

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4121**

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 78q (MCL 211.78q), as amended by 2016 PA 518.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 78q. (1) Notwithstanding any provision of this act or  
2 charter to the contrary, a foreclosing governmental unit may create  
3 a delinquent property tax installment payment plan for eligible  
4 property, the title to which is held by a financially distressed  
5 person.

6           (2) If a financially distressed person agrees to participate  
7 in a delinquent property tax installment payment plan created under  
8 subsection (1) and makes the initial payment required under that  
9 delinquent property tax installment payment plan, the foreclosing



1 governmental unit may remove eligible property the title to which  
 2 is held by that financially distressed person from the petition for  
 3 foreclosure as provided in section 78h(3) (c) .

4 (3) If a financially distressed person successfully completes  
 5 a delinquent property tax installment payment plan created under  
 6 subsection (1), interest under section 78g(3) (b) and any additional  
 7 interest otherwise applicable shall be waived.

8 (4) If a financially distressed person does not successfully  
 9 complete a delinquent property tax installment payment plan created  
 10 under subsection (1), both of the following ~~shall occur:~~**apply:**

11 (a) Interest under section 78g(3) (b) and any additional  
 12 interest otherwise applicable ~~shall apply~~ to any unpaid taxes on  
 13 the property.

14 (b) The eligible property shall be included in the immediately  
 15 succeeding petition for foreclosure under section 78h.

16 (5) Notwithstanding any provision of this act or charter to  
 17 the contrary, until June 30, ~~2019,~~**2026**, a county treasurer may  
 18 enter into a tax foreclosure avoidance agreement for a term of up  
 19 to 5 years with an owner of property returned as delinquent to the  
 20 county treasurer under this act or forfeited to the county  
 21 treasurer under section 78g if the property is classified as  
 22 residential real property under section 34c, if the property is  
 23 eligible property, and if the owner makes an initial payment of at  
 24 least 10% of the delinquent taxes owed on the property. While a tax  
 25 foreclosure avoidance agreement is effective, the property shall be  
 26 withheld or removed from the petition for foreclosure as provided  
 27 under section 78h(3) (c), interest at the rate provided in section  
 28 78g(3) (c) (ii) ~~shall apply,~~**applies**, and the owner shall make timely  
 29 payments as provided under the tax foreclosure avoidance agreement,



1 including timely payment of all nondelinquent taxes on the  
 2 property. A tax foreclosure avoidance agreement ~~shall~~**must** require  
 3 regular periodic installment payments. The final payment ~~shall~~**must**  
 4 not be disproportionately larger than a regular periodic  
 5 installment payment and regular periodic installment payments in  
 6 the final year ~~shall~~**must** not be disproportionately larger than  
 7 regular periodic installment payments in prior years. A county  
 8 treasurer may refuse to enter into a tax foreclosure avoidance  
 9 agreement with an owner under this subsection if that owner is not  
 10 in compliance with another tax foreclosure avoidance agreement with  
 11 the county treasurer or with a delinquent property tax installment  
 12 plan with the county treasurer under this section. A county  
 13 treasurer may not enter into more than 2 tax foreclosure avoidance  
 14 agreements with an owner. If an owner fails to comply with a tax  
 15 foreclosure avoidance agreement or if the tax foreclosure avoidance  
 16 agreement is no longer effective, all of the following ~~shall~~  
 17 **occur+apply:**

18 (a) Interest under section 78g(3)(b) and any additional  
 19 interest otherwise applicable ~~shall~~ apply to any unpaid taxes on  
 20 the property.

21 (b) The property shall be included in the immediately  
 22 succeeding petition for foreclosure under section 78h.

23 (c) The owner shall not bid on property subject to sale under  
 24 section 78m, if that property was subject to the tax foreclosure  
 25 avoidance agreement.

26 (6) A delinquent property tax installment payment plan or a  
 27 tax foreclosure avoidance agreement may not be approved under this  
 28 section if the delinquent property tax installment payment plan or  
 29 tax foreclosure avoidance agreement would impermissibly impair an



1 outstanding debt of the county.

2 (7) If a foreclosing governmental unit has created a  
3 delinquent property tax installment payment plan under this  
4 section, the department of treasury may audit the books and records  
5 of that foreclosing governmental unit concerning the details of  
6 that delinquent property tax installment payment plan.

7 (8) Property classified as industrial real property under  
8 section 34c that is occupied at less than 10% of its facility  
9 capacity for more than 3 years and that is located in a county with  
10 a population of more than 1,500,000 according to the most recent  
11 federal decennial census is not eligible to participate in a  
12 delinquent property tax installment payment plan and ~~shall proceed~~  
13 ~~under~~ **is subject to** section 78m, including sale **under section**  
14 **78m(2)** to the person bidding the highest amount above the minimum  
15 bid. ~~as required under section 78m(2).~~

16 (9) If a delinquent property tax installment payment plan is  
17 in effect for property for which a county has issued notes under  
18 this act that are secured by the delinquent taxes and interest on  
19 that property, at any time 2 years after the date that those taxes  
20 were returned as delinquent, the county treasurer may charge back  
21 to any taxing unit the face amount of the delinquent taxes that  
22 were owed to that taxing unit on the date those taxes were returned  
23 as delinquent, less the amount of any principal installments  
24 received by the county treasurer on that property under the  
25 delinquent property tax installment payment plan. All subsequent  
26 payments of delinquent taxes and interest on that property shall be  
27 retained by the county treasurer in a separate account and either  
28 paid to or credited to the account of that taxing unit.

29 (10) As used in this section:



1 (a) "Eligible property" means property that is a principal  
2 residence exempt from the tax levied by a local school district for  
3 school operating purposes under section 7cc.

4 (b) "Financially distressed person" means a person who meets  
5 all of the following conditions:

6 (i) Is eligible to have property to which he or she holds title  
7 withheld from a petition for foreclosure under section 78h(3)(b).

8 (ii) Is not delinquent in satisfying a delinquent property tax  
9 installment payment plan or tax foreclosure avoidance agreement  
10 under this section for any other property within the foreclosing  
11 governmental unit.

