

SENATE BILL NO. 423

June 12, 2025, Introduced by Senators CHANG, SANTANA, CAVANAGH and GEISS and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 78g and 78q (MCL 211.78g and 211.78q), section 78g as amended by 2020 PA 256 and section 78q as amended by 2020 PA 33.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 78g. (1) Except as otherwise provided in this subsection,
2 on March 1 in each tax year, certified abandoned property and
3 property that is delinquent for taxes, interest, penalties, and
4 fees for the immediately preceding 12 months or more is forfeited

1 to the county treasurer for the total amount of those unpaid
2 delinquent taxes, interest, penalties, and fees. If property is
3 forfeited to a county treasurer under this subsection, the
4 foreclosing governmental unit does not have a right to possession
5 of the property until the April 1 immediately succeeding the entry
6 of a judgment foreclosing the property under section 78k or in a
7 contested case until 22 days after the entry of a judgment
8 foreclosing the property under section 78k. If property is
9 forfeited to a county treasurer under this subsection, the county
10 treasurer shall add a \$175.00 fee to each property for which those
11 delinquent taxes, interest, penalties, and fees remain unpaid. The
12 fee added under this subsection must be used by the foreclosing
13 governmental unit and the fee added under section 78d must be used
14 by the county treasurer for the administration of sections 78 to
15 79a, including, but not limited to, costs associated with providing
16 required notices and with the forfeiture, foreclosure, sale,
17 maintenance, repair, and remediation of property. A county
18 treasurer shall withhold a property from forfeiture for any reason
19 determined by the state tax commission. The state tax commission
20 shall determine the procedure for withholding a property from
21 forfeiture under this subsection.

22 (2) Not more than 45 days after property is forfeited under
23 subsection (1), the county treasurer shall record with the county
24 register of deeds a certificate in a form determined by the
25 department of treasury for each property forfeited to the county
26 treasurer, specifying that the property has been forfeited to the
27 county treasurer and not redeemed and that absolute title to the
28 property and any equity associated with an interest in the property
29 will vest in the foreclosing governmental unit on the March 31

1 immediately succeeding the entry of a judgment foreclosing the
2 property under section 78k or in a contested case 21 days after the
3 entry of a judgment foreclosing the property under section 78k. The
4 certificate must include an explanation of the right of a person
5 with an interest in the property at the time a judgment of
6 foreclosure of the property is effective under section 78k to claim
7 that person's interest in any remaining proceeds pursuant to
8 section 78t after a sale or transfer of the property under section
9 78m. If a certificate of forfeiture is recorded in error, the
10 county treasurer shall record with the county register of deeds a
11 certificate of error in a form prescribed by the department of
12 treasury. A certificate submitted to the county register of deeds
13 for recording under this subsection need not be notarized and may
14 be authenticated by a digital signature of the county treasurer or
15 by other electronic means. If the county has elected under section
16 78 to have this state foreclose property under this act forfeited
17 to the county treasurer under this section, the county treasurer
18 shall immediately transmit to the department of treasury a copy of
19 each certificate recorded under this subsection. The county
20 treasurer shall upon collection transmit to the department of
21 treasury within 30 days the fee added to each property under
22 subsection (1), which may be paid from the county's delinquent tax
23 revolving fund and upon receipt must be deposited by the department
24 of treasury in the land reutilization fund created under section
25 78n.

26 (3) Property forfeited to the county treasurer under
27 subsection (1) may be redeemed at any time on or before the March
28 31 immediately succeeding the entry of a judgment foreclosing the
29 property under section 78k or in a contested case within 21 days of

1 **after** the entry of a judgment foreclosing the property under
2 section 78k upon payment to the county treasurer of all of the
3 following:

4 (a) The total amount of unpaid delinquent taxes, interest,
5 penalties, and fees for which the property was forfeited or the
6 reduced amount of unpaid delinquent taxes, interest, penalties, and
7 fees payable under subsection (8), if applicable.

