

Act No. 499  
Public Acts of 2014  
Approved by the Governor  
January 10, 2015  
Filed with the Secretary of State  
January 14, 2015  
EFFECTIVE DATE: January 14, 2015

**STATE OF MICHIGAN  
97TH LEGISLATURE  
REGULAR SESSION OF 2014**

Introduced by Reps. Cavanagh, Faris, Smiley and Santana

**ENROLLED HOUSE BILL No. 4882**

AN ACT to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts,” by amending sections 78a and 78h (MCL 211.78a and 211.78h), section 78a as amended by 2008 PA 352 and section 78h as amended by 2001 PA 96, and by adding section 78q.

*The People of the State of Michigan enact:*

Sec. 78a. (1) For taxes levied after December 31, 1998, all property returned for delinquent taxes, and upon which taxes, interest, penalties, and fees remain unpaid after the property is returned as delinquent to the county treasurers of this state under this act, is subject to forfeiture, foreclosure, and sale for the enforcement and collection of the delinquent taxes as provided in section 78, this section, and sections 78b to 79a. As used in section 78, this section, and sections 78b to 79a, “taxes” includes interest, penalties, and fees imposed before the taxes become delinquent and unpaid special assessments or other assessments that are due and payable up to and including the date of the foreclosure hearing under section 78k.

(2) On March 1 in each year, taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent for collection. However, if the last day in a year that taxes are due and payable before being returned as delinquent is on a Saturday, Sunday, or legal holiday, the last day taxes are due and payable before being returned as delinquent is on the next business day and taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent on the immediately succeeding business day. Except as otherwise provided in section 79 for certified abandoned property, property delinquent for taxes levied in the second year preceding the forfeiture under section 78g or in a prior year to which this section applies shall be forfeited to the county treasurer for the total of the unpaid taxes, interest, penalties, and fees for those years as provided under section 78g.

(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.

(4) Any person with an unrecorded property interest or any other person who wishes at any time to receive notice of the return of delinquent taxes on a parcel of property may pay an annual fee not to exceed \$5.00 by February 1 to the county treasurer and specify the parcel identification number, the address of the property, and the address to which the notice shall be sent. Holders of any undischarged mortgages wishing to receive notice of the return of delinquent taxes on a parcel or parcels of property may provide a list of such parcels in a form prescribed by the county treasurer and pay an annual fee not to exceed \$1.00 per parcel to the county treasurer and specify for each parcel the parcel identification number, the address of the property, and the address to which the notice should be sent. The county treasurer shall notify the person or holders of undischarged mortgages if delinquent taxes on the property or properties are returned within that year.

(5) Notwithstanding any charter provision to the contrary, the governing body of a local governmental unit that collects delinquent taxes may establish for any property, by ordinance, procedures for the collection of delinquent taxes and the enforcement of tax liens and the schedule for the forfeiture or foreclosure of delinquent tax liens. The procedures and schedule established by ordinance shall conform at a minimum to those procedures and schedules established under sections 78a to 78l, except that those taxes subject to a payment plan approved by the treasurer of the local governmental unit as of July 1, 1999 shall not be considered delinquent if payments are not delinquent under that payment plan.

Sec. 78h. (1) Not later than June 15 in each tax year, the foreclosing governmental unit shall file a single petition with the clerk of the circuit court of that county listing all property forfeited and not redeemed to the county treasurer under section 78g to be foreclosed under section 78k for the total of the forfeited unpaid delinquent taxes, interest, penalties, and fees. If available to the foreclosing governmental unit, the petition shall include the street address of each parcel of property set forth in the petition. The petition shall seek a judgment in favor of the foreclosing governmental unit for the forfeited unpaid delinquent taxes, interest, penalties, and fees listed against each parcel of property. The petition shall request that a judgment be entered vesting absolute title to each parcel of property in the foreclosing governmental unit, without right of redemption.

(2) If property is redeemed after the petition for foreclosure is filed under this section, the foreclosing governmental unit shall request that the circuit court remove that property from the petition for foreclosure before entry of judgment foreclosing the property under section 78k.

(3) The foreclosing governmental unit may withhold the following property from the petition for foreclosure filed under this section:

(a) Property the title to which is held by minor heirs or persons who are incompetent, persons without means of support, or persons unable to manage their affairs due to age or infirmity, until a guardian is appointed to protect that person's rights and interests.

(b) Property the title to which is held by a person undergoing substantial financial hardship, as determined under a written policy developed and adopted by the foreclosing governmental unit. The foreclosing governmental unit shall make available to the public the written policy adopted under this subdivision. The written policy adopted under this subdivision shall include, but is not limited to, all of the following:

(i) The person requesting that the property be withheld from the petition for foreclosure holds the title to the property.

(ii) The total household resources of the person requesting that the property be withheld from the petition for foreclosure meets the federal poverty income standards as defined and determined annually by the United States office of management and budget or alternative guidelines adopted by the foreclosing governmental unit, provided that the alternative guidelines include all persons who would otherwise meet the federal poverty income standards under this subparagraph. As used in this subparagraph, "total household resources" means that term as defined in section 508 of the income tax act of 1967, 1967 PA 281, MCL 206.508.

