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**SFA****BILL ANALYSIS**

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Senate Bill 487 (Substitute S-3 as reported)

Sponsor: Senator Bill Schuette

Committee: Economic Development, International Trade and Regulatory Affairs

## **CONTENT**

The bill would amend the General Property Tax Act to provide that for taxes levied after December 31, 1998, tax delinquent property would be subject to forfeiture, foreclosure, and sale as provided under the bill. The bill would establish a \$35 fee on each parcel of property for which delinquent taxes, interest, penalties, and fees remained unpaid; create a Land Reutilization Fund; require a list of all tax delinquent property and property owners; require the county treasurer to conduct a title search to identify owners of a recorded property interest; require notices of tax delinquency, forfeiture, and foreclosure to persons with an interest in property; allow the redemption of tax delinquent property; and allow owners of foreclosed property to appeal the circuit court's judgment to the Court of Appeals and/or bring an action to recover monetary damages in the Court of Claims. If a judgment vesting absolute title were entered, the bill would allow the county treasurer to sell the property and deposit the proceeds into a restricted account, which could be used only as specified under the bill.

In addition, the bill provides that a county that adopted a resolution to collect delinquent taxes would have to transfer the surplus in the Delinquent Tax Revolving Fund to the county general fund. If a county adopted a resolution to have the State collect delinquent taxes, the State would have to deposit the surplus in the Land Reutilization Fund.

The bill also would delete provisions allowing a local unit or a county to file an application with the Department of Natural Resources for conveyance of certified special residential property.

The bill is tie-barred to Senate Bill 343, which would create an urban homesteading program that would make property available to eligible buyers to rent at fair market value; Senate Bill 488, which would create the Certification of Abandoned Property for Accelerated Forfeiture Act; and Senate Bill 489, which provides that certified abandoned property would be subject to forfeiture, foreclosure, and sale.

MCL 211.57 et. al

Legislative Analyst: N. Nagata

## **FISCAL IMPACT**

The bill would require counties that collected delinquent taxes to transfer surpluses in Delinquent Tax Revolving Funds to county general funds. The State would collect delinquent taxes for counties that chose not to administer the collection of delinquent taxes. All fees, penalties, and interest collected by the State would be deposited into the Land Revitalization Fund, which would be used for costs to collect delinquent taxes. A \$35 fee (which currently is \$10) on each parcel of property that had unpaid delinquent taxes, interest, penalties, and fees would also be assessed. Additionally, the bill would change the schedule of the monthly 1% and 1¼% interest. Legal costs to defend against action for monetary damages on behalf of the insuring title insurance company also would be incurred.

Date Completed: 5-10-99

Fiscal Analyst: R. Ross

[floor/sb487 \(S-3\)](#)

Analysis available @ <http://www.michiganlegislature.org>

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.