

Legislative Analysis



EXTEND SUNSET ON DELINQUENT PROPERTY TAX INSTALLMENT PLAN

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1009 as passed by the Senate
Sponsor: Sen. Bert Johnson
Senate Committee: Finance
House Committee: Tax Policy
Complete to 11-29-16

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 518 of 2016)

SUMMARY:

The bill would amend the General Property Tax Act to extend for three years—until June 30, 2019—the ability of a county treasurer to enter into a tax foreclosure avoidance agreement for a term of up to five years with an owner of residential property returned as delinquent to the county treasurer or forfeited to the county treasurer. An owner must make an initial payment of at least 10% of the delinquent taxes owed on the property.

These agreements require regular periodic installment payments, and the final payment may not be disproportionately larger than regular periodic installment payments in prior years.

While a tax foreclosure avoidance agreement is effective, the property must be withheld or removed from the foreclosure petition, interest accumulates, and the owner must make timely payments as provided under the agreement, including timely payment of all non-delinquent taxes on the property. A county treasurer could not enter into more than two tax foreclosure avoidance agreements with the same owner.

Under current law, the ability of a treasurer to enter into such agreements ended June 30, 2016. As noted above, Senate Bill 1009 would extend the sunset date to June 30, 2019.

MCL 211. 78q

FISCAL IMPACT:

Extending the sunset for an additional three years would allow local governments to potentially avoid foreclosures and collect existing property taxes. However, the fiscal impact on local governments and the state is likely to be relatively small.

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

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