(c) Property the title to which is held by a person subject to a delinquent property tax installment payment plan or tax foreclosure avoidance agreement under section 78q.

(4) If a foreclosing governmental unit withholds property from the petition for foreclosure under subsection (3), a taxing unit's lien for taxes due or the foreclosing governmental unit's right to include the property in a subsequent petition for foreclosure is not prejudiced.

(5) The clerk of the circuit court in which the petition is filed shall immediately set the date, time, and place for a hearing on the petition for foreclosure, which hearing shall be held not more than 30 days before the March 1 immediately succeeding the date the petition for foreclosure is filed.

Sec. 78q. (1) Notwithstanding any provision of this act or charter to the contrary, a foreclosing governmental unit may create a delinquent property tax installment payment plan for eligible property, the title to which is held by a financially distressed person.

(2) If a financially distressed person agrees to participate in a delinquent property tax installment payment plan created under subsection (1) and makes the initial payment required under that delinquent property tax installment

payment plan, the foreclosing governmental unit may remove eligible property the title to which is held by that financially distressed person from the petition for foreclosure as provided in section 78h(3)(c).

(3) If a financially distressed person successfully completes a delinquent property tax installment payment plan created under subsection (1), interest under section 78g(3)(b) and any additional interest otherwise applicable shall be waived.

(4) If a financially distressed person does not successfully complete a delinquent property tax installment payment plan created under subsection (1), both of the following shall occur:

(a) Interest under section 78g(3)(b) and any additional interest otherwise applicable shall apply to any unpaid taxes on the property.

(b) The eligible property shall be included in the immediately succeeding petition for foreclosure under section 78h.

(5) Notwithstanding any provision of this act or charter to the contrary, until June 30, 2016, a county treasurer may enter into a tax foreclosure avoidance agreement for a term of up to 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 at least 10% of the delinquent taxes owed on the property. While a tax foreclosure avoidance agreement is effective, the property shall 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) shall apply, 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. A tax foreclosure avoidance agreement shall require regular periodic installment payments. The final payment shall not be disproportionately larger than a regular periodic installment payment and regular periodic installment payments in the final year shall not be disproportionately larger than regular periodic installment payments in prior years. A county treasurer may refuse to enter into a tax foreclosure avoidance agreement with an owner under this subsection if that owner is not in compliance with another tax foreclosure avoidance agreement with the county treasurer or with a delinquent property tax installment plan with the county treasurer under this section. A county treasurer may not enter into more than 2 tax foreclosure avoidance agreements with an owner. If an owner fails to comply with a tax foreclosure avoidance agreement or if the tax foreclosure avoidance agreement is no longer effective, all of the following shall occur:

(a) Interest under section 78g(3)(b) and any additional interest otherwise applicable shall apply to any unpaid taxes on the property.

(b) The property shall be included in the immediately succeeding petition for foreclosure under section 78h.

(c) The owner shall not bid on property subject to sale under section 78m, if that property was subject to the tax foreclosure avoidance agreement.

(6) A delinquent property tax installment payment plan or a tax foreclosure avoidance agreement may not be approved under this section if the delinquent property tax installment payment plan or tax foreclosure avoidance agreement would impermissibly impair an outstanding debt of the county.

(7) If a foreclosing governmental unit has created a delinquent property tax installment payment plan under this section, the department of treasury may audit the books and records of that foreclosing governmental unit concerning the details of that delinquent property tax installment payment plan.

(8) Property classified as industrial real property under section 34c that is occupied at less than 10% of its facility capacity for more than 3 years and that is located in a county with a population of more than 1,500,000 according to the most recent federal decennial census is not eligible to participate in a delinquent property tax installment payment plan and shall proceed under section 78m, including sale to the person bidding the highest amount above the minimum bid as required under section 78m(2).

(9) If a delinquent property tax installment payment plan is in effect for property for which a county has issued notes under this act that are secured by the delinquent taxes and interest on that property, at any time 2 years after the date that those taxes were returned as delinquent, the county treasurer may charge back to any taxing unit the face amount of the delinquent taxes that were owed to that taxing unit on the date those taxes were returned as delinquent, less the amount of any principal installments received by the county treasurer on that property under the delinquent property tax installment payment plan. All subsequent payments of delinquent taxes and interest on that property shall be retained by the county treasurer in a separate account and either paid to or credited to the account of that taxing unit.

(10) As used in this section:

(a) "Eligible property" means property that is a principal residence exempt from the tax levied by a local school district for school operating purposes under section 7cc.

(b) "Financially distressed person" means a person who meets all of the following conditions:

(i) Is eligible to have property to which he or she holds title withheld from a petition for foreclosure under section 78h(3)(b).

(ii) Is not delinquent in satisfying a delinquent property tax installment payment plan or tax foreclosure avoidance agreement under this section for any other property within the foreclosing governmental unit.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 5421 of the 97th Legislature is enacted into law.

This act is ordered to take immediate effect.



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Clerk of the House of Representatives



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Secretary of the Senate

Approved .....

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Governor