Act No. 35
Public Acts of 2019
Approved by the Governor
June 26, 2019
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STATE OF MICHIGAN
100TH LEGISLATURE
REGULAR SESSION OF 2019

Introduced by Reps. Byrd and Garrett

ENROLLED HOUSE BILL No. 4121

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 78q (MCL 211.78q), as amended by 2016 PA 518.

The People of the State of Michigan enact:

Sec. 78q. (1) Notwithstanding any provision of this act or charter to the contrary, a foreclosing governmental unit may create a delinquent property tax installment payment plan for eligible property, the title to which is held by a financially distressed person.

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

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

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

(5) Notwithstanding any provision of this act or charter to the contrary, until June 30, 2026, a county treasurer may enter into a tax foreclosure avoidance agreement for a term of up to 5 years with an owner of property returned as delinquent to the county treasurer under this act or forfeited to the county treasurer under section 78g if the property is classified as residential real property under section 34c, if the property is eligible property, and if the owner makes an initial payment of at least 10% of the delinquent taxes owed on the property. While a tax foreclosure avoidance agreement is effective, the property shall 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 shall 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.

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

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

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

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

(10) As used in this section:

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

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

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

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

This act is ordered to take immediate effect.

Gary L Randall

Clerk of the House of Representatives

Jeffrey F Cobb

Secretary of the Senate

Approved ______________________________

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Governor