

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4882**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
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:

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 PROVIDED IN SECTION 78G(3)(C)**, 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. 78h. (1) Not later than June 15 in each tax year, the
3 foreclosing governmental unit shall file a single petition with the
4 clerk of the circuit court of that county listing all property
5 forfeited and not redeemed to the county treasurer under section
6 78g to be foreclosed under section 78k for the total of the
7 forfeited unpaid delinquent taxes, interest, penalties, and fees.
8 If available to the foreclosing governmental unit, the petition
9 shall include the street address of each parcel of property set
10 forth in the petition. The petition shall seek a judgment in favor
11 of the foreclosing governmental unit for the forfeited unpaid
12 delinquent taxes, interest, penalties, and fees listed against each
13 parcel of property. The petition shall request that a judgment be
14 entered vesting absolute title to each parcel of property in the
15 foreclosing governmental unit, without right of redemption.

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

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

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

1 interests.

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

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

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

22 **(C) PROPERTY THE TITLE TO WHICH IS HELD BY A PERSON SUBJECT TO**
 23 **A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN OR TAX**
 24 **FORECLOSURE AVOIDANCE AGREEMENT UNDER SECTION 78Q.**

25 (4) If a foreclosing governmental unit withholds property from
 26 the petition for foreclosure under subsection (3), a taxing unit's
 27 lien for taxes due or the foreclosing governmental unit's right to

1 include the property in a subsequent petition for foreclosure is
2 not prejudiced.

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

8 **SEC. 78Q. (1) NOTWITHSTANDING ANY PROVISION OF THIS ACT OR**
9 **CHARTER TO THE CONTRARY, A FORECLOSING GOVERNMENTAL UNIT MAY CREATE**
10 **A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN FOR ELIGIBLE**
11 **PROPERTY, THE TITLE TO WHICH IS HELD BY A FINANCIALLY DISTRESSED**
12 **PERSON.**

13 (2) IF A FINANCIALLY DISTRESSED PERSON AGREES TO PARTICIPATE
14 IN A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN CREATED UNDER
15 SUBSECTION (1) AND MAKES THE INITIAL PAYMENT REQUIRED UNDER THAT
16 DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN, THE FORECLOSING
17 GOVERNMENTAL UNIT MAY REMOVE ELIGIBLE PROPERTY THE TITLE TO WHICH
18 IS HELD BY THAT FINANCIALLY DISTRESSED PERSON FROM THE PETITION FOR
19 FORECLOSURE AS PROVIDED IN SECTION 78H(3)(C).

20 (3) IF A FINANCIALLY DISTRESSED PERSON SUCCESSFULLY COMPLETES
21 A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN CREATED UNDER
22 SUBSECTION (1), INTEREST UNDER SECTION 78G(3)(B) AND ANY ADDITIONAL
23 INTEREST OTHERWISE APPLICABLE SHALL BE WAIVED.

24 (4) IF A FINANCIALLY DISTRESSED PERSON DOES NOT SUCCESSFULLY
25 COMPLETE A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN CREATED
26 UNDER SUBSECTION (1), BOTH OF THE FOLLOWING SHALL OCCUR:

27 (A) INTEREST UNDER SECTION 78G(3)(B) AND ANY ADDITIONAL

1 INTEREST OTHERWISE APPLICABLE SHALL APPLY TO ANY UNPAID TAXES ON
2 THE PROPERTY.

3 (B) THE ELIGIBLE PROPERTY SHALL BE INCLUDED IN THE IMMEDIATELY
4 SUCCEEDING PETITION FOR FORECLOSURE UNDER SECTION 78H.

