

**SUBSTITUTE FOR  
HOUSE BILL NO. 5960**

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

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

27 (2) Subject to subsection (1), beginning on the third Tuesday

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

1 under the procedures. The foreclosing governmental unit ~~may~~ **SHALL**  
2 require full payment ~~by cash, certified check, or money order at~~  
3 the close of each day's bidding **OR BY A DATE NOT MORE THAN 21 DAYS**  
4 **AFTER THE SALE. BEFORE THE FORECLOSING GOVERNMENTAL UNIT CONVEYS A**  
5 **PARCEL SOLD AT A SALE, THE PURCHASER SHALL PROVIDE THE FORECLOSING**  
6 **GOVERNMENTAL UNIT WITH PROOF OF PAYMENT TO THE LOCAL TAX COLLECTING**  
7 **UNIT IN WHICH THE PROPERTY IS LOCATED OF ANY PROPERTY TAXES OWED ON**  
8 **THE PARCEL AT THE TIME OF THE SALE. A FORECLOSING GOVERNMENTAL UNIT**  
9 **SHALL CANCEL A SALE IF UNPAID PROPERTY TAXES OWED ON A PARCEL OR**  
10 **PARCELS AT THE TIME OF A SALE ARE NOT PAID WITHIN 21 DAYS OF THE**  
11 **SALE. IF A SALE IS CANCELED UNDER THIS SUBSECTION, THE FORECLOSING**  
12 **GOVERNMENTAL UNIT MAY OFFER THE PROPERTY TO THE NEXT HIGHEST BIDDER**  
13 **AND CONVEY THE PROPERTY TO THAT BIDDER UNDER THIS SUBSECTION,**  
14 **SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION FOR THE HIGHEST**  
15 **BIDDER. Not more than 30-14 days after the date of a sale PAYMENT**  
16 **TO THE FORECLOSING GOVERNMENTAL UNIT OF ALL AMOUNTS REQUIRED BY THE**  
17 **HIGHEST BIDDER OR THE NEXT HIGHEST BIDDER** under this subsection,  
18 the foreclosing governmental unit shall convey the property by deed  
19 to the person bidding the **MINIMUM BID, OR IF A BID IS GREATER THAN**  
20 **THE MINIMUM BID, THE** highest amount above the minimum bid, **OR THE**  
21 **NEXT HIGHEST BIDDER IF THE SALE TO THE HIGHEST BIDDER IS CANCELED**  
22 **AND THE NEXT HIGHEST BIDDER PAYS THE AMOUNT REQUIRED UNDER THIS**  
23 **SECTION TO PURCHASE THE PROPERTY.** The deed shall vest fee simple  
24 title to the property in the person bidding the highest amount  
25 above the minimum bid, unless the foreclosing governmental unit  
26 discovers a defect in the foreclosure of the property under  
27 sections 78 to 78/ **OR THE SALE IS CANCELED UNDER THIS SUBSECTION OR**

House Bill No. 5960 (H-2) as amended December 9, 2014

1 **SUBSECTION (5).** If this state is the foreclosing governmental unit  
2 within a county, the department of natural resources shall conduct  
3 the sale of property under this subsection and subsections (4) and  
4 (5) on behalf of this state. **BEFORE ISSUING A DEED TO A PERSON**  
5 **PURCHASING PROPERTY UNDER THIS SUBSECTION OR SUBSECTION (5), THE**  
6 **FORECLOSING GOVERNMENTAL UNIT SHALL REQUIRE THE PERSON TO EXECUTE**  
7 **AND FILE WITH THE FORECLOSING GOVERNMENTAL UNIT AN AFFIDAVIT UNDER**  
8 **PENALTY OF PERJURY. IF THE PERSON FAILS TO EXECUTE AND FILE THE**  
9 **AFFIDAVIT REQUIRED BY THIS SUBSECTION BY THE DATE PAYMENT FOR THE**  
10 **PROPERTY IS REQUIRED UNDER THIS SECTION, THE FORECLOSING**  
11 **GOVERNMENTAL UNIT SHALL CANCEL THE SALE. AN AFFIDAVIT UNDER THIS**  
12 **SECTION SHALL INDICATE THAT THE PERSON MEETS ALL OF THE FOLLOWING**  
13 **CONDITIONS:**

14 (A) THE PERSON DOES NOT DIRECTLY OR INDIRECTLY HOLD [MORE THAN]  
15 A [DE MINIMIS] LEGAL  
16 INTEREST IN ANY PROPERTY WITH DELINQUENT PROPERTY TAXES LOCATED IN  
17 THE SAME COUNTY AS THE PROPERTY.

18 (B) THE PERSON IS NOT DIRECTLY OR INDIRECTLY RESPONSIBLE FOR  
19 ANY UNPAID CIVIL FINES FOR A VIOLATION OF AN ORDINANCE AUTHORIZED  
20 BY SECTION 4/ OF THE HOME RULE CITY ACT, 1909 PA 279, MCL 117.4/, IN  
21 THE LOCAL TAX COLLECTION UNIT IN WHICH THE PROPERTY IS LOCATED.

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

1 this section by payment to the foreclosing governmental unit of the  
2 minimum bid.

3 (4) If property is purchased by a city, village, township, or  
4 county under subsection (3), the foreclosing governmental unit  
5 shall convey the property to the purchasing city, village, ~~or~~  
6 township, **OR COUNTY** within 30 days.

