

Legislative Analysis



SALES OF TAX-FORECLOSED PROPERTY

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House Bill 5034

Sponsor: Rep. Phil M. Cavanagh

Committee: Tax Policy

Complete to 6-3-14

A SUMMARY OF HOUSE BILL 5034 AS INTRODUCED 10-1-13

The bill would amend the General Property Tax Act to require the purchaser of a tax-foreclosed property that will not be the purchaser's principal residence to pay an amount equal to the total estimated dollar amount for all taxes and special assessments that will be levied in the next three years. The foreclosing governmental unit would determine the amount to be paid.

The amount paid would be held in an escrow account by the foreclosing governmental unit to the credit of the property purchased. The amount would be used to pay any tax or special assessment levied in the three years after the sale.

The amount of these estimated taxes and special assessments would also be part of the definition of "minimum bid" established by a foreclosing governmental unit when property is sold (along with delinquent taxes, interest, penalties, and fees; and the expenses of administering the sale).

FISCAL IMPACT:

As written, the bill would have no direct impact on state or local revenues. Requiring these particular purchasers to put their future tax payments in escrow does not change amount due to local units of government or the state.

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