

SENATE BILL No. 572

August 24, 2011, Introduced by Senator HUNTER and referred to the Committee on Banking and Financial Institutions.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 78m (MCL 211.78m), as amended by 2006 PA 498.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 78m. (1) Not later than the first Tuesday in July,
2 immediately succeeding the entry of judgment under section 78k
3 vesting absolute title to tax delinquent property in the
4 foreclosing governmental unit, this state is granted the right of
5 first refusal to purchase property at the greater of the minimum
6 bid or its fair market value by paying that amount to the
7 foreclosing governmental unit if the foreclosing governmental unit
8 is not this state. If this state elects not to purchase the
9 property under its right of first refusal, a city, village, or
10 township may purchase for a public purpose any property located
11 within that city, village, or township set forth in the judgment

1 and subject to sale under this section by payment to the
2 foreclosing governmental unit of the minimum bid. If a city,
3 village, or township does not purchase that property, the county in
4 which that property is located may purchase that property under
5 this section by payment to the foreclosing governmental unit of the
6 minimum bid. If property is purchased by a city, village, township,
7 or county under this subsection, the foreclosing governmental unit
8 shall convey the property to the purchasing city, village,
9 township, or county within 30 days. If property purchased by a
10 city, village, township, or county under this subsection is
11 subsequently sold for an amount in excess of the minimum bid and
12 all costs incurred relating to demolition, renovation,
13 improvements, or infrastructure development, the excess amount
14 shall be returned to the delinquent tax property sales proceeds
15 account for the year in which the property was purchased by the
16 city, village, township, or county or, if this state is the
17 foreclosing governmental unit within a county, to the land
18 reutilization fund created under section 78n. Upon the request of
19 the foreclosing governmental unit, a city, village, township, or
20 county that purchased property under this subsection shall provide
21 to the foreclosing governmental unit without cost information
22 regarding any subsequent sale or transfer of the property. This
23 subsection applies to the purchase of property by this state, a
24 city, village, or township, or a county prior to a sale held under
25 subsection (2).

26 (2) Subject to subsection (1), beginning on the third Tuesday
27 in July immediately succeeding the entry of the judgment under

1 section 78k vesting absolute title to tax delinquent property in
2 the foreclosing governmental unit and ending on the immediately
3 succeeding first Tuesday in November, the foreclosing governmental
4 unit, or its authorized agent, at the option of the foreclosing
5 governmental unit, shall hold at least 2 property sales at 1 or
6 more convenient locations at which property foreclosed by the
7 judgment entered under section 78k shall be sold by auction sale,
8 which may include an auction sale conducted via an internet
9 website. Notice of the time and location of the sales shall be
10 published not less than 30 days before each sale in a newspaper
11 published and circulated in the county in which the property is
12 located, if there is one. If no newspaper is published in that
13 county, publication shall be made in a newspaper published and
14 circulated in an adjoining county. Each sale shall be completed
15 before the first Tuesday in November immediately succeeding the
16 entry of judgment under section 78k vesting absolute title to the
17 tax delinquent property in the foreclosing governmental unit.
18 Except as provided in subsection (5), property shall be sold to the
19 person bidding the highest amount above the minimum bid. The
20 foreclosing governmental unit may sell parcels individually or may
21 offer 2 or more parcels for sale as a group. The minimum bid for a
22 group of parcels shall equal the sum of the minimum bid for each
23 parcel included in the group. The foreclosing governmental unit may
24 adopt procedures governing the conduct of the sale and may cancel
25 the sale prior to the issuance of a deed under this subsection if
26 authorized under the procedures. The foreclosing governmental unit
27 may require full payment by cash, certified check, or money order

