

HOUSE BILL NO. 4121

February 05, 2019, Introduced by Reps. Byrd and Garrett 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 2016 PA 518.

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

1 in a delinquent property tax installment payment plan created under
 2 subsection (1) and makes the initial payment required under that
 3 delinquent property tax installment payment plan, the foreclosing
 4 governmental unit may remove eligible property the title to which
 5 is held by that financially distressed person from the petition for
 6 foreclosure as provided in section 78h(3)(c).

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

11 (4) If a financially distressed person does not successfully
 12 complete a delinquent property tax installment payment plan created
 13 under subsection (1), both of the following ~~shall occur:~~**apply:**

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

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

19 (5) Notwithstanding any provision of this act or charter to
 20 the contrary, ~~until June 30, 2019,~~ a county treasurer may enter
 21 into a tax foreclosure avoidance agreement for a term of up to 5
 22 years with an owner of property returned as delinquent to the
 23 county treasurer under this act or forfeited to the county
 24 treasurer under section 78g if the property is classified as
 25 residential real property under section 34c, if the property is
 26 eligible property, and if the owner makes an initial payment of at
 27 least 10% of the delinquent taxes owed on the property. While a tax
 28 foreclosure avoidance agreement is effective, the property shall be
 29 withheld or removed from the petition for foreclosure as provided

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

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

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

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

29 (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~~ **is subject to** section 78m, including sale **under section**
17 **78m(2)** to the person bidding the highest amount above the minimum
18 bid. ~~as required under section 78m(2).~~

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 shall 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 holds title
10 withheld from a petition for foreclosure under section 78h(3)(b).

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