



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

BILL



ANALYSIS

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

Senate Bill 386 (as reported without amendment)
Sponsor: Senator Judy K. Emmons
Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to allow a person claiming to have an interest in property foreclosed due to unpaid taxes to seek to invalidate the foreclosure on any of the grounds described in Michigan Court Rule (MCR) 2.612, if the property had not been transferred to a person other than the foreclosing governmental unit. The bill also would require, instead of allow, a foreclosing governmental unit to cancel a foreclosure under certain circumstances if the property had not been transferred to a person other than the governmental unit after a foreclosure judgment was entered.

The bill would be retroactive and would be effective January 1, 2015.

(Under MCR 2.612, on motion and on just terms, the court in a civil action may relieve a party or the legal representative of a party from a final judgment, order, or proceeding on the following grounds:

- Mistake, inadvertence, surprise, or excusable neglect.
- Newly discovered evidence that by due diligence could not have been discovered in time to move for a new trial.
- Fraud (intrinsic or extrinsic), misrepresentation, or other misconduct of an adverse party.
- The judgment is void.
- The judgment has been satisfied, released, or discharged; a prior judgment on which it is based has been reversed or otherwise vacated; or it is no longer equitable that the judgment should have prospective application.
- Any other reason justifying relief from the operation of the judgment.)

MCL 211.78k

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have an unknown fiscal impact on State and local government. By allowing a person with an interest in property to challenge a foreclosure judgment in additional circumstances, the bill could lead to the identification of an interested party who would pay back taxes to prevent a foreclosure sale. Alternatively, depending on the outcome of the litigation, the bill could delay a foreclosure auction that would raise funds to pay the back taxes and return the property to productive use.

Date Completed: 6-7-17

Fiscal Analyst: Elizabeth Pratt