8 (b) Except as otherwise provided in this subdivision and
9 subdivision (c), in addition to the interest calculated under
10 sections 60a(1) or (2) and 78a(3), additional interest computed at
11 a noncompounded rate of 1/2% per month or fraction of a month on
12 the taxes that were originally returned as delinquent, computed
13 from the March 1 preceding the forfeiture. The county treasurer may
14 waive the additional interest under this subdivision if the
15 property is withheld from the petition for foreclosure under
16 section 78h(3)(c).

17 (c) If the property is classified as residential real property
18 under section 34c, the property is a principal residence exempt
19 from the tax levied by a local school district for school operating
20 purposes under section 7cc, and a tax foreclosure avoidance
21 agreement is in effect for the property under section 78q(5), while
22 the tax foreclosure avoidance agreement is effective, all of the
23 following apply:

24 (i) The property must be withheld from the petition for
25 foreclosure under section 78h.

26 (ii) The additional interest under subdivision (b) does not
27 apply and interest computed at a noncompounded rate of 1/2% per
28 month or fraction of a month on the taxes that were originally
29 returned as delinquent, computed from the date that the taxes

1 originally were returned as delinquent, applies to the property.

2 (d) All recording fees and all fees for service of process or
3 notice.

4 (4) If property is redeemed by a person with a legal interest
5 in the property as provided under subsection (3), any unpaid taxes,
6 interest, penalties, and fees not returned as delinquent to the
7 county treasurer under section 78a are not extinguished.

8 (5) If property is redeemed by a person with a legal interest
9 in the property as provided under subsection (3), the person
10 redeeming does not acquire a title or interest in the property
11 greater than that person would have had if the property had not
12 been forfeited to the county treasurer, but a person redeeming,
13 other than the owner, is entitled to a lien for the amount paid to
14 redeem the property in addition to any other lien or interest the
15 person may have, which must be recorded within 30 days with the
16 register of deeds by the person entitled to the lien. The lien
17 acquired has the same priority as the existing lien, title, or
18 interest.

19 (6) If property is redeemed as provided under subsection (3),
20 the county treasurer shall issue a redemption certificate in
21 quadruplicate in a form prescribed by the department of treasury.
22 One of the quadruplicate certificates must be delivered to the
23 person making the redemption payment, 1 must be filed in the office
24 of the county treasurer, 1 must be recorded in the office of the
25 county register of deeds, and 1 must be immediately transmitted to
26 the department of treasury if this state is the foreclosing
27 governmental unit. The county treasurer shall also make a note of
28 the redemption certificate in the tax record kept in ~~his or her~~ **the**
29 **county treasurer's** office, with the name of the person making the

1 final redemption payment, the date of the payment, and the amount
2 paid. If the county treasurer accepts partial redemption payments,
3 the county treasurer shall include in the tax record kept in ~~his or~~
4 ~~her~~ **the county treasurer's** office the name of the person or persons
5 making each partial redemption payment, the date of each partial
6 redemption payment, the amount of each partial redemption payment,
7 and the total amount of all redemption payments. A certificate and
8 the entry of the certificate in the tax record by the county
9 treasurer is evidence of a redemption payment in the courts of this
10 state. A certificate submitted to the county register of deeds for
11 recording under this subsection need not be notarized and may be
12 authenticated by a digital signature of the county treasurer or by
13 other electronic means. If a redemption certificate is recorded in
14 error, the county treasurer shall record with the county register
15 of deeds a certificate of error in a form prescribed by the
16 department of treasury. A copy of a certificate of error recorded
17 under this section must be immediately transmitted to the
18 department of treasury if this state is the foreclosing
19 governmental unit.

20 (7) If a foreclosing governmental unit has reason to believe
21 that a property forfeited under this section may be the site of
22 environmental contamination, the foreclosing governmental unit
23 shall provide the department of environment, Great Lakes, and
24 energy with any information in the possession of the foreclosing
25 governmental unit that suggests the property may be the site of
26 environmental contamination.

