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House Bill 5421 (as passed by the House)
Sponsor: Representative John Walsh
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 10-1-14

CONTENT

The bill would amend the General Property Tax Act to allow a county treasurer to waive additional interest that must be paid when tax-delinquent forfeited property is redeemed, if the property were classified as residential and were withheld from the foreclosure petition.

Under the Act, on March 1 in each tax year, certified abandoned property and property that is delinquent for taxes, interest, penalties, and fees for the previous 12 months or more is forfeited to the county treasurer for the unpaid amount. The foreclosing governmental unit does not have a right to possession until the April 1 after the entry of a judgment foreclosing the property or, in a contested case, until 22 days after the entry of the judgment.

Property that has been forfeited to the county treasurer may be redeemed at any time on or before the March 31 following the entry of a judgment of foreclosure or, in a contested case within 21 days of the entry of a judgment of foreclosure, upon payment to the county treasurer of the total amount of unpaid delinquent taxes, interest on the unpaid taxes, penalties, and fees, as well as additional interest calculated at a rate of 0.5% per month on the taxes that were originally returned as delinquent, computed from the March 1 before the forfeiture.

Under the bill, beginning 90 days after its effective date, the county treasurer could waive the additional interest if the property were classified as residential real property and were withheld from the petition for foreclosure under Section 78h.

(Section 78h requires a foreclosing governmental unit, by June 15 each year, to file with the circuit court a petition listing all property forfeited and not redeemed, to be foreclosed for the amount of unpaid delinquent taxes, interest, penalties, and fees. The foreclosing governmental unit may withhold property from the petition under the following circumstances:

- Title to the property is held by minor heirs or individuals who are incompetent, without means of support, or unable to manage their affairs due to age or infirmity, until a guardian is appointed.
- Title to the property is held by a person undergoing substantial financial hardship, as determined under a policy of the foreclosing governmental unit.)

MCL 211.78g

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Counties that serve as the foreclosing governmental unit and chose to waive additional interest charges on residential real property pursuant to the authority in the bill would have a reduction in revenue of an unknown amount.

Fiscal Analyst: Elizabeth Pratt

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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.