

Legislative Analysis



ELIMINATE SECOND AUCTION REQUIREMENT FOR TAX-FORECLOSED PROPERTIES

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House Bill 4819

Sponsor: Rep. Jim Ananich

Committee: Local, Intergovernmental, and Regional Affairs

Complete to 9-12-12

A SUMMARY OF HOUSE BILL 4819 AS INTRODUCED 6-28-11

House Bill 4819 would amend the General Property Tax Act (MCL 211.78m) to eliminate the requirement for a second auction on properties that have been foreclosed because of delinquent property tax payments.

Currently the law requires that foreclosing governmental units, or their authorized agents, "hold *at least two property sales* at one or more convenient locations at which property foreclosed by judgment be sold by auction sale, which may include an auction sale conducted via an internet website." Notice of the time and location of the sales must be published not less than 30 days before each sale in a newspaper published in the county where the property is located. Each sale must be completed before the first Tuesday in November, immediately succeeding the entry of judgment that vested absolute title to the tax delinquent property in the foreclosing governmental unit.

House Bill 4819 would retain these provisions, but modify the requirement that a foreclosing governmental unit hold "at least two property sales," and instead require that a foreclosing governmental unit hold "*one or more*" property sales.

Further, as is currently the case with the second property auction, House Bill 4819 specifies that if a foreclosing governmental unit elected to hold more than one sale, then the final sale would have to be held not less than 28 days after the first, and minimum bids would not be required. (However, the foreclosing governmental unit could establish a reasonable opening bid at the sale to recover its costs.)

Finally, the bill updates four of the current law's cited references to the Natural Resources and Environmental Protection Act.

FISCAL IMPACT:

To the extent that the bill results in reducing the total number of auctions, local costs could decline by an unknown amount. However, the impact of having only one auction on the overall amount of revenue received from foreclosed properties is indeterminate. To the extent that a single auction creates more competition among buyers, revenues might increase. However, it's also possible that if buyers know that there will be just one auction, bids could be artificially reduced due to the knowledge that local units may not

have subsequent opportunities to auction off foreclosed properties, setting off a "fire sale" scenario.

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