

HOUSE BILL No. 5312

October 18, 2005, Introduced by Reps. Sheltroun, Nitz, Gosselin, Cushingberry, Kathleen Law, Anderson, Mayes, Williams, Gaffney, Stahl and Lemmons, III and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 78a, 78e, 78f, and 78g (MCL 211.78a, 211.78e, 211.78f, and 211.78g), sections 78a and 78e as added by 1999 PA 123 and sections 78f and 78g as amended by 2003 PA 263.

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

1 section 78, this section, and sections 78b to 79a, "taxes" includes
2 interest, penalties, and fees imposed before the taxes become
3 delinquent and unpaid special assessments or other assessments that
4 are due and payable up to and including the date of the foreclosure
5 hearing under section 78k.

6 (2) On March 1 in each year, taxes levied in the immediately
7 preceding year that remain unpaid shall be returned as delinquent
8 for collection. Except as otherwise provided in section 79 for
9 certified abandoned property, property delinquent for taxes levied
10 in the ~~second~~ **THIRD** year preceding the forfeiture under section
11 78g or in a prior year to which this section applies shall be
12 forfeited to the county treasurer for the total of the unpaid
13 taxes, interest, penalties, and fees for those years as provided
14 under section 78g.

15 (3) A county property tax administration fee of 4% and
16 interest computed at a noncompounded rate of 1% per month or
17 fraction of a month on the taxes that were originally returned as
18 delinquent, computed from the March 1 that the taxes originally
19 became delinquent, shall be added to property returned as
20 delinquent under this section. A county property tax administration
21 fee provided for under this subsection shall not be less than
22 \$1.00.

23 (4) Any person with an unrecorded property interest or any
24 other person who wishes at any time to receive notice of the return
25 of delinquent taxes on a parcel of property may pay an annual fee
26 not to exceed \$5.00 by February 1 to the county treasurer and
27 specify the parcel identification number, the address of the

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

12 (5) Upon the request of a holder of a tax lien purchased under
13 ~~the Michigan tax lien sale and collateralized securities act,~~
14 **FORMER** 1998 PA 379, ~~MCL 211.921 to 211.941,~~ and payment to the
15 county treasurer of the actual costs incurred in complying with
16 that request, the county treasurer shall provide a list identifying
17 the parcels of property for which a notice is required under
18 sections 78 to 78/. The list required under this subsection may be
19 in a computer generated form or other form.

20 (6) Notwithstanding any charter provision to the contrary, the
21 governing body of a local governmental unit that collects
22 delinquent taxes may establish for any property, by ordinance,
23 procedures for the collection of delinquent taxes and the
24 enforcement of tax liens and the schedule for the forfeiture or
25 foreclosure of delinquent tax liens. The procedures and schedule
26 established by ordinance shall conform at a minimum to those
27 procedures and schedules established under **THIS SECTION AND**

1 sections ~~78a~~ **78B** to 78l, except that those taxes subject to a
2 payment plan approved by the treasurer of the local governmental
3 unit as of July 1, 1999 shall not be considered delinquent as of
4 the following March 1 if payments are not delinquent under that
5 payment plan.

6 Sec. 78e. (1) Except as otherwise provided in section 79 for
7 certified abandoned property, on November 1 of each tax year, the
8 county treasurer shall prepare a list of all property subject to
9 forfeiture for delinquent taxes on the immediately succeeding March
10 1. The list shall include all property on which delinquent taxes,
11 interest, penalties, and fees are unpaid on the November 1
12 ~~immediately succeeding~~ **IN THE YEAR 2 YEARS AFTER** the date that
13 taxes levied on the property were returned to the county treasurer
14 for forfeiture, foreclosure, and sale under section 60a(1) or (2)
15 or returned to the county treasurer as delinquent under section
16 78a. The list shall indicate for each parcel the total amount of
17 delinquent taxes, interest, penalties, and fees, computed to the
18 day preceding the forfeiture under section 78g.

19 (2) Not later than December 1 in each tax year, the county
20 treasurer shall determine, to the extent possible, all of the
21 following based exclusively on the records contained in the office
22 of the local assessor, local treasurer, and county treasurer for
23 property subject to forfeiture for delinquent taxes under section
24 78g on the immediately succeeding March 1:

25 (a) The street address of the property.

26 (b) The name and address of all of the following:

27 (i) The owners.

1 (ii) The holder of any undischarged mortgage, tax certificate
2 issued under **FORMER** section 71, or other legal interest.

3 (iii) A subsequent purchaser under any land contract.

