



Senate Fiscal Agency
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Senate Bill 891 (as introduced 4-28-20)
Sponsor: Senator Jim Runestad
Committee: Finance

Date Completed: 7-22-20

CONTENT

The bill would amend the General Property Tax Act to specify that, for the redemption of tax foreclosed property, additional interest would have to be computed from the date the property was forfeited.

Property forfeited to the county treasurer on March 1 of each year may be redeemed at any time on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property or in a contested case within 21 days of the entry of a judgment foreclosing the property after payment to the county treasurer of, among other things, additional interest computed at a noncompounded rate of 1/2% per month or fraction of a month on the taxes that were originally returned as delinquent, computed from the March 1 preceding the forfeiture. The county treasurer may waive the additional interest under this subdivision if the property is withheld from the petition for foreclosure. Under the bill, interest would have to be computed from the date the property was forfeited to the county treasurer.

MCL 211.78g

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on the State and would have a negative fiscal impact on local governments. Currently, additional interest is computed from the March 1 preceding the forfeiture of the property, which is one year before the forfeiture. The bill would change the computation, so it would begin on the date the property was forfeited. Since the interest is not compounded, and it accrues at 0.5% per month or fraction of a month on the taxes that were originally returned as delinquent, this change effectively would reduce the interest owed on forfeited property by 6% of the original taxes returned. There is no statewide database of delinquent property taxes, so there is no way to calculate the dollar amount that would be lost to local units of government if the change were enacted.

Fiscal Analyst: Ryan Bergan

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