



Senate Fiscal Agency
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Senate Bills 808 and 809 (as introduced 1-12-22)
Sponsor: Senator Jim Runestad (S.B. 808)
Senator Ruth Johnson (S.B. 809)
Committee: Finance

Date Completed: 1-26-22

CONTENT

Senate Bill 808 would amend the General Property Tax Act to require additional information, including certain statements and a schedule of additional interest, penalties, and fees that would accrue, to be included on various notices required during the property tax foreclosure process.

Senate Bill 809 would amend the General Property Tax Act to do the following:

- **Allow a foreclosing governmental unit to withhold from a petition for foreclosure property on which a payment was made for taxes levied after the levy for taxes for which the property was subject to foreclosure if the amount paid were greater than the amount needed to redeem the property.**
- **Allow a foreclosing governmental unit to cancel a foreclosure if it discovered a payment was made for taxes levied after the levy for taxes for which the property was subject to foreclosure if the amount paid were greater than the amount needed to redeem the property.**

The bills are tie-barred.

Senate Bill 808

Under Sections 78b, 78c, and 78f, except as otherwise provided in the Act for certified abandoned property, at specified times after unpaid taxes are returned to the county treasury as delinquent (or for forfeiture under Section 78f), the county treasurer must send a notice by certified mail to the individuals or entities specified in each Section. Those notices must include the information prescribed in the Act, such as a legal description and address of the property and the person or people to whom the notice is addressed.

In addition, the notices must include the following:

- The date property on which unpaid taxes were returned as delinquent will be forfeited to the county treasurer for those unpaid delinquent taxes, interest, penalties, and fees.
- The unpaid delinquent taxes, interest, penalties, and fees due on the property.

Under the bill, the notices under Section 78b and 78c would have to include the following:

- The date property on which unpaid taxes were returned as delinquent would be forfeited to the county treasurer for those unpaid delinquent taxes, interest, penalties, and fees,

along with, in those counties offering payment plans, a statement that payment plans could be available to avoid foreclosure and the sale of the property.

- The unpaid delinquent taxes, interest, penalties, and fees due on the property, *and a schedule of all additional interest, penalties, and fees that would accrue through the immediately succeeding March 1 under the Act relating to the return, forfeiture, and foreclosure of property for delinquent taxes if no payment were made by that March 2 toward the delinquent taxes, interest, penalties, and fees due on the property.*

The bill also would require the notices under Section 78b, 78c, and 78f to include a statement warning that a delinquent payment submitted to the local tax collecting unit, rather than the county treasurer, could not be applied to the delinquent amount and would not prevent foreclosure, and a statement in bold type not smaller than 12-point font with contact information for help in preventing foreclosure.

Senate Bill 809

Under the Act, by June 15 of each tax year, a foreclosing governmental unit must file a single petition with the clerk of the circuit court of that county listing all property forfeited and not redeemed to the county treasurer to be foreclosed for the total of the forfeited unpaid delinquent taxes, interest, penalties, and fees. The foreclosing governmental unit may withhold certain property from the petition for foreclosure, including, for example, property the title to which is held by minor heirs or individuals who are incompetent, are without means of support, or who are unable to manage their affairs because of age or infirmity, until a guardian is appointed.

Under the bill, the foreclosing governmental unit also could withhold from the petition for foreclosure property on which a payment was made for taxes levied after the levy of taxes for which the property was subject to foreclosure, if the amount paid were equal to or greater than the amount needed to redeem the property. A person with an interest in that property could notify the foreclosing governmental unit of the payment using a form prescribed by the Department of Treasury, which the foreclosing governmental unit would have to make available to the public.

Under the Act, after the entry of a judgment foreclosing property, if the property has not been transferred to a person other than the foreclosing governmental unit, a foreclosing governmental unit may cancel the foreclosure by recording with the register of deeds for the county in which the property is located a certificate of error in a form prescribed by the Department of Treasury, if the foreclosing governmental unit discovers any of the facts or circumstances listed in the Act (for example, the foreclosed property was not subject to taxation on the dates of the assessment of the unpaid taxes for which the property was foreclosed).

Under the bill, a foreclosing governmental unit also could cancel the foreclosure as prescribed above if it discovered that a payment was made for taxes levied on the property after the levy of taxes for which the property was foreclosed and the amount paid was equal to or greater than the amount needed at the time of the payment to redeem the property. If a foreclosure were canceled for this reason, a taxing unit's lien for taxes due or the foreclosing governmental unit's right to include the property in a subsequent petition for foreclosure would not be prejudiced.

MCL 211.78b et al. (S.B. 808)
211.78h & 211.78k (S.B. 809)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bills would have no fiscal impact on the State and an indeterminate, though likely small, fiscal impact on local governments. The additional information that Senate Bill 808 would require to be printed on notices could add some administrative cost that would be absorbed by existing appropriations. Senate Bill 809 could reduce administrative and court costs for local units by allowing them to withhold from petitions for foreclosure property that has already had payment made in an amount equal to or greater than the amount necessary to redeem the property. The bill also would allow a local unit to cancel a foreclosure in which payment had been made in an amount equal to or greater than the amount necessary to redeem the property, which could reduce administrative and court costs. Whether the net fiscal impact to any given local unit was positive or negative would depend on actions taken by the local government and the number of properties that would be affected by these provisions.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.