House Legislative Analysis Section

House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

TAX REVERSION AMENDMENT

House Bill 4716
Sponsor: Rep. Patricia Birkholz
Committee: Local Government and Urban Policy

Complete to 5-7-01

A SUMMARY OF HOUSE BILL 4716 AS INTRODUCED 5-3-01

Public Act 123 of 1999 amended the General Property Tax Act to provide that property that is delinquent for taxes levied after December 31, 1998 is subject to forfeiture, foreclosure, and sale over a three-year period. Under the law, the "old tax reversion process" takes up to six years and is being phased out as the "new tax reversion process," (i.e., the provisions of Public Act 123), takes full effect. The old tax reversion process will fully expire on December 31, 2003. House Bill 4716 would address certain details of the new tax reversion process.

Section 78 of the act gives each county the option of having its treasurer act as the agent of the foreclosure process or electing for the state to foreclose tax delinquent property that has been forfeited to the county treasurer. Counties that exercise the first option are referred to as "opt-in" counties because they have opted to participate in the foreclosure process, whereas counties that elect to have the state foreclose such property are referred to as "opt-out" counties.

House Bill 4716 would add a provision that applies to "opt-in" counties only. It would allow such counties to use the proceeds from the sale of a property that it has foreclosed for any of the following: future year foreclosure costs, in the event that the proceeds from a future year's sales do not cover the costs; costs for the defense of title actions; and any costs of administering the foreclosure and disposition of property forfeited for delinquent taxes.

MCL 211.78m

Analyst: J. Caver