

# SENATE BILL No. 695

September 27, 2011, Introduced by Senator HUNTER and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 78a, 78g, and 78h (MCL 211.78a, 211.78g, and  
211.78h), section 78a as amended by 2008 PA 352, section 78g as  
amended by 2003 PA 263, and section 78h as amended by 2001 PA 96.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 78a. (1) For taxes levied after December 31, 1998, all  
2       property returned for delinquent taxes, and upon which taxes,  
3       interest, penalties, and fees remain unpaid after the property is  
4       returned as delinquent to the county treasurers of this state under  
5       this act, is subject to forfeiture, foreclosure, and sale for the  
6       enforcement and collection of the delinquent taxes as provided in  
7       section 78, this section, and sections 78b to 79a. As used in  
8       section 78, this section, and sections 78b to 79a, "taxes" includes

1 interest, penalties, and fees imposed before the taxes become  
2 delinquent and unpaid special assessments or other assessments that  
3 are due and payable up to and including the date of the foreclosure  
4 hearing under section 78k.

5 (2) On March 1 in each year, taxes levied in the immediately  
6 preceding year that remain unpaid shall be returned as delinquent  
7 for collection. However, if the last day in a year that taxes are  
8 due and payable before being returned as delinquent is on a  
9 Saturday, Sunday, or legal holiday, the last day taxes are due and  
10 payable before being returned as delinquent is on the next business  
11 day and taxes levied in the immediately preceding year that remain  
12 unpaid shall be returned as delinquent on the immediately  
13 succeeding business day. Except as otherwise provided in section 79  
14 for certified abandoned property, property delinquent for taxes  
15 levied in the second year preceding the forfeiture under section  
16 78g or in a prior year to which this section applies shall be  
17 forfeited to the county treasurer for the total of the unpaid  
18 taxes, interest, penalties, and fees for those years as provided  
19 under section 78g.

20 (3) A county property tax administration fee of 4% and, **EXCEPT**  
21 **AS OTHERWISE PROVIDED IN SECTION 78H(4)**, interest computed at a  
22 noncompounded rate of 1% per month or fraction of a month on the  
23 taxes that were originally returned as delinquent, computed from  
24 the date that the taxes originally became delinquent, shall be  
25 added to property returned as delinquent under this section. A  
26 county property tax administration fee provided for under this  
27 subsection shall not be less than \$1.00.

1           (4) Any person with an unrecorded property interest or any  
2 other person who wishes at any time to receive notice of the return  
3 of delinquent taxes on a parcel of property may pay an annual fee  
4 not to exceed \$5.00 by February 1 to the county treasurer and  
5 specify the parcel identification number, the address of the  
6 property, and the address to which the notice shall be sent.

7 Holders of any undischarged mortgages wishing to receive notice of  
8 the return of delinquent taxes on a parcel or parcels of property  
9 may provide a list of such parcels in a form prescribed by the  
10 county treasurer and pay an annual fee not to exceed \$1.00 per  
11 parcel to the county treasurer and specify for each parcel the  
12 parcel identification number, the address of the property, and the  
13 address to which the notice should be sent. The county treasurer  
14 shall notify the person or holders of undischarged mortgages if  
15 delinquent taxes on the property or properties are returned within  
16 that year.

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

1 that payment plan.

2       Sec. 78g. (1) Except as otherwise provided in this subsection,  
3 on March 1 in each tax year, certified abandoned property and  
4 property that is delinquent for taxes, interest, penalties, and  
5 fees for the immediately preceding 12 months or more is forfeited  
6 to the county treasurer for the total amount of those unpaid  
7 delinquent taxes, interest, penalties, and fees. If property is  
8 forfeited to a county treasurer under this subsection, the  
9 foreclosing governmental unit does not have a right to possession  
10 of the property until the April 1 immediately succeeding the entry  
11 of a judgment foreclosing the property under section 78k or in a  
12 contested case until 22 days after the entry of a judgment  
13 foreclosing the property under section 78k. If property is  
14 forfeited to a county treasurer under this subsection, the county  
15 treasurer shall add a \$175.00 fee to each parcel of property for  
16 which those delinquent taxes, interest, penalties, and fees remain  
17 unpaid. A county treasurer shall withhold a parcel of property from  
18 forfeiture for any reason determined by the state tax commission.  
19 The procedure for withholding a parcel of property from forfeiture  
20 under this subsection shall be determined by the state tax  
21 commission.

