



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5724 (Substitute H-3 as reported without amendment)
Sponsor: Representative Gabe Leland
House Committee: Intergovernmental and Regional Affairs
Senate Committee: Commerce and Tourism

CONTENT

The bill would amend the General Property Tax Act to allow a foreclosing governmental unit to require a bidder on the sale of tax-delinquent property to submit an affidavit attesting that he or she did not owe delinquent taxes on property located in Michigan. The bill also would require a foreclosing governmental unit to convey property to the highest bidder within 60 days, rather than 30 days, after the sale.

The Act requires a foreclosing governmental unit to hold at least two property sales at which tax-delinquent foreclosed property will be sold by auction. Under the bill, beginning January 1, 2011, a foreclosing governmental unit could require a person before he or she was eligible to bid on the sale of tax-delinquent property, to submit an affidavit attesting that he or she did not owe any delinquent taxes on property located in Michigan. The affidavit also would have to attest that no entity controlled by or associated with that person owed any delinquent taxes on any property in Michigan, unless he or she owned 5% or less of that entity.

If a local tax-collecting unit required an affidavit for eligibility to bid on tax-delinquent property, the affidavit would have to be required of all people bidding on the property unless it were the person's principal residence. Affidavits would have to be recorded with the register of deeds for the county in which the property was located. A foreclosing governmental unit could not require an affidavit if the property subject to the bid were the principal residence of the person bidding on that property.

If a person who had submitted an affidavit owed delinquent taxes on property in Michigan, the foreclosing governmental unit would have to place a *lis pendens* (a pending lawsuit) on the property sold to that person, and he or she would be guilty of perjury, a misdemeanor punishable by up to one year's imprisonment and/or a maximum fine of \$5,000.

MCL 211.78m

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have a potentially small administrative cost for local governments and no fiscal impact on State government.

To the extent that this bill resulted in additional perjury convictions, local governments would incur the costs of incarceration and/or probation supervision. Any additional penal fine revenue would benefit public libraries.

Date Completed: 12-2-10

Fiscal Analyst: Matthew Grabowski
Eric Scorsone

floor\hb5724

Bill Analysis @ www.senate.michigan.gov/sfa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.