligible property, and
29 if the owner makes an initial payment of at least 10% of the



1 delinquent taxes owed on the property. While a tax foreclosure
2 avoidance agreement is effective, the property ~~shall~~**must** be
3 withheld or removed from the petition for foreclosure as provided
4 under section 78h(3)(c), interest at the rate provided in section
5 78g(3)(c)(ii) applies, and the owner shall make timely payments as
6 provided under the tax foreclosure avoidance agreement, including
7 timely payment of all nondelinquent taxes on the property. A tax
8 foreclosure avoidance agreement must require regular periodic
9 installment payments. The final payment must not be
10 disproportionately larger than a regular periodic installment
11 payment and regular periodic installment payments in the final year
12 must not be disproportionately larger than regular periodic
13 installment payments in prior years. A county treasurer may refuse
14 to enter into a tax foreclosure avoidance agreement with an owner
15 under this subsection if that owner is not in compliance with
16 another tax foreclosure avoidance agreement with the county
17 treasurer or with a delinquent property tax installment plan with
18 the county treasurer under this section. A county treasurer may not
19 enter into more than 2 tax foreclosure avoidance agreements with an
20 owner. If an owner fails to comply with a tax foreclosure avoidance
21 agreement or if the tax foreclosure avoidance agreement is no
22 longer effective, all of the following apply:

23 (a) Interest under section 78g(3)(b) and any additional
24 interest otherwise applicable apply to any unpaid taxes on the
25 property.

26 (b) The property ~~shall~~**must** be included in the immediately
27 succeeding petition for foreclosure under section 78h.

28 (c) The owner shall not bid on property subject to sale under
29 section 78m, if that property was subject to the tax foreclosure



1 avoidance agreement.

2 (6) A delinquent property tax installment payment plan or a
3 tax foreclosure avoidance agreement may not be approved under this
4 section if the delinquent property tax installment payment plan or
5 tax foreclosure avoidance agreement would impermissibly impair an
6 outstanding debt of the county.

7 (7) If a foreclosing governmental unit has created a
8 delinquent property tax installment payment plan under this
9 section, the department of treasury may audit the books and records
10 of that foreclosing governmental unit concerning the details of
11 that delinquent property tax installment payment plan.

12 (8) Property classified as industrial real property under
13 section 34c that is occupied at less than 10% of its facility
14 capacity for more than 3 years and that is located in a county with
15 a population of more than 1,500,000 according to the most recent
16 federal decennial census is not eligible to participate in a
17 delinquent property tax installment payment plan and is subject to
18 section 78m, including sale under section 78m(2) to the person
19 bidding the highest amount above the minimum bid.

20 (9) If a delinquent property tax installment payment plan is
21 in effect for property for which a county has issued notes under
22 this act that are secured by the delinquent taxes and interest on
23 that property, at any time 2 years after the date that those taxes
24 were returned as delinquent, the county treasurer may charge back
25 to any taxing unit the face amount of the delinquent taxes that
26 were owed to that taxing unit on the date those taxes were returned
27 as delinquent, less the amount of any principal installments
28 received by the county treasurer on that property under the
29 delinquent property tax installment payment plan. All subsequent



1 payments of delinquent taxes and interest on that property ~~shall~~
2 **must** be retained by the county treasurer in a separate account and
3 either paid to or credited to the account of that taxing unit.

4 (10) As used in this section:

5 (a) "Eligible property" means property that **meets 1 of the**
6 **following:**

7 **(i) Is residential real property under section 34c and** is a
8 principal residence exempt from the tax levied by a local school
9 district for school operating purposes under section 7cc.

10 **(ii) Is commercial real property under section 34c.**

11 (b) "Financially distressed person" means a person who meets
12 all of the following conditions:

13 (i) Is eligible to have property to which he or she holds title
14 withheld from a petition for foreclosure under section 78h(3)(b).

15 (ii) Is not delinquent in satisfying a delinquent property tax
16 installment payment plan or tax foreclosure avoidance agreement
17 under this section for any other property within the foreclosing
18 governmental unit.

