

HOUSE BILL No. 4882

June 20, 2013, Introduced by Reps. Cavanagh, Faris, Smiley and Santana and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 78h (MCL 211.78h), as amended by 2001 PA 96,
and by adding section 78q.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 78h. (1) Not later than June 15 in each tax year, the
2 foreclosing governmental unit shall file a single petition with the
3 clerk of the circuit court of that county listing all property
4 forfeited and not redeemed to the county treasurer under section
5 78g to be foreclosed under section 78k for the total of the
6 forfeited unpaid delinquent taxes, interest, penalties, and fees.
7 If available to the foreclosing governmental unit, the petition
8 shall include the street address of each parcel of property set
9 forth in the petition. The petition shall seek a judgment in favor

1 of the foreclosing governmental unit for the forfeited unpaid
2 delinquent taxes, interest, penalties, and fees listed against each
3 parcel of property. The petition shall request that a judgment be
4 entered vesting absolute title to each parcel of property in the
5 foreclosing governmental unit, without right of redemption.

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

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

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

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

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

1 (ii) The ~~household income~~ **TOTAL HOUSEHOLD RESOURCES** of the
2 person requesting that the property be withheld from the petition
3 for foreclosure meets the federal poverty income standards as
4 defined and determined annually by the United States office of
5 management and budget or alternative guidelines adopted by the
6 foreclosing governmental unit, provided that the alternative
7 guidelines include all persons who would otherwise meet the federal
8 poverty income standards under this subparagraph. As used in this
9 subparagraph, "~~household income~~" "**TOTAL HOUSEHOLD RESOURCES**" means
10 that term as defined in section 508 of the income tax act of 1967,
11 1967 PA 281, MCL 206.508.

12 **(C) PROPERTY THE TITLE TO WHICH IS HELD BY A PERSON SUBJECT TO**
13 **A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN UNDER SECTION**
14 **78Q.**

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

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

25 **SEC. 78Q. (1) NOTWITHSTANDING ANY PROVISION OF THIS ACT OR**
26 **CHARTER TO THE CONTRARY, A FORECLOSING GOVERNMENTAL UNIT MAY CREATE**
27 **A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN FOR ELIGIBLE**

1 PROPERTY LOCATED IN A FINANCIALLY DISTRESSED COMMUNITY, THE TITLE
2 TO WHICH IS HELD BY A FINANCIALLY DISTRESSED PERSON.

3 (2) IF A FINANCIALLY DISTRESSED PERSON AGREES TO PARTICIPATE
4 IN A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN CREATED UNDER
5 SUBSECTION (1), THE FORECLOSING GOVERNMENTAL UNIT MAY REMOVE
6 ELIGIBLE PROPERTY THE TITLE TO WHICH IS HELD BY THAT FINANCIALLY
7 DISTRESSED PERSON FROM THE PETITION FOR FORECLOSURE AS PROVIDED IN
8 SECTION 78H(3)(C).

9 (3) IF A FINANCIALLY DISTRESSED PERSON SUCCESSFULLY COMPLETES
10 A DELINQUENT PROPERTY TAX INSTALLMENT PAYMENT PLAN CREATED UNDER
11 SUBSECTION (1), INTEREST UNDER SECTION 78G(3)(B) SHALL BE WAIVED.

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

15 (A) INTEREST UNDER SECTION 78G(3)(B) SHALL APPLY.

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

18 (5) AS USED IN THIS SECTION:

19 (A) "ELIGIBLE PROPERTY" MEANS PROPERTY EXEMPT AS A PRINCIPAL
20 RESIDENCE UNDER SECTION 7CC.

21 (B) "FINANCIALLY DISTRESSED COMMUNITY" MEANS A LOCAL TAX
22 COLLECTING UNIT THAT MEETS ANY 2 OF THE FOLLOWING CONDITIONS:

23 (i) THE LOCAL TAX COLLECTING UNIT HAS SUSTAINED A DECREASE IN
24 THE AGGREGATE TAXABLE VALUE OF ALL REAL PROPERTY LOCATED IN THAT
25 LOCAL TAX COLLECTING UNIT OF MORE THAN 5% IN THE IMMEDIATELY
26 PRECEDING 3-YEAR PERIOD.

27 (ii) MORE THAN 5% OF ALL INDIVIDUAL PARCELS OF REAL PROPERTY IN

1 THAT LOCAL TAX COLLECTING UNIT ARE CURRENTLY SUBJECT TO PROCEEDINGS
2 TO FORECLOSE A MORTGAGE OR LAND CONTRACT ON THAT REAL PROPERTY.

3 (iii) THE LOCAL TAX COLLECTING UNIT HAS SUSTAINED A POPULATION
4 LOSS OF MORE THAN 5% IN THE IMMEDIATELY PRECEDING 25-YEAR PERIOD AS
5 DETERMINED BY THE MOST RECENT FEDERAL DECENNIAL CENSUS.

6 (C) "FINANCIALLY DISTRESSED PERSON" MEANS A PERSON ELIGIBLE TO
7 HAVE PROPERTY TO WHICH HE OR SHE HOLDS TITLE WITHHELD FROM A
8 PETITION FOR FORECLOSURE UNDER SECTION 78H(3)(B).