22       (2) Not more than 45 days after property is forfeited under  
23 subsection (1), the county treasurer shall record with the county  
24 register of deeds a certificate in a form determined by the  
25 department of treasury for each parcel of property forfeited to the  
26 county treasurer, specifying that the property has been forfeited  
27 to the county treasurer and not redeemed and that absolute title to

1 the property shall vest in the county treasurer on the March 31  
2 immediately succeeding the entry of a judgment foreclosing the  
3 property under section 78k or in a contested case 21 days after the  
4 entry of a judgment foreclosing the property under section 78k. If  
5 a certificate of forfeiture is recorded in error, the county  
6 treasurer shall record with the county register of deeds a  
7 certificate of error in a form prescribed by the department of  
8 treasury. A certificate submitted to the county register of deeds  
9 for recording under this subsection need not be notarized and may  
10 be authenticated by a digital signature of the county treasurer or  
11 by other electronic means. If the county has elected under section  
12 78 to have this state foreclose property under this act forfeited  
13 to the county treasurer under this section, the county treasurer  
14 shall immediately transmit to the department of treasury a copy of  
15 each certificate recorded under this subsection. The county  
16 treasurer shall upon collection transmit to the department of  
17 treasury within 30 days the fee added to each parcel under  
18 subsection (1), which may be paid from the county's delinquent tax  
19 revolving fund and shall be deposited in the land reutilization  
20 fund created under section 78n.

21 (3) Property forfeited to the county treasurer under  
22 subsection (1) may be redeemed at any time on or before the March  
23 31 immediately succeeding the entry of a judgment foreclosing the  
24 property under section 78k or in a contested case within 21 days of  
25 the entry of a judgment foreclosing the property under section 78k  
26 upon payment to the county treasurer of all of the following:

27 (a) The total amount of unpaid delinquent taxes, interest,

1 penalties, and fees for which the property was forfeited.

2 (b) In addition to the interest calculated under sections  
3 60a(1) or (2) and 78a(3), **EXCEPT AS OTHERWISE PROVIDED IN SECTION**  
4 **78H(4)**, additional interest computed at a noncompounded rate of  
5 1/2% per month or fraction of a month on the taxes that were  
6 originally returned as delinquent, computed from the March 1  
7 preceding the forfeiture.

8 (c) All recording fees and all fees for service of process or  
9 notice.

10 (4) If property is redeemed by a person with a legal interest  
11 as provided under subsection (3), any unpaid taxes not returned as  
12 delinquent to the county treasurer under section 78a are not  
13 extinguished.

14 (5) If property is redeemed by a person with a legal interest  
15 as provided under subsection (3), the person redeeming does not  
16 acquire a title or interest in the property greater than that  
17 person would have had if the property had not been forfeited to the  
18 county treasurer, but the person redeeming, other than the owner,  
19 is entitled to a lien for the amount paid to redeem the property in  
20 addition to any other lien or interest the person may have, which  
21 shall be recorded within 30 days with the register of deeds by the  
22 person entitled to the lien. The lien acquired shall have the same  
23 priority as the existing lien, title, or interest.

