



Senate Fiscal Agency
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House Bill 5124 (Substitute S-1 as reported)
Sponsor: Representative Wendell Byrd
House Committee: Local Government and Municipal Finance
Ways and Means
Senate Committee: Finance

CONTENT

The bill would amend the General Property Tax Act to do the following:

- Create provisions pertaining to the reduction of delinquent taxes owed on property forfeited under Section 78g (which specifies that certified abandoned property and property that is delinquent for taxes, interest, penalties, and fees over the past 12 months or more is forfeited to the county treasurer for that total outstanding amount) until July 1, 2023.
- Allow the county treasurer to charge back to any taxing unit the face amount of the delinquent taxes that were owed to that taxing unit on the date those taxes were returned as delinquent, less the amount of any payments received by the county treasurer on that property, under certain circumstances.
- Specify that a foreclosing governmental unit's authority to apply any of the payment-reduction measures otherwise available under the bill to forfeited property would be subject to certain conditions.
- Specify that a delinquent property tax installment payment plan and a tax foreclosure avoidance agreement could be combined with and made subject to a delinquent property tax payment reduction as described in the bill.
- Require an owner of property eligible to enter into a tax foreclosure avoidance agreement to make an initial payment in an amount determined by the county treasurer, instead of at least 10% of the delinquent taxes owed on the eligible property.

MCL 211.78g et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on local governments and likely would have a minor negative fiscal impact on the State. In any case that delinquent tax liability was reduced, revenue to the local government also would be reduced. However, if the taxes that were collected would not have been collected otherwise, the net fiscal impact for the local government would be positive. Any additional administrative costs for county treasurers or the State would be minimal and would be absorbed under existing appropriations. Since the bill's provisions would be voluntary for local units of government, the total impact is impossible to estimate, and would depend on how exactly the provisions were used.

Date Completed: 2-10-20

Fiscal Analyst: Ryan Bergan