

Legislative Analysis



EFFECT OF FORECLOSURE ON OIL AND GAS INTERESTS

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Senate Bill 1408 as passed the Senate)

Sponsor: Sen. Patricia L. Birkholz

House Committee: Natural Resources, Great Lakes, Land Use, and Environment

Senate Committee: Natural Resources and Environmental Affairs

Senate Bill 1409 as passed the Senate)

Sponsor: Sen. Liz Brater

House Committee: Natural Resources, Great Lakes, Land Use, and Environment

Senate Committee: Natural Resources and Environmental Affairs

Complete to 11-29-06

A SUMMARY OF SENATE BILLS 1408 & 1409 AS PASSED BY THE SENATE 9-20-06

Senate Bill 1408 (S-2) would amend Public Act 42 of 1963 (commonly called the Dormant Minerals Act) to provide that an oil or gas interest held by a person other than the owner of the surface of property for which a judgment of foreclosure had been entered would not be preserved from foreclosure under the General Property Tax Act unless that interest had been recorded with the county register of deeds within 20 years before the foreclosure petition was filed (in the absence of the issuance of a permit to drill a gas or oil well by the Department of Environmental Quality).

Senate Bill 1409 (S-2) would amend the General Property Tax Act to do the following:

-- Require the notice of hearing and a final judgment in a foreclosure proceeding to include a statement that all existing oil and gas interests would be extinguished except for those of a lessee or assignee of an interest of a lessee under an oil or gas lease recorded with the county register of deeds before the foreclosure petition was filed, and interests preserved as provided under Senate Bill 1408 (S-2).

-- Exempt from foreclosure the interests of a lessee or an assignee of an interest of a lessee under an oil or gas lease recorded with the county register of deeds before the foreclosure petition was filed, and interests preserved as provided in Senate Bill 1408 (S-2).

FISCAL IMPACT:

The bills would have a minimal, indeterminate fiscal impact.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.