27 (8) Notwithstanding any provision of this act or charter to
28 the contrary, until July 1, ~~2025,~~ **2030**, all of the following apply
29 to property for which delinquent property taxes remain unpaid,

1 including property forfeited under this section, located in a local
2 unit of government that, pursuant to subsection (10) (b) (i) or (ii) ,
3 is participating in a payment reduction program authorized by this
4 subsection:

5 (a) If the property is subject to an exemption under section
6 7u and the property's owner has not previously received a payment
7 reduction under this subsection, the foreclosing governmental unit
8 may do 1 or more of the following:

9 (i) If the total amount of unpaid delinquent taxes is greater
10 than 10% of the property's taxable value for the calendar year
11 preceding the year the property was exempt from the collection of
12 taxes under section 7u, reduce the amount required to be paid under
13 section 78a(1) or required to be paid to redeem the property under
14 subsection (3) (a) to 10% of the property's taxable value for the
15 calendar year preceding the year the property was exempt from the
16 collection of taxes under section 7u. A reduction under this
17 subparagraph must be allocated to each taxing unit based on the
18 proportion that its unpaid delinquent taxes certified to the county
19 treasurer bear to the total amount of unpaid delinquent taxes
20 certified to the county treasurer in connection with the property.

21 (ii) Cancel some or all of any unpaid delinquent taxes that
22 represent charges for services that have become delinquent and have
23 been certified to the county treasurer for collection of taxes and
24 enforcement of the lien for the taxes under section 21(3) of the
25 revenue bond act of 1933, 1933 PA 94, MCL 141.121.

26 (iii) Cancel all of the interest, penalties, and fees required
27 to be paid under this act.

28 (b) If the amount required to be paid under this act is
29 reduced under subdivision (a), the foreclosing governmental unit

1 may further reduce the amount by an amount not to exceed 10% of the
2 unpaid delinquent taxes required to be paid to redeem the property
3 if the property is redeemed by a single lump-sum payment made
4 within a period to be determined by the foreclosing governmental
5 unit.

6 (c) A foreclosing governmental unit may apply the provisions
7 of this subsection to property subject to a delinquent property tax
8 installment payment plan under section 78q(1) or a tax foreclosure
9 avoidance agreement under section 78q(5). Except as provided in
10 this subdivision, the terms and conditions of a payment reduction
11 applied to property under this subsection must be consistent with
12 the terms and conditions of a delinquent property tax installment
13 payment plan under section 78q(1) or tax foreclosure agreement
14 under section 78q(5) for the property. If the owner of property
15 subject to a delinquent property tax installment payment plan under
16 section 78q(1) or a tax foreclosure avoidance agreement under
17 section 78q(5) has failed to pay any amounts owed under the plan or
18 agreement, that nonpayment does not prohibit the property owner
19 from receiving a payment reduction under this subsection.
20 Notwithstanding any provision of this act to the contrary, the full
21 amount owed by an owner of property as reduced by this subsection
22 must be payable in not more than 3 years after the date the
23 reduction is established by the foreclosing governmental unit.

24 (d) If a property owner has paid a reduced amount under this
25 subsection in accordance with the terms, conditions, and time
26 period established by the county treasurer, **the county treasurer**
27 **shall cancel** any remaining unpaid taxes, interest, penalties, and
28 fees otherwise payable, ~~shall be canceled by the county treasurer,~~
29 including, but not limited to, any interest, fee, or penalty

1 payment requirements set forth in a delinquent property tax
2 installment payment plan under section 78q(1) or a tax foreclosure
3 avoidance agreement under section 78q(5) with respect to the
4 property. A county treasurer shall not impose any additional
5 interest, penalties, fees, or other charges of any kind in
6 connection with a payment reduction program under this subsection.