4 (iv) A person entitled to notice of the return of delinquent
5 taxes under section 78a(5).

6 Sec. 78f. (1) Except as otherwise provided in section 79 for
7 certified abandoned property, not later than the February 1 **IN THE**
8 **YEAR 2 YEARS** immediately succeeding the date that unpaid taxes were
9 returned to the county treasurer for forfeiture, foreclosure, and
10 sale under section 60a(1) or (2) or returned to the county
11 treasurer as delinquent under section 78a, the county treasurer
12 shall send a notice by certified mail, return receipt requested, to
13 the person to whom a tax bill for property returned for delinquent
14 taxes was last sent and, if different, to the person identified as
15 the owner of property returned for delinquent taxes as shown on the
16 current records of the county treasurer and to those persons
17 identified under section 78e(2). The notice required under this
18 subsection shall include all of the following:

19 (a) The date property on which those unpaid taxes were
20 returned as delinquent will be forfeited to the county treasurer
21 for the unpaid delinquent taxes, interest, penalties, and fees.

22 (b) A statement that a person who holds a legal interest in
23 the property may lose that interest as a result of the forfeiture
24 and subsequent foreclosure proceeding.

25 (c) A legal description or parcel number of the property and
26 the street address of the property, if available.

27 (d) The person to whom the notice is addressed.

1 (e) The unpaid delinquent taxes, interest, penalties, and fees
2 due on the property.

3 (f) A schedule of the additional interest, penalties, and fees
4 that will accrue on the immediately succeeding March 1 pursuant to
5 section 78g if those unpaid delinquent taxes, interest, penalties,
6 and fees due on the property are not paid.

7 (g) A statement that unless those unpaid delinquent taxes,
8 interest, penalties, and fees are paid on or before the March 31
9 immediately succeeding the entry in an uncontested case of a
10 judgment foreclosing the property under section 78k, absolute title
11 to the property shall vest in the foreclosing governmental unit.

12 (h) A statement of the person's rights of redemption and
13 notice that the rights of redemption will expire on the March 31
14 immediately succeeding the entry in an uncontested case of a
15 judgment foreclosing the property under section 78k.

16 (2) The notice required under subsection (1) shall also be
17 mailed to the property by first-class mail, addressed to
18 "occupant", if the notice was not sent to the occupant of the
19 property pursuant to subsection (1).

20 (3) A county treasurer may insert 1 or more additional notices
21 in a newspaper published and circulated in the county in which the
22 property is located, if there is one. If no newspaper is published
23 in that county, publication may be made in a newspaper published
24 and circulated in an adjoining county.

25 (4) The county treasurer may publish the street address, if
26 available, of property subject to forfeiture under section 78g on
27 the immediately succeeding March 1 for delinquent taxes or the

1 street address, if available, of property subject to forfeiture
2 under section 78g on the immediately succeeding March 1 for
3 delinquent taxes and the name of the person to whom a tax bill for
4 property returned for delinquent taxes was last sent and, if
5 different, the name of the person identified as the owner of the
6 property returned for delinquent taxes as shown on the current
7 records of the county treasurer in a newspaper published and
8 circulated in the county in which the property is located, if there
9 is one. If no newspaper is published in that county, publication
10 may be made in a newspaper published and circulated in an adjoining
11 county.

12 Sec. 78g. (1) Except as otherwise provided in this subsection,
13 on March 1 in each tax year, certified abandoned property and
14 property that is delinquent for taxes, interest, penalties, and
15 fees for the immediately preceding ~~12~~ **24** months or more is
16 forfeited to the county treasurer for the total amount of those
17 unpaid delinquent taxes, interest, penalties, and fees. If property
18 is forfeited to a county treasurer under this subsection, the
19 foreclosing governmental unit does not have a right to possession
20 of the property until the April 1 immediately succeeding the entry
21 of a judgment foreclosing the property under section 78k or in a
22 contested case until 22 days after the entry of a judgment
23 foreclosing the property under section 78k. If property is
24 forfeited to a county treasurer under this subsection, the county
25 treasurer shall add a \$175.00 fee to each parcel of property for
26 which those delinquent taxes, interest, penalties, and fees remain
27 unpaid. A county treasurer shall withhold a parcel of property from

1 forfeiture for any reason determined by the state tax commission.
2 The procedure for withholding a parcel of property from forfeiture
3 under this subsection shall be determined by the state tax
4 commission.