1 at the close of each day's bidding. Not more than 30 days after the
2 date of a sale under this subsection, the foreclosing governmental
3 unit shall convey the property by deed to the person bidding the
4 highest amount above the minimum bid. The deed shall vest fee
5 simple title to the property in the person bidding the highest
6 amount above the minimum bid, unless the foreclosing governmental
7 unit discovers a defect in the foreclosure of the property under
8 sections 78 to 78/. If this state is the foreclosing governmental
9 unit within a county, the department of natural resources shall
10 conduct the sale of property under this subsection and subsections
11 (4) and (5) on behalf of this state. **BEGINNING JANUARY 1, 2012, A**
12 **PERSON, OR ANY OTHER PERSON OR ENTITY ASSOCIATED OR AFFILIATED WITH**
13 **THAT PERSON, IS NOT ELIGIBLE TO BID ON PROPERTY SOLD UNDER THIS**
14 **SECTION IF THAT PERSON, OR ANY PROPERTY OWNED BY THAT PERSON, HAS**
15 **ANY UNPAID CITATIONS FOR THE VIOLATION OF AN ORDINANCE OF THE LOCAL**
16 **TAX COLLECTING UNIT IN WHICH THE PROPERTY IS LOCATED, WHICH**
17 **ORDINANCE HAS AS ITS PURPOSE THE ELIMINATION OF BLIGHT OR THE**
18 **CESSATION OF A NUISANCE IN THE LOCAL TAX COLLECTING UNIT.**

19 (3) For sales held under subsection (2), after the conclusion
20 of that sale, and prior to any additional sale held under
21 subsection (2), a city, village, or township may purchase any
22 property not previously sold under subsection (1) or (2) by paying
23 the minimum bid to the foreclosing governmental unit. If a city,
24 village, or township does not purchase that property, the county in
25 which that property is located may purchase that property under
26 this section by payment to the foreclosing governmental unit of the
27 minimum bid.

1 (4) If property is purchased by a city, village, township, or
2 county under subsection (3), the foreclosing governmental unit
3 shall convey the property to the purchasing city, village, or
4 township within 30 days.

5 (5) All property subject to sale under subsection (2) shall be
6 offered for sale at not less than 2 sales conducted as required by
7 subsection (2). The final sale held under subsection (2) shall be
8 held not less than 28 days after the previous sale under subsection
9 (2). At the final sale held under subsection (2), the sale is
10 subject to the requirements of subsection (2), except that the
11 minimum bid shall not be required. However, the foreclosing
12 governmental unit may establish a reasonable opening bid at the
13 sale to recover the cost of the sale of the parcel or parcels.

14 (6) On or before December 1 immediately succeeding the date of
15 the sale under subsection (5), a list of all property not
16 previously sold by the foreclosing governmental unit under this
17 section shall be transferred to the clerk of the city, village, or
18 township in which the property is located. The city, village, or
19 township may object in writing to the transfer of 1 or more parcels
20 of property set forth on that list. On or before December 30
21 immediately succeeding the date of the sale under subsection (5),
22 all property not previously sold by the foreclosing governmental
23 unit under this section shall be transferred to the city, village,
24 or township in which the property is located, except those parcels
25 of property to which the city, village, or township has objected.
26 Property located in both a village and a township may be
27 transferred under this subsection only to a village. The city,

1 village, or township may make the property available under the
2 urban homestead act, 1999 PA 127, MCL 125.2701 to 125.2709, or for
3 any other lawful purpose.

4 (7) If property not previously sold is not transferred to the
5 city, village, or township in which the property is located under
6 subsection (6), the foreclosing governmental unit shall retain
7 possession of that property. If the foreclosing governmental unit
8 retains possession of the property and the foreclosing governmental
9 unit is this state, title to the property shall vest in the land
10 bank fast track authority created under section 15 of the land bank
11 fast track act, 2003 PA 258, MCL 124.765.