7 (e) If the owner of property subject to a payment reduction
8 under this subsection fails to pay the full reduced amount of
9 delinquent taxes, penalties, and fees under this subsection in
10 accordance with the terms, conditions, and time period established
11 by the county treasurer, all of the following apply:

12 (i) The amount required to be paid to redeem the property is
13 the sum of both of the following:

14 (A) The full amount of any unpaid delinquent taxes on the
15 property.

16 (B) Interest under subsection (3)(b) and any additional
17 interest, fees, charges, and penalties otherwise applicable to any
18 unpaid taxes on the property, including, but not limited to,
19 interest, fees, charges, and penalties canceled under subdivision
20 (d).

21 (ii) The property must be included in the immediately
22 succeeding petition for foreclosure under section 78h.

23 (f) A foreclosing governmental unit may not approve a
24 reduction in the amount required to redeem property under this
25 subsection if the reduction would cause noncompliance with section
26 87c(7) or otherwise impermissibly impair an outstanding debt of the
27 county or any taxing unit.

28 (g) All payments collected in connection with property under
29 this subsection must be distributed to each taxing unit that has

1 certified to the county treasurer unpaid delinquent taxes for the
2 property in an amount based on the proportion that the taxing
3 unit's unpaid delinquent taxes certified to the county treasurer
4 bear to the total amount of unpaid delinquent taxes certified to
5 the county treasurer in connection with the property.

6 (h) A county treasurer shall set forth the terms and benefits
7 of a payment reduction program available under this subsection in a
8 plan available upon request to the department of treasury. The plan
9 must set forth which of the reductions described in subdivisions
10 (a) and (b) are available under the program and must include any
11 other information determined to be necessary or appropriate in the
12 discretion of the county treasurer.

13 (9) If a payment reduction under subsection (8) is in effect
14 for property for which a county has issued notes under this act
15 that are secured by the delinquent taxes and interest on that
16 property, at any time within 2 years after the date that those
17 taxes were returned as delinquent, the county treasurer may charge
18 back to any taxing unit the face amount of the delinquent taxes
19 that were owed to that taxing unit on the date those taxes were
20 returned as delinquent, less the amount of any payments received by
21 the county treasurer on that property. All subsequent payments of
22 delinquent taxes and interest on that property must be retained by
23 the county treasurer in a separate account and either paid to or
24 credited to the account of that taxing unit.

25 (10) A foreclosing governmental unit's authority to apply any
26 of the payment-reduction measures otherwise available under
27 subsection (8) is subject to all of the following:

28 (a) A foreclosing governmental unit that seeks to implement a
29 program under subsection (8) shall provide written notice to the

1 treasurer of each affected local unit of government ~~within~~**in** the
2 county in which the property is located of the foreclosing
3 governmental unit's intent to implement the program and state that
4 the local unit of government has the option of participating in the
5 program. The notice must contain all of the terms and conditions to
6 be offered under the program, in addition to any other information
7 that the foreclosing governmental unit considers necessary or
8 appropriate.

9 (b) Not later than 21 days after the foreclosing governmental
10 unit provides the written notice described in subdivision (a), the
11 treasurer of any affected local unit of government may provide the
12 foreclosing governmental unit with 1 of the following, as
13 applicable:

14 (i) Written notice of nonparticipation in the program, if the
15 local unit of government is located in a county with a population
16 of more than 1,500,000 according to the most recent population
17 estimate produced by the United States Census Bureau's Population
18 Estimates Program (PEP). All property ~~within~~**in** a local unit of
19 government that provides written notice of nonparticipation under
20 this subparagraph will be excluded from the program. Any affected
21 local unit of government whose treasurer does not provide written
22 notice of nonparticipation under this subparagraph is conclusively
23 presumed to have consented to participation in the program, and all
24 property ~~within~~**in** that local unit of government will be included
25 in the program.

