

SENATE BILL No. 1009

June 1, 2016, Introduced by Senator JOHNSON and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 78q (MCL 211.78q), as added by 2014 PA 499.

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:

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, ~~2016~~, **2019**, 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

1 78g(3)(c)(ii) shall apply, and the owner shall make timely payments
2 as provided under the tax foreclosure avoidance agreement,
3 including timely payment of all nondelinquent taxes on the
4 property. A tax foreclosure avoidance agreement shall require
5 regular periodic installment payments. The final payment shall not
6 be disproportionately larger than a regular periodic installment
7 payment and regular periodic installment payments in the final year
8 shall not be disproportionately larger than regular periodic
9 installment payments in prior years. A county treasurer may refuse
10 to enter into a tax foreclosure avoidance agreement with an owner
11 under this subsection if that owner is not in compliance with
12 another tax foreclosure avoidance agreement with the county
13 treasurer or with a delinquent property tax installment plan with
14 the county treasurer under this section. A county treasurer may not
15 enter into more than 2 tax foreclosure avoidance agreements with an
16 owner. If an owner fails to comply with a tax foreclosure avoidance
17 agreement or if the tax foreclosure avoidance agreement is no
18 longer effective, all of the following shall occur:

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

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

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

27 (6) A delinquent property tax installment payment plan or a

1 tax foreclosure avoidance agreement may not be approved under this
2 section if the delinquent property tax installment payment plan or
3 tax foreclosure avoidance agreement would impermissibly impair an
4 outstanding debt of the county.

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

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

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

1 payments of delinquent taxes and interest on that property shall be
2 retained by the county treasurer in a separate account and either
3 paid to or credited to the account of that taxing unit.

4 (10) As used in this section:

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

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

10 (i) Is eligible to have property to which he or she holds
11 title withheld from a petition for foreclosure under section
12 78h(3)(b).

13 (ii) Is not delinquent in satisfying a delinquent property tax
14 installment payment plan or tax foreclosure avoidance agreement
15 under this section for any other property within the foreclosing
16 governmental unit.