12 (8) A foreclosing governmental unit shall deposit the proceeds
13 from the sale of property under this section into a restricted
14 account designated as the "delinquent tax property sales proceeds
15 for the year ____". The foreclosing governmental unit shall
16 direct the investment of the account. The foreclosing governmental
17 unit shall credit to the account interest and earnings from account
18 investments. Proceeds in that account shall only be used by the
19 foreclosing governmental unit for the following purposes in the
20 following order of priority:

21 (a) The delinquent tax revolving fund shall be reimbursed for
22 all taxes, interest, and fees on all of the property, whether or
23 not all of the property was sold.

24 (b) All costs of the sale of property for the year shall be
25 paid.

26 (c) Any costs of the foreclosure proceedings for the year,
27 including, but not limited to, costs of mailing, publication,

1 personal service, and outside contractors shall be paid.

2 (d) Any costs for the sale of property or foreclosure
3 proceedings for any prior year that have not been paid or
4 reimbursed from that prior year's delinquent tax property sales
5 proceeds shall be paid.

6 (e) Any costs incurred by the foreclosing governmental unit in
7 maintaining property foreclosed under section 78k before the sale
8 under this section shall be paid, including costs of any
9 environmental remediation.

10 (f) If the foreclosing governmental unit is not this state,
11 any of the following:

12 (i) Any costs for the sale of property or foreclosure
13 proceedings for any subsequent year that are not paid or reimbursed
14 from that subsequent year's delinquent tax property sales proceeds
15 shall be paid from any remaining balance in any prior year's
16 delinquent tax property sales proceeds account.

17 (ii) Any costs for the defense of title actions.

18 (iii) Any costs incurred in administering the foreclosure and
19 disposition of property forfeited for delinquent taxes under this
20 act.

21 (g) If the foreclosing governmental unit is this state, any
22 remaining balance shall be transferred to the land reutilization
23 fund created under section 78n.

24 (h) In 2008 and each year after 2008, if the foreclosing
25 governmental unit is not this state, not later than June 30 of the
26 second calendar year after foreclosure, the foreclosing
27 governmental unit shall submit a written report to its board of

1 commissioners identifying any remaining balance and any contingent
2 costs of title or other legal claims described in subdivisions (a)
3 through (f). All or a portion of any remaining balance, less any
4 contingent costs of title or other legal claims described in
5 subdivisions (a) through (f), may subsequently be transferred into
6 the general fund of the county by the board of commissioners.

7 (9) Two or more county treasurers of adjacent counties may
8 elect to hold a joint sale of property as provided in this section.
9 If 2 or more county treasurers elect to hold a joint sale, property
10 may be sold under this section at a location outside of the county
11 in which the property is located. The sale may be conducted by any
12 county treasurer participating in the joint sale. A joint sale held
13 under this subsection may include or be an auction sale conducted
14 via an internet website.

15 (10) The foreclosing governmental unit shall record a deed for
16 any property transferred under this section with the county
17 register of deeds. The foreclosing governmental unit may charge a
18 fee in excess of the minimum bid and any sale proceeds for the cost
19 of recording a deed under this subsection.

20 (11) As used in this section, "minimum bid" is the minimum
21 amount established by the foreclosing governmental unit for which
22 property may be sold under this section. The minimum bid shall
23 include all of the following:

24 (a) All delinquent taxes, interest, penalties, and fees due on
25 the property. If a city, village, or township purchases the
26 property, the minimum bid shall not include any taxes levied by
27 that city, village, or township and any interest, penalties, or

1 fees due on those taxes.

2 (b) The expenses of administering the sale, including all
3 preparations for the sale. The foreclosing governmental unit shall
4 estimate the cost of preparing for and administering the annual
5 sale for purposes of prorating the cost for each property included
6 in the sale.

7 (12) For property transferred to this state under subsection
8 (1), a city, village, or township under subsection (6) or retained
9 by a foreclosing governmental unit under subsection (7), all taxes
10 due on the property as of the December 31 following the transfer or
11 retention of the property are canceled effective on that December
12 31.