24 (6) If property is redeemed as provided under subsection (3),  
25 the county treasurer shall issue a redemption certificate in  
26 quadruplicate in a form prescribed by the department of treasury.  
27 One of the quadruplicate certificates shall be delivered to the

1 person making the redemption payment, 1 shall be filed in the  
2 office of the county treasurer, 1 shall be recorded in the office  
3 of the county register of deeds, and 1 shall be immediately  
4 transmitted to the department of treasury if this state is the  
5 foreclosing governmental unit. The county treasurer shall also make  
6 a note of the redemption certificate in the tax record kept in his  
7 or her office, with the name of the person making the final  
8 redemption payment, the date of the payment, and the amount paid.  
9 If the county treasurer accepts partial redemption payments, the  
10 county treasurer shall include in the tax record kept in his or her  
11 office the name of the person or persons making each partial  
12 redemption payment, the date of each partial redemption payment,  
13 the amount of each partial redemption payment, and the total amount  
14 of all redemption payments. A certificate and the entry of the  
15 certificate in the tax record by the county treasurer is prima  
16 facie evidence of a redemption payment in the courts of this state.  
17 A certificate submitted to the county register of deeds for  
18 recording under this subsection need not be notarized and may be  
19 authenticated by a digital signature of the county treasurer or by  
20 other electronic means. If a redemption certificate is recorded in  
21 error, the county treasurer shall record with the county register  
22 of deeds a certificate of error in a form prescribed by the  
23 department of treasury. A copy of a certificate of error recorded  
24 under this section shall be immediately transmitted to the  
25 department of treasury if this state is the foreclosing  
26 governmental unit.

27 (7) If a foreclosing governmental unit has reason to believe

1 that a property forfeited under this section may be the site of  
2 environmental contamination, the foreclosing governmental unit  
3 shall provide the department of environmental quality with any  
4 information in the possession of the foreclosing governmental unit  
5 that suggests the property may be the site of environmental  
6 contamination.

7       Sec. 78h. (1) Not later than June 15 in each tax year, the  
8 foreclosing governmental unit shall file a single petition with the  
9 clerk of the circuit court of that county listing all property  
10 forfeited and not redeemed to the county treasurer under section  
11 78g to be foreclosed under section 78k for the total of the  
12 forfeited unpaid delinquent taxes, interest, penalties, and fees.  
13 If available to the foreclosing governmental unit, the petition  
14 shall include the street address of each parcel of property set  
15 forth in the petition. The petition shall seek a judgment in favor  
16 of the foreclosing governmental unit for the forfeited unpaid  
17 delinquent taxes, interest, penalties, and fees listed against each  
18 parcel of property. The petition shall request that a judgment be  
19 entered vesting absolute title to each parcel of property in the  
20 foreclosing governmental unit, without right of redemption.

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

26       (3) The foreclosing governmental unit may withhold the  
27 following property from the petition for foreclosure filed under



1 this section:

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

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

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

16 (ii) The household income of the person requesting that the  
17 property be withheld from the petition for foreclosure meets the  
18 federal poverty income standards as defined and determined annually  
19 by the United States office of management and budget or alternative  
20 guidelines adopted by the foreclosing governmental unit, provided  
21 that the alternative guidelines include all persons who would  
22 otherwise meet the federal poverty income standards under this  
23 subparagraph. As used in this subparagraph, "household income"  
24 means that term as defined in section 508 of the income tax act of  
25 1967, 1967 PA 281, MCL 206.508.

26 (4) If a foreclosing governmental unit withholds property from  
27 the petition for foreclosure under subsection (3), ~~a~~**ALL OF THE**

1 FOLLOWING APPLY:

2 (A) A taxing unit's lien for taxes due or the foreclosing  
3 governmental unit's right to include the property in a subsequent  
4 petition for foreclosure is not prejudiced.

5 (B) THE INTEREST DUE ON THE TAXES RETURNED AS DELINQUENT WILL  
6 BE RECALCULATED TO A RATE OF 0.75% PER MONTH OR FRACTION OF A MONTH  
7 AND THE INTEREST ACCRUED AT A RATE OF 1% PER MONTH UNDER SECTION  
8 78A(3) AND THE ADDITIONAL INTEREST ACCRUED AT A RATE OF 1/2% PER  
9 MONTH UNDER SECTION 78G(3) (B) WILL NOT APPLY.

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