

# Legislative Analysis

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## WAIVER OF ADDITIONAL INTEREST DURING REDEMPTION OF TAX-FORFEITED PROPERTY

Mary Ann Cleary, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5421**

**Sponsor: Rep. John Walsh**

**Committee: Tax Policy**

**Complete to 5-20-14**

### A SUMMARY OF HOUSE BILL 5421 AS INTRODUCED 3-25-14

The bill would amend the General Property Tax Act to allow a county treasurer to waive "additional interest" that could otherwise be assessed when tax-delinquent property forfeited to the county treasurer was being redeemed. This applies only to property classified as residential real property that is withheld from the petition for foreclosure that a foreclosing governmental unit files with the clerk of the circuit court listing all property forfeited and not redeemed.

When property is redeemed under Section 78g of the act, the following must be paid: the total amount of unpaid delinquent taxes, interest, penalties, and fees for which the property was forfeited; and certain additional interest, as specified in the act. House Bill 5421 would allow the county treasurer to waive this additional interest during the redemption.

[Section 78h of the law allows local units to withhold certain kinds of property from the petition for foreclosure, including, among other things, property held by a person undergoing substantial financial hardship.]

### FISCAL IMPACT:

As written, the bill would have a negligible effect on local unit revenues relative to current law. Revenue to counties would drop to the extent that county treasurers choose to waive interest that has been, or would be, assessed on delinquent property taxes in the future. Should these waivers facilitate the repayment of the remaining taxes and fees assessed on real property withheld from foreclosure under MCL 211.78h, then local revenues would increase relative to current law. The net change in revenue from these two effects cannot be estimated with the data available. Affected properties are highly likely to be principal residences that have been granted a principal residence exemption, therefore this bill should have no effect on state revenues.

Legislative Analyst: Chris Couch

Fiscal Analyst: Adam Desrosiers

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