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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 6, 2026

RE: What is Needed to Amend the Interest Rates and Fees Charged for Delinquent Taxes

The Legislative Policy Division (LPD) has been requested by Council Member Latisha Johnson to provide a report regarding what would be required to amend the interest rates and fees on delinquent taxes imposed by Wayne County.

The Michigan Constitution provides that the legislature shall provide for uniform general ad valorem taxation on real and tangible personal property and that its taxing authority cannot be surrendered, suspended or contracted away. In essence, the Michigan Constitution prohibits any other governmental unit from determining taxation.

In fulfilling its constitutional obligation, the Michigan Legislature enacted Public Act 206 of 1893, the General Property Tax Act. The Act provides under MCL 211.1:

That all property, real and personal, within the jurisdiction of this state, not expressly exempted, shall be subject to taxation

Legislature, in accordance with its exclusive Constitutional authority over taxation has developed a statutory scheme throughout the General Property Tax Act, providing the way taxes are levied and collected. LPD notes where a statutory scheme is established the state may occupy the field and many times prohibit local governments from enacting changes.

The authority to charge interest rates, fees and late payments on delinquent property taxes is established by the Legislature. The ability of a county to access fees and interest is set forth in MCL 211.78(a) which provides in pertinent part:

- (2) On March 1 in each year, taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent for collection.
- (3) **A county property tax administration fee of 4% and, except as provided in section 78g(3)(c), interest computed at a noncompounded rate of 1% per month or fraction of a month on the taxes that were originally returned as delinquent, computed from the date that the taxes originally became delinquent, shall be added to property returned as delinquent under this section.** A county property tax administration fee provided for under this subsection shall not be less than \$1.00. (Emphasis added)

Pursuant to this provision, beginning on March 1 of each year, unpaid taxes that were levied in the previous year are deemed delinquent for tax collection. Subsection (3) provides that a county property tax administration shall impose an administration fee of 4% and interest of 1% per month or fraction of a month.

LPD notes, in addition to the County assessment of 4% administration fee and 1% interest on delinquent property taxes, the City of Detroit (City) also assesses fees. The General Property Tax Act provides under MCL 211.44 in pertinent part:

- (3) Except as provided by subsection (7)¹, on a sum voluntarily paid before February 15 of the succeeding year, **the local property tax collecting unit shall add a property tax administration fee of not more than 1% of the total tax bill per parcel...** A property tax administration fee is defined as a fee to offset costs incurred by a collecting unit in assessing property values, in collecting the property tax levies, and in the review and appeal processes... Except as provided by subsection (7), on all taxes paid after February 14 and before taxes are returned as delinquent under section 78a(2) the governing body of a city or township may authorize the treasurer to add to the tax a property tax administration fee to the extent imposed **on taxes paid before February 15 and the day that taxes are returned as delinquent under section 78a(2) a late penalty charge equal to 3% of the tax. (Emphasis added)**

The law provides that the City (as a local property tax collecting unit), shall add an administrative fee of not more than 1% of the total tax bill, if the payment is before February 15 (prior to becoming delinquent on March 1st). If the payment is made after February 14th but before becoming delinquent on March 1st the City

¹ MCL 211.44(7) The local property tax collecting treasurer shall not impose a property tax administration fee, collection fee, or any type of late penalty charge authorized by law or charter unless the governing body of the local property tax collecting unit approves, by resolution or ordinance adopted after December 31, 1982, an authorization for the imposition of a property tax administration fee, collection fee, or any type of late penalty charge provided for by this section or by charter, which authorization is valid for all levies that become a lien after the resolution or ordinance is adopted. However, unless otherwise provided for by an agreement between the assessing unit and the collecting unit, a local property tax collecting unit that does not also serve as the assessing unit shall impose a property tax administration fee on each parcel at a rate equal to the rate of the fee imposed for city or township taxes on that parcel.

may impose an administrative fee of 1% and a late fee of 3%. According to the statutory provision, the administrative fees assessed by the City or County are to offset the costs incurred by a collecting unit in assessing property values, collecting property taxes collected and, in the review, and appeal processes. LPD notes, the administration fees and the interest set forth under the Act, shall be assessed on delinquent taxes as a matter of law.

