



Michigan Association OF County Treasurers

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What property owners can expect from revised tax foreclosure and poverty exemption laws

Reclaiming tax sale proceeds and longer timeframes for exemption are highlights

Charlotte, Mich. – Property owners – business and residential -- who have gone through the unfortunate foreclosure process now have the option to reclaim monies leftover from a tax sale. The law changed, so county treasurers are no longer required to keep those proceeds in a delinquent property tax fund. People who need poverty exemptions can also now breathe a sigh of relief because they won't have to go through the application process every year, according to the Michigan Association of County Treasurers.

Under Public Acts 255 and 256, county treasurers will notify property owners who lose their homes or businesses to foreclosure of the pathway to receive any remaining proceeds of the tax sale of their property after taxes, interest, penalties, fees and costs have been paid. The owner has until July 1 of the year in which the foreclosure took place to file a claim. The bills also allow for an additional 5 percent fee for treasurers from sale proceeds for their work to rehabilitate and sell properties.

“Taxpayers who’ve suffered through foreclosure now have new rights,” said Jennifer Nash, MACT President and Livingston County Treasurer. “We are working to make sure people know what those rights are. We believe this is a fair and equitable solution to the Michigan Supreme Court’s July ruling that said county treasurers couldn’t keep proceeds of tax sales.”

The work of county treasurers statewide prevented 97.5 percent of property tax foreclosures in 2019. Nash says treasurers use a variety of methods and numerous community resources to help people pay their taxes and prevent foreclosure.

In a separate piece of legislation – Public Act 253 – poverty exemptions will stay in effect for up to three years instead of one, retroactive to 2019, if the city or township adopts a resolution to allow longer poverty exemptions for homeowners who remain eligible.

According to the legislation, to get an exemption a person must be on a fixed income solely from public assistance that is not subject to significant annual increases beyond the rate of inflation. If the applicant ceases to own or occupy the principal residence or experiences a change in household assets or income that would make them ineligible for the exemption, they have 45 days to notify the county treasurer’s office. Failing to do so could make them subject to repayment of taxes with interest.

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The Michigan Association of Treasurers supports the state’s 83 county treasurers through education, legislative advocacy, networking, protecting the interests of all taxpayers and speaking up for meaningful tax reform. Our treasurers are their county’s chief financial officer, foreclosure expert and investment manager.