



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 423 (as introduced 6-12-25)  
Sponsor: Senator Stephanie Chang  
Committee: Finance, Insurance, and Consumer Protection

Date Completed: 10-13-25

**CONTENT**

**The bill would amend the General Property Tax Act to extend the sunsets on provisions that allow for payment reduction measures and foreclosure avoidance agreements on eligible property with delinquent property taxes.**

Under the Act, on March 1 in each tax year, property delinquent for taxes, interest, penalties and fees for the preceding 12 months or more is forfeited to the county treasurer for the total amount of those unpaid delinquent taxes, interest, penalties, and fees. A governmental unit may withhold property from the delinquency process under certain circumstances, including cases of substantial financial hardship. For such cases, the Act allows a foreclosing government to grant a delinquent property tax payment reduction, create a delinquent property tax installment payment plan or a tax foreclosure avoidance agreement, or enact some combination of these options.

For a delinquent property payment reduction, a participating local governmental unit could reduce delinquent taxes to specified percentages, cancel some or all taxes that represented charges for services that became delinquent, and cancel all interest penalties, and fees required under the Act. This provision expired July 1, 2025. The bill would extend this sunset date until July 1, 2030.

For a tax foreclosure avoidance agreement, a county treasurer may enter into an agreement for a term of up to five years if the property is classified as residential real property, is eligible property, and if the owner makes an initial payment of the delinquent taxes owed on the property in an amount determined by the county treasurer. Currently, this provision is set to expire June 30, 2026. The bill would delete the sunset date.

MCL 211.78g & 211.78q

Legislative Analyst: Nathan Leaman

**FISCAL IMPACT**

The bill would extend one sunset and eliminate an existing sunset on matters related to the collection of property taxes. The bill would extend by five years the sunset of a provision allowing the reduction of delinquent taxes owed on a forfeited property under certain circumstances. The extension would have a minor negative fiscal impact on the State and an indeterminate fiscal impact on local government. If the delinquent tax liability were reduced, revenue to the local government also would be reduced; however, if the taxes collected would not have been collected otherwise, the net fiscal impact for the local government would be positive. Any additional administrative costs for county treasurers or the State would be minimal and would be absorbed under existing appropriations. Since the provisions would be voluntary for local units of government, the total impact is impossible to estimate and would depend on how exactly the provisions were used.

The bill also would eliminate a sunset on provisions for a foreclosing governmental unit to enter into an installment payment plan with an eligible taxpayer and thus would maintain an option for collecting property tax revenue and preventing foreclosure. The bill would have an unknown but likely minimal impact on State and local property tax revenue.

Fiscal Analyst: David Zin  
Bobby Canell

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