

HOUSE BILL NO. 4496

March 11, 2021, Introduced by Reps. Breen, Morse, Steckloff, Weiss, Bolden, Kuppa, Young, Cavanagh, O'Neal, Koleszar, Steenland, Brenda Carter, Garza, Cambensy, Aiyash, Ellison, Manoogian, Hood, Hammoud, Puri, Brabec, Hope, Pohutsky, Scott, Haadsma, Sowerby, Liberati, Howell, Rogers, Bezotte, Rabhi, Borton, Roth, Shannon, Wozniak, Berman and Clemente and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 78q (MCL 211.78q), as amended by 2020 PA 33.

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

1 person. A delinquent property tax installment payment plan created
2 under this subsection may be combined with and made subject to a
3 delinquent property tax payment reduction under section 78g(8)(c).
4 Any payment under that delinquent property tax installment payment
5 plan made during a calendar year in which an owner of property is
6 subject to a payment reduction under section 78g(8) must be
7 credited to the amount owed under section 78g(8) and the credit
8 must not exceed the amount owed under section 78g(8).

9 (2) If a financially distressed person agrees to participate
10 in a delinquent property tax installment payment plan created under
11 subsection (1) and makes the initial payment required under that
12 delinquent property tax installment payment plan, the foreclosing
13 governmental unit may remove eligible property the title to which
14 is held by that financially distressed person from the petition for
15 foreclosure as provided in section 78h(3)(c).

16 (3) If a financially distressed person successfully completes
17 a delinquent property tax installment payment plan created under
18 subsection (1), interest under section 78g(3)(b) and any additional
19 interest otherwise applicable must be waived.

20 (4) If a financially distressed person does not successfully
21 complete a delinquent property tax installment payment plan created
22 under subsection (1), both of the following apply:

23 (a) Interest under section 78g(3)(b) and any additional
24 interest otherwise applicable apply to any unpaid taxes on the
25 property.

26 (b) The eligible property must be included in the immediately
27 succeeding petition for foreclosure under section 78h.

28 (5) Notwithstanding any provision of this act or charter to
29 the contrary, until June 30, 2026, a county treasurer may enter

1 into a tax foreclosure avoidance agreement for a term of up to 5
2 years with an owner of property returned as delinquent to the
3 county treasurer under this act or forfeited to the county
4 treasurer under section 78g if the property is classified **under**
5 **section 34c** as residential real property ~~under section 34e, or as~~
6 **commercial real property**, if the property is eligible property, and
7 if the owner makes an initial payment of the delinquent taxes owed
8 on the property in an amount determined by the county treasurer. A
9 tax foreclosure avoidance agreement entered into under this
10 subsection may be combined with and made subject to a delinquent
11 property tax payment reduction under section 78g(8)(c). Any payment
12 under that tax foreclosure avoidance agreement made during a
13 calendar year in which an owner of property is subject to a payment
14 reduction under section 78g(8) must be credited to the amount owed
15 under section 78g(8) and the credit must not exceed the amount owed
16 under section 78g(8). While a tax foreclosure avoidance agreement
17 is effective, the property must be withheld or removed from the
18 petition for foreclosure as provided under section 78h(3)(c),
19 interest at the rate provided in section 78g(3)(c)(ii) applies, and
20 the owner shall make timely payments as provided under the tax
21 foreclosure avoidance agreement, including timely payment of all
22 nondelinquent taxes on the property. A tax foreclosure avoidance
23 agreement must require regular periodic installment payments. The
24 final payment must not be disproportionately larger than a regular
25 periodic installment payment and regular periodic installment
26 payments in the final year must not be disproportionately larger
27 than regular periodic installment payments in prior years. A county
28 treasurer may refuse to enter into a tax foreclosure avoidance
29 agreement with an owner under this subsection if that owner is not

1 in compliance with another tax foreclosure avoidance agreement with
2 the county treasurer or with a delinquent property tax installment
3 plan with the county treasurer under this section. A county
4 treasurer may not enter into more than 2 tax foreclosure avoidance
5 agreements with an owner. If an owner fails to comply with a tax
6 foreclosure avoidance agreement or if the tax foreclosure avoidance
7 agreement is no longer effective, all of the following apply:

8 (a) Interest under section 78g(3)(b) and any additional
9 interest otherwise applicable apply to any unpaid taxes on the
10 property.

11 (b) The property must be included in the immediately
12 succeeding petition for foreclosure under section 78h.

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

16 (6) A delinquent property tax installment payment plan or a
17 tax foreclosure avoidance agreement may not be approved under this
18 section if the delinquent property tax installment payment plan or
19 tax foreclosure avoidance agreement would impermissibly impair an
20 outstanding debt of the county.

21 (7) If a foreclosing governmental unit has created a
22 delinquent property tax installment payment plan under this
23 section, the department of treasury may audit the books and records
24 of that foreclosing governmental unit concerning the details of
25 that delinquent property tax installment payment plan.

26 (8) Property classified as industrial real property under
27 section 34c that is occupied at less than 10% of its facility
28 capacity for more than 3 years and that is located in a county with
29 a population of more than 1,500,000 according to the most recent

1 federal decennial census is not eligible to participate in a
 2 delinquent property tax installment payment plan and is subject to
 3 section 78m, including sale under section 78m(2) to the person
 4 bidding the highest amount above the minimum bid.

5 (9) If a delinquent property tax installment payment plan is
 6 in effect for property for which a county has issued notes under
 7 this act that are secured by the delinquent taxes and interest on
 8 that property, at any time 2 years after the date that those taxes
 9 were returned as delinquent, the county treasurer may charge back
 10 to any taxing unit the face amount of the delinquent taxes that
 11 were owed to that taxing unit on the date those taxes were returned
 12 as delinquent, less the amount of any principal installments
 13 received by the county treasurer on that property under the
 14 delinquent property tax installment payment plan. All subsequent
 15 payments of delinquent taxes and interest on that property must be
 16 retained by the county treasurer in a separate account and either
 17 paid to or credited to the account of that taxing unit.

18 (10) As used in this section:

19 (a) "Eligible property" means property that **meets 1 of the**
 20 **following:**

21 **(i) Is residential real property under section 34c and is a**
 22 principal residence exempt from the tax levied by a local school
 23 district for school operating purposes under section 7cc.

24 **(ii) Is commercial real property under section 34c.**

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

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

29 (ii) Is not delinquent in satisfying a delinquent property tax

- 1 installment payment plan or tax foreclosure avoidance agreement
- 2 under this section for any other property within the foreclosing
- 3 governmental unit.