5 (5) NOTWITHSTANDING ANY PROVISION OF THIS ACT OR CHARTER TO
6 THE CONTRARY, UNTIL JUNE 30, 2016, A COUNTY TREASURER MAY ENTER
7 INTO A TAX FORECLOSURE AVOIDANCE AGREEMENT FOR A TERM OF UP TO 5
8 YEARS WITH AN OWNER OF PROPERTY RETURNED AS DELINQUENT TO THE
9 COUNTY TREASURER UNDER THIS ACT OR FORFEITED TO THE COUNTY
10 TREASURER UNDER SECTION 78G IF THE PROPERTY IS CLASSIFIED AS
11 RESIDENTIAL REAL PROPERTY UNDER SECTION 34C, IF THE PROPERTY IS
12 ELIGIBLE PROPERTY, AND IF THE OWNER MAKES AN INITIAL PAYMENT OF AT
13 LEAST 10% OF THE DELINQUENT TAXES OWED ON THE PROPERTY. WHILE A TAX
14 FORECLOSURE AVOIDANCE AGREEMENT IS EFFECTIVE, THE PROPERTY SHALL BE
15 WITHHELD OR REMOVED FROM THE PETITION FOR FORECLOSURE AS PROVIDED
16 UNDER SECTION 78H(3)(C), INTEREST AT THE RATE PROVIDED IN SECTION
17 78G(3)(C)(ii) SHALL APPLY, AND THE OWNER SHALL MAKE TIMELY PAYMENTS
18 AS PROVIDED UNDER THE TAX FORECLOSURE AVOIDANCE AGREEMENT,
19 INCLUDING TIMELY PAYMENT OF ALL NONDELINQUENT TAXES ON THE
20 PROPERTY. A TAX FORECLOSURE AVOIDANCE AGREEMENT SHALL REQUIRE
21 REGULAR PERIODIC INSTALLMENT PAYMENTS. THE FINAL PAYMENT SHALL NOT
22 BE DISPROPORTIONATELY LARGER THAN A REGULAR PERIODIC INSTALLMENT
23 PAYMENT AND REGULAR PERIODIC INSTALLMENT PAYMENTS IN THE FINAL YEAR
24 SHALL NOT BE DISPROPORTIONATELY LARGER THAN REGULAR PERIODIC
25 INSTALLMENT PAYMENTS IN PRIOR YEARS. A COUNTY TREASURER MAY REFUSE
26 TO ENTER INTO A TAX FORECLOSURE AVOIDANCE AGREEMENT WITH AN OWNER
27 UNDER THIS SUBSECTION IF THAT OWNER IS NOT IN COMPLIANCE WITH

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1 ANOTHER TAX FORECLOSURE AVOIDANCE AGREEMENT WITH THE COUNTY
 2 TREASURER OR WITH A DELINQUENT PROPERTY TAX INSTALLMENT PLAN WITH
 3 THE COUNTY TREASURER UNDER THIS SECTION. A COUNTY TREASURER MAY NOT
 4 ENTER INTO MORE THAN 2 TAX FORECLOSURE AVOIDANCE AGREEMENTS WITH AN
 5 OWNER. IF AN OWNER FAILS TO COMPLY WITH A TAX FORECLOSURE AVOIDANCE
 6 AGREEMENT OR IF THE TAX FORECLOSURE AVOIDANCE AGREEMENT IS NO
 7 LONGER EFFECTIVE, ALL OF THE FOLLOWING SHALL OCCUR:

8 (A) INTEREST UNDER SECTION 78G(3) (B) AND ANY ADDITIONAL
 9 INTEREST OTHERWISE APPLICABLE SHALL APPLY TO ANY UNPAID TAXES ON
 10 THE PROPERTY.

11 (B) THE PROPERTY SHALL BE INCLUDED IN THE IMMEDIATELY
 12 SUCCEEDING PETITION FOR FORECLOSURE UNDER SECTION 78H.

13 (C) THE OWNER SHALL NOT BID ON PROPERTY SUBJECT TO SALE UNDER
 14 SECTION 78M, IF THAT PROPERTY WAS SUBJECT TO THE TAX FORECLOSURE
 15 AVOIDANCE AGREEMENT.

16 (6) A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN OR A
 17 TAX FORECLOSURE AVOIDANCE AGREEMENT MAY NOT BE APPROVED UNDER THIS
 18 SECTION IF THE DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN OR
 19 TAX FORECLOSURE AVOIDANCE AGREEMENT WOULD IMPERMISSIBLY IMPAIR AN
 20 OUTSTANDING DEBT OF THE COUNTY.

21 (7) IF A FORECLOSING GOVERNMENTAL UNIT HAS CREATED A
 22 DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN UNDER THIS
 23 SECTION, THE DEPARTMENT OF TREASURY MAY AUDIT THE BOOKS AND RECORDS
 24 OF THAT FORECLOSING GOVERNMENTAL UNIT CONCERNING THE DETAILS OF
 25 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.

26 (10)>> AS USED IN THIS SECTION:

27 (A) "ELIGIBLE PROPERTY" MEANS PROPERTY THAT IS A PRINCIPAL

1 RESIDENCE EXEMPT FROM THE TAX LEVIED BY A LOCAL SCHOOL DISTRICT FOR
2 SCHOOL OPERATING PURPOSES UNDER SECTION 7CC.

3 (B) "FINANCIALLY DISTRESSED PERSON" MEANS A PERSON WHO MEETS
4 ALL OF THE FOLLOWING CONDITIONS:

5 (i) IS ELIGIBLE TO HAVE PROPERTY TO WHICH HE OR SHE HOLDS TITLE
6 WITHHELD FROM A PETITION FOR FORECLOSURE UNDER SECTION 78H(3)(B).

7 (ii) IS NOT DELINQUENT IN SATISFYING A DELINQUENT PROPERTY TAX
8 INSTALLMENT PAYMENT PLAN OR TAX FORECLOSURE AVOIDANCE AGREEMENT
9 UNDER THIS SECTION FOR ANY OTHER PROPERTY WITHIN THE FORECLOSING
10 GOVERNMENTAL UNIT.

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