5 (2) Not more than 45 days after property is forfeited under
6 subsection (1), the county treasurer shall record with the county
7 register of deeds a certificate in a form determined by the
8 department of treasury for each parcel of property forfeited to the
9 county treasurer, specifying that the property has been forfeited
10 to the county treasurer and not redeemed and that absolute title to
11 the property shall vest in the county treasurer on the March 31
12 immediately succeeding the entry of a judgment foreclosing the
13 property under section 78k or in a contested case 21 days after the
14 entry of a judgment foreclosing the property under section 78k. If
15 a certificate of forfeiture is recorded in error, the county
16 treasurer shall record with the county register of deeds a
17 certificate of error in a form prescribed by the department of
18 treasury. A certificate submitted to the county register of deeds
19 for recording under this subsection need not be notarized and may
20 be authenticated by a digital signature of the county treasurer or
21 by other electronic means. If the county has elected under section
22 78 to have this state foreclose property under this act forfeited
23 to the county treasurer under this section, the county treasurer
24 shall immediately transmit to the department of treasury a copy of
25 each certificate recorded under this subsection. The county
26 treasurer shall upon collection transmit to the department of
27 treasury within 30 days the fee added to each parcel under

1 subsection (1), which may be paid from the county's delinquent tax
2 revolving fund and shall be deposited in the land reutilization
3 fund created under section 78n.

4 (3) Property forfeited to the county treasurer under
5 subsection (1) may be redeemed at any time on or before the March
6 31 immediately succeeding the entry of a judgment foreclosing the
7 property under section 78k or in a contested case within 21 days of
8 the entry of a judgment foreclosing the property under section 78k
9 upon payment to the county treasurer of all of the following:

10 (a) The total amount of unpaid delinquent taxes, interest,
11 penalties, and fees for which the property was forfeited.

12 (b) In addition to the interest calculated under sections
13 60a(1) or (2) and 78a(3), additional interest computed at a
14 noncompounded rate of 1/2% per month or fraction of a month on the
15 taxes that were originally returned as delinquent, computed from
16 the March 1 **IN THE YEAR 2 YEARS IMMEDIATELY** preceding the
17 forfeiture.

18 (c) All recording fees and all fees for service of process or
19 notice.

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

24 (5) If property is redeemed by a person with a legal interest
25 as provided under subsection (3), the person redeeming does not
26 acquire a title or interest in the property greater than that
27 person would have had if the property had not been forfeited to the

1 county treasurer, but the person redeeming, other than the owner,
2 is entitled to a lien for the amount paid to redeem the property in
3 addition to any other lien or interest the person may have, which
4 shall be recorded within 30 days with the register of deeds by the
5 person entitled to the lien. The lien acquired shall have the same
6 priority as the existing lien, title, or interest.

7 (6) If property is redeemed as provided under subsection (3),
8 the county treasurer shall issue a redemption certificate in
9 quadruplicate in a form prescribed by the department of treasury.

10 One of the quadruplicate certificates shall be delivered to the
11 person making the redemption payment, 1 shall be filed in the
12 office of the county treasurer, 1 shall be recorded in the office
13 of the county register of deeds, and 1 shall be immediately
14 transmitted to the department of treasury if this state is the
15 foreclosing governmental unit. The county treasurer shall also make
16 a note of the redemption certificate in the tax record kept in his
17 or her office, with the name of the person making the final
18 redemption payment, the date of the payment, and the amount paid.

19 If the county treasurer accepts partial redemption payments, the
20 county treasurer shall include in the tax record kept in his or her
21 office the name of the person or persons making each partial
22 redemption payment, the date of each partial redemption payment,
23 the amount of each partial redemption payment, and the total amount
24 of all redemption payments. A certificate and the entry of the
25 certificate in the tax record by the county treasurer is prima
26 facie evidence of a redemption payment in the courts of this state.
27 A certificate submitted to the county register of deeds for

1 recording under this subsection need not be notarized and may be
2 authenticated by a digital signature of the county treasurer or by
3 other electronic means. If a redemption certificate is recorded in
4 error, the county treasurer shall record with the county register
5 of deeds a certificate of error in a form prescribed by the
6 department of treasury. A copy of a certificate of error recorded
7 under this section shall be immediately transmitted to the
8 department of treasury if this state is the foreclosing
9 governmental unit.

10 (7) If a foreclosing governmental unit has reason to believe
11 that a property forfeited under this section may be the site of
12 environmental contamination, the foreclosing governmental unit
13 shall provide the department of environmental quality with any
14 information in the possession of the foreclosing governmental unit
15 that suggests the property may be the site of environmental
16 contamination.