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Pung V. Isabella County: Will The U.S. Supreme Court Accept An Invitation To Upend Tax Foreclosures Across America?

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In February of this year, the United States Supreme Court heard oral argument in the case of Pung v. Isabella County, which raises the issue of whether the owner of a home sold at a tax foreclosure sale is entitled to compensation based on the fair market value, rather than the surplus from the sale price. The home at issue, located in Isabella County, Michigan, had a fair market value of $194,000, but was sold at auction for $76,008, to satisfy an alleged tax debt of $2,241.93. After the owner's estate filed a lawsuit alleging a violation of the Takings Clause of the Fifth Amendment, among other claims, the lower courts held there was a taking and damages should be calculated based on the surplus proceeds from the sale, even though the sale price was much less than the fair market value.

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