

Legislative Analysis



PROPERTY TAX FORECLOSURE TIMELINE

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House Bill 4412

Sponsor: Rep. Joel Sheltrown

1st House Committee: Tax Policy

2nd House Committee: Urban Policy

Complete to 5-11-09

A SUMMARY OF HOUSE BILL 4412 AS INTRODUCED 2-24-09

The bill would amend the General Property Tax Act to revise the timeline for the tax reversion process. That is the process that deals with property on which taxes remain unpaid. The law establishes a series of steps that ultimately can result in the property owner losing the property through tax foreclosure for delinquent taxes. Under a process in place since 1999, counties conduct land sales of forfeited properties. In general, House Bill 4412 appears to delay the process by one year.

For example, currently the law provides that on March 1 each year, property that is delinquent for taxes, interest, penalties, and fees *for the immediately preceding 12 months or more* is forfeited to the county treasurer and will be foreclosed on unless redeemed by a certain date. House Bill 4412 would say instead that property that is delinquent *for the immediately preceding 24 months or more* would be forfeited to the county treasurer. This delays the tax foreclosure process by 12 months.

[The General Property Tax Act would continue to say that taxes levied in the immediately preceding year that remain unpaid would be *returned* to the county for collection. However, the bill would delay the process at the next step during the following year, the point at which properties on which taxes are delinquent are *forfeited* to the county treasurer.]

MCL 211.78a et al.

FISCAL IMPACT:

By extending the foreclosure by an additional 12 months, House Bill 4412 would in effect create a one-time delay in recouping delinquent tax payments, penalties, and interest. Because the specific parcels that would be affected by this change are not known, the magnitude of this impact cannot be determined.

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