13 (13) For property sold under this section, transferred to this
14 state under subsection (1), a city, village, or township under
15 subsection (6), or retained by a foreclosing governmental unit
16 under subsection (7), all liens for costs of demolition, safety
17 repairs, debris removal, or sewer or water charges due on the
18 property as of the December 31 immediately succeeding the sale,
19 transfer, or retention of the property are canceled effective on
20 that December 31. This subsection does not apply to liens recorded
21 by the department of ~~environmental quality~~ **NATURAL RESOURCES** under
22 this act or the land bank fast track act, 2003 PA 258, MCL 124.751
23 to 124.774.

24 (14) If property foreclosed under section 78k and held by or
25 under the control of a foreclosing governmental unit is a facility
26 as defined under section 20101(1)(o) of the natural resources and
27 environmental protection act, 1994 PA 451, MCL 324.20101, prior to

1 the sale or transfer of the property under this section, the
2 property is subject to all of the following:

3 (a) Upon reasonable written notice from the department of
4 ~~environmental quality~~, **NATURAL RESOURCES**, the foreclosing
5 governmental unit shall provide access to the department of
6 ~~environmental quality~~, **NATURAL RESOURCES**, its employees,
7 contractors, and any other person expressly authorized by the
8 department of ~~environmental quality~~ **NATURAL RESOURCES** to conduct
9 response activities at the foreclosed property. Reasonable written
10 notice under this subdivision may include, but is not limited to,
11 notice by electronic mail or facsimile, if the foreclosing
12 governmental unit consents to notice by electronic mail or
13 facsimile prior to the provision of notice by the department of
14 ~~environmental quality~~. **NATURAL RESOURCES**.

15 (b) If requested by the department of ~~environmental quality~~
16 **NATURAL RESOURCES** to protect public health, safety, and welfare or
17 the environment, the foreclosing governmental unit shall grant an
18 easement for access to conduct response activities on the
19 foreclosed property as authorized under chapter 7 of the natural
20 resources and environmental protection act, 1994 PA 451, MCL
21 324.20101 to 324.20519.

22 (c) If requested by the department of ~~environmental quality~~
23 **NATURAL RESOURCES** to protect public health, safety, and welfare or
24 the environment, the foreclosing governmental unit shall place and
25 record deed restrictions on the foreclosed property as authorized
26 under chapter 7 of the natural resources and environmental
27 protection act, 1994 PA 451, MCL 324.20101 to 324.20519.

1 (d) The department of ~~environmental quality~~ **NATURAL RESOURCES**
2 may place an environmental lien on the foreclosed property as
3 authorized under section 20138 of the natural resources and
4 environmental protection act, 1994 PA 451, MCL 324.20138.

5 (15) If property foreclosed under section 78k and held by or
6 under the control of a foreclosing governmental unit is a facility
7 as defined under section ~~20101(1)(e)~~ **20101** of the natural resources
8 and environmental protection act, 1994 PA 451, MCL 324.20101, prior
9 to the sale or transfer of the property under this section, the
10 department of ~~environmental quality~~ **NATURAL RESOURCES** shall request
11 and the foreclosing governmental unit shall transfer the property
12 to the state land bank fast track authority created under section
13 15 of the land bank fast track act, 2003 PA 258, MCL 124.765, if
14 all of the following apply:

15 (a) The department of ~~environmental quality~~ **NATURAL RESOURCES**
16 determines that conditions at a foreclosed property are an acute
17 threat to the public health, safety, and welfare, to the
18 environment, or to other property.

19 (b) The department of ~~environmental quality~~ **NATURAL RESOURCES**
20 proposes to undertake or is undertaking state-funded response
21 activities at the property.

22 (c) The department of ~~environmental quality~~ **NATURAL RESOURCES**
23 determines that the sale, retention, or transfer of the property
24 other than under this subsection would interfere with response
25 activities by the department of ~~environmental quality~~. **NATURAL**
26 **RESOURCES.**