26 (ii) Written notice of participation in the program, if the
27 local unit of government is located in a county other than one
28 described in subparagraph (i) and the governing body of the local
29 unit of government has approved a resolution to participate in the

1 program. All property ~~within~~**-in** a local unit of government that
2 provides written notice of participation under this subparagraph
3 will be included in the program. Any affected local unit of
4 government whose treasurer does not provide written notice of
5 participation under this subparagraph is conclusively presumed to
6 have declined to participate in the program, and all property
7 ~~within~~**-in** that local unit of government will be excluded from the
8 program.

9 (11) As used in this section, "local unit of government" means
10 a city, township, or village.

11 Sec. 78q. (1) Notwithstanding any provision of this act or
12 charter to the contrary, a foreclosing governmental unit may create
13 a delinquent property tax installment payment plan for eligible
14 property, the title to which is held by a financially distressed
15 person. A delinquent property tax installment payment plan created
16 under this subsection may be combined with and made subject to a
17 delinquent property tax payment reduction under section 78g(8)(c).
18 Any payment under that delinquent property tax installment payment
19 plan made during a calendar year in which an owner of property is
20 subject to a payment reduction under section 78g(8) must be
21 credited to the amount owed under section 78g(8) and the credit
22 must not exceed the amount owed under section 78g(8).

23 (2) If a financially distressed person agrees to participate
24 in a delinquent property tax installment payment plan created under
25 subsection (1) and makes the initial payment required under that
26 delinquent property tax installment payment plan, the foreclosing
27 governmental unit may remove eligible property the title to which
28 is held by that financially distressed person from the petition for
29 foreclosure as provided in section 78h(3)(c).

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

5 (4) If a financially distressed person does not successfully
6 complete a delinquent property tax installment payment plan created
7 under subsection (1), both 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 eligible property must be included in the immediately
12 succeeding petition for foreclosure under section 78h.

13 (5) Notwithstanding any provision of this act or charter to
14 the contrary, ~~until June 30, 2026,~~ a county treasurer may enter
15 into a tax foreclosure avoidance agreement for a term of up to 5
16 years with an owner of property returned as delinquent to the
17 county treasurer under this act or forfeited to the county
18 treasurer under section 78g if the property is classified as
19 residential real property under section 34c, if the property is
20 eligible property, and if the owner makes an initial payment of the
21 delinquent taxes owed on the property in an amount determined by
22 the county treasurer. A tax foreclosure avoidance agreement entered
23 into under this subsection may be combined with and made subject to
24 a delinquent property tax payment reduction under section
25 78g(8)(c). Any payment under that tax foreclosure avoidance
26 agreement made during a calendar year in which an owner of property
27 is subject to a payment reduction under section 78g(8) must be
28 credited to the amount owed under section 78g(8) and the credit
29 must not exceed the amount owed under section 78g(8). While a tax

foreclosure avoidance agreement is effective, the property must be withheld or removed from the petition for foreclosure as provided under section 78h(3)(c), interest at the rate provided in section 78g(3)(c)(ii) applies, and the owner shall make timely payments as provided under the tax foreclosure avoidance agreement, including timely payment of all nondelinquent taxes on the property. A tax foreclosure avoidance agreement must require regular periodic installment payments. The final payment must not be disproportionately larger than a regular periodic installment payment and regular periodic installment payments in the final year must not be disproportionately larger than regular periodic installment payments in prior years. A county treasurer may refuse to enter into a tax foreclosure avoidance agreement with an owner under this subsection if that owner is not in compliance with another tax foreclosure avoidance agreement with the county treasurer or with a delinquent property tax installment plan with the county treasurer under this section. A county treasurer may not enter into more than 2 tax foreclosure avoidance agreements with an owner. If an owner fails to comply with a tax foreclosure avoidance agreement or if the tax foreclosure avoidance agreement is no longer effective, all of the following apply:

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

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

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

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

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

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

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

1 retained by the county treasurer in a separate account and either
2 paid to or credited to the account of that taxing unit.

3 (10) As used in this section:

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

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

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

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