The Legislature does provide some relief on delinquent property taxes to specifically qualified people under Section MCL 211.44(3) which provides in pertinent part:

The governing body of a city or township may waive interest from February 15 to the last day of February on a summer property tax that has been deferred under section 51 or any late penalty charge for the homestead property of a senior citizen, paraplegic, quadriplegic, hemiplegic, eligible serviceperson, eligible veteran, eligible widow or widower, totally and permanently disabled person, or blind person, as those persons are defined in chapter 9 of the income tax act of 1967, 1967 PA 281, MCL 206.501 to 206.532, if the person makes a claim before February 15 for a credit for that property provided by chapter 9 of the income tax act of 1967, 1967 PA 281, MCL 206.501 to 206.532, if the person presents a copy of the form filed for that credit to the local treasurer, and if the person has not received the credit before February 15.

Pursuant to Section 44(3) the City may waive interest from February 15th to the last day of February on a summer tax that has been deferred under Section 51 or a person that meets the qualifications enumerated in that section Subsection (3). Additionally, MCL 211.44(4) provides in pertinent part”

The governing body of a local property tax collecting unit may waive all or part of the property tax administration fee or the late penalty charge, or both.

This provision indicates that the City (as the local property tax collecting unit) may waive all or part of its 1% administrative fee or the 3% penalty charge or both. This provision does not allow the City to waive the County’s 4% administrative fee and/or interest.

The Legislature provided up until July1, 2025 under MCL 211.78g relief from all interest, penalties and fees, if the property was participating in the payment reduction program. MCL 211,78g(8) provided in pertinent part:

(8) Notwithstanding any provision of this act or charter to the contrary, until July 1, 2025, all of the following apply to property for which delinquent property taxes remain unpaid, including property forfeited under this section, located in a local unit of government that, pursuant to subsection (10)(b)(i) or (ii), is participating in a payment reduction program authorized by this subsection:

(a) If the property is subject to an exemption under section 7u and the property's owner has not previously received a payment reduction under this subsection, the foreclosing governmental unit may do 1 or more of the following:

(iii) Cancel all of the interest, penalties, and fees required to be paid under this act.

As indicated, this provision provided relief of all interest, penalties and fees for properties that were participating in the payment reduction program until July 1, 2025.

LPD notes that the Legislature continued some relief from property forfeiture to those delinquent in the payment of property taxes until June 30, 2026, if they have entered into a county payment reduction program. MCL 211.78q(5) provides in pertinent part:

Notwithstanding any provision of this act or charter to the contrary, until June 30, 2026, a 5 years with an owner of property returned as delinquent to the county treasurer under this act or forfeited to the county treasurer under section 78g if the property is classified as residential real property under section 34c, if the 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. A tax foreclosure avoidance agreement entered into under this subsection may be combined with and made subject to a delinquent property tax payment reduction under section 78g(8)(c). Any payment under that tax foreclosure avoidance agreement made during a calendar year in which an owner of property is subject to a payment reduction under section 78g(8) must be credited to the amount owed under section 78g(8) and the credit must not exceed the amount owed under section 78g(8). While a tax foreclosure avoidance agreement is effective, the property must be withheld or removed from the petition for foreclosure as provided under section 78h(3)(c), interest at the rate provided in section 78g(3)(c)(ii) applies, and the owner shall make timely payments as provided under the tax foreclosure avoidance agreement, including timely payment of all nondelinquent taxes on the property.

This provision allows until June 30, 2026, a person to enter into a property tax foreclosure avoidance agreement and combine it with the delinquent property tax payment reduction program under MCL 211.78g(8)(c). However, it does not allow for the relief from interest, penalties and fees that were allowed to be cancelled until July 1, 2025, under Section 78g(8)(a). Although, a person can enter into a property tax foreclosure avoidance agreement combined with a delinquent property tax payment reduction plan, the interest, penalties and fees remain applicable.

As indicated earlier, the manner of levying and collecting taxes is the exclusive domain of the Legislature. The Legislature has established a statutory scheme for the levying and collection of taxes including the forfeiture of property for delinquent payment of taxes, the interest, fees and penalties that may be applicable to property taxes that are delinquent. The Legislature has also provided periods in which persons with delinquent property taxes can have interest, penalties and fees cancelled as well as the avoidance of forfeiture of property. Under MCL 211.44(4) the City can waive its 1% administrative fee and any late fee imposed. However, it cannot waive the County administrative fee or interest, and any future reduction, waiver or cancellation of interest, fees and penalties can be achieved through state legislation.

If we can be of further assistance, please call upon us.