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Senate Bill 676 (as introduced 12-5-19)  
Sponsor: Senator Peter J. Lucido  
Committee: Finance

Date Completed: 7-22-20

## **CONTENT**

**The bill would amend the General Property Tax Act to specify that if proceeds from the sale of a parcel of foreclosed property exceeded the minimum bid established for that parcel, the foreclosing governmental unit would have to remit an amount equal to that excess to an individual if he or she owned and occupied the parcel as a principal residence before the entry of judgment vesting title to the parcel in the foreclosing unit.**

The Act requires a foreclosing governmental unit to deposit the proceeds from the sale of foreclosed property into a restricted account designated as the "delinquent tax property sales proceeds for the year \_\_\_\_\_". The foreclosing governmental unit must direct the investment of the account and credit to the account interest and earnings from account investments. Proceeds in that account may be used only by the foreclosing governmental unit for specified purposes in the listed order of priority.

Under the bill, if the proceeds from the sale of a parcel of property exceeded the minimum bid established for that parcel, the foreclosing governmental unit would have to remit an amount equal to that excess to an individual if he or she owned and occupied the parcel as a principal residence immediately before the entry of judgment vesting absolute title to the parcel in the foreclosing unit. The foreclosing governmental unit would have to deposit the remaining proceeds in the restricted account and uses the proceeds in that account as specified above.

MCL 211.78m

Legislative Analyst: Jeff Mann

## **FISCAL IMPACT**

The bill would have no fiscal impact on the State and would have a negative fiscal impact on local governments. Currently, a foreclosing governmental unit deposits the proceeds from the sale of foreclosed property in a restricted account that can be used for purposes specified in the statute, including to reimburse the delinquent tax revolving fund for taxes, interest, and fees on the property, as well as other costs related to the foreclosure, maintenance, and sale of foreclosed property. The changes in the bill would reduce the amount of money deposited into that restricted fund. Since there is no statewide record of proceeds, minimum bids, and how many properties sold were previously owned and occupied by principal residence exemption holders, there is no way to calculate the total revenue loss if the change were enacted.

Fiscal Analyst: Ryan Bergan

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