7 (5) All property subject to sale under subsection (2) shall be  
8 offered for sale at not less than 2 sales conducted as required by  
9 subsection (2). The final sale held under subsection (2) shall be  
10 held not less than 28 days after the previous sale under subsection  
11 (2). At the final sale held under subsection (2), the sale is  
12 subject to the requirements of subsection (2), except that the  
13 minimum bid shall not be required. However, the foreclosing  
14 governmental unit may establish a reasonable opening bid at the  
15 sale to recover the cost of the sale of the parcel or parcels, **AND**  
16 **THE FORECLOSING GOVERNMENTAL UNIT SHALL REQUIRE A PERSON WHO HELD**  
17 **AN INTEREST IN PROPERTY SOLD UNDER THIS SUBSECTION AT THE TIME A**  
18 **JUDGMENT OF FORECLOSURE WAS ENTERED AGAINST THE PROPERTY UNDER**  
19 **SECTION 78K TO PAY THE MINIMUM BID FOR THE PROPERTY BEFORE ISSUING**  
20 **A DEED TO THE PERSON UNDER SUBSECTION (2). IF THE PERSON FAILS TO**  
21 **PAY THE MINIMUM BID FOR THE PROPERTY AND OTHER AMOUNTS BY THE DATE**  
22 **REQUIRED UNDER THIS SECTION, THE FORECLOSING GOVERNMENTAL UNIT**  
23 **SHALL CANCEL THE SALE OF THE PROPERTY.**

24 (6) On or before December 1 immediately succeeding the date of  
25 the sale under subsection (5), a list of all property not  
26 previously sold by the foreclosing governmental unit under this  
27 section shall be transferred to the clerk of the city, village, or

1 township in which the property is located. The city, village, or  
2 township may object in writing to the transfer of 1 or more parcels  
3 of property set forth on that list. On or before December 30  
4 immediately succeeding the date of the sale under subsection (5),  
5 all property not previously sold by the foreclosing governmental  
6 unit under this section shall be transferred to the city, village,  
7 or township in which the property is located, except those parcels  
8 of property to which the city, village, or township has objected.  
9 Property located in both a village and a township may be  
10 transferred under this subsection only to a village. The city,  
11 village, or township may make the property available under the  
12 urban homestead act, 1999 PA 127, MCL 125.2701 to 125.2709, or for  
13 any other lawful purpose.

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

22 (8) A foreclosing governmental unit shall deposit the proceeds  
23 from the sale of property under this section into a restricted  
24 account designated as the "delinquent tax property sales proceeds  
25 for the year \_\_\_\_". The foreclosing governmental unit shall  
26 direct the investment of the account. The foreclosing governmental  
27 unit shall credit to the account interest and earnings from account

1 investments. Proceeds in that account shall only be used by the  
2 foreclosing governmental unit for the following purposes in the  
3 following order of priority:

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

7 (b) All costs of the sale of property for the year shall be  
8 paid.

9 (c) Any costs of the foreclosure proceedings for the year,  
10 including, but not limited to, costs of mailing, publication,  
11 personal service, and outside contractors shall be paid.

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

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

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

22 (i) Any costs for the sale of property or foreclosure  
23 proceedings for any subsequent year that are not paid or reimbursed  
24 from that subsequent year's delinquent tax property sales proceeds  
25 shall be paid from any remaining balance in any prior year's  
26 delinquent tax property sales proceeds account.

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



1           (iii) Any costs incurred in administering the foreclosure and  
2 disposition of property forfeited for delinquent taxes under this  
3 act.

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

7           (h) In 2008 and each year after 2008, if the foreclosing  
8 governmental unit is not this state, not later than June 30 of the  
9 second calendar year after foreclosure, the foreclosing  
10 governmental unit shall submit a written report to its board of  
11 commissioners identifying any remaining balance and any contingent  
12 costs of title or other legal claims described in subdivisions (a)  
13 through (f). All or a portion of any remaining balance, less any  
14 contingent costs of title or other legal claims described in  
15 subdivisions (a) through (f), may subsequently be transferred into  
16 the general fund of the county by the board of commissioners.

17           (9) Two or more county treasurers of adjacent counties may  
18 elect to hold a joint sale of property as provided in this section.  
19 If 2 or more county treasurers elect to hold a joint sale, property  
20 may be sold under this section at a location outside of the county  
21 in which the property is located. The sale may be conducted by any  
22 county treasurer participating in the joint sale. A joint sale held  
23 under this subsection may include or be an auction sale conducted  
24 via an internet website.

25           (10) The foreclosing governmental unit shall record a deed for  
26 any property transferred under this section with the county  
27 register of deeds. The foreclosing governmental unit may charge a

1 fee in excess of the minimum bid and any sale proceeds for the cost  
2 of recording a deed under this subsection.

3 ~~—— (11) As used in this section, "minimum bid" is the minimum~~  
4 ~~amount established by the foreclosing governmental unit for which~~  
5 ~~property may be sold under this section. The minimum bid shall~~  
6 ~~include all of the following:~~

7 ~~—— (a) All delinquent taxes, interest, penalties, and fees due on~~  
8 ~~the property. If a city, village, or township purchases the~~  
9 ~~property, the minimum bid shall not include any taxes levied by~~  
10 ~~that city, village, or township and any interest, penalties, or~~  
11 ~~fees due on those taxes.~~

12 ~~—— (b) The expenses of administering the sale, including all~~  
13 ~~preparations for the sale. The foreclosing governmental unit shall~~  
14 ~~estimate the cost of preparing for and administering the annual~~  
15 ~~sale for purposes of prorating the cost for each property included~~  
16 ~~in the sale.~~

17 (11) ~~(12)~~ For property transferred to this state under  
18 subsection (1), a city, village, or township under subsection (6)  
19 or retained by a foreclosing governmental unit under subsection  
20 (7), all taxes due on the property as of the December 31 following  
21 the transfer or retention of the property are canceled effective on  
22 that December 31.

23 (12) ~~(13)~~ For property sold under this section, transferred to  
24 this state under subsection (1), a city, village, or township under  
25 subsection (6), or retained by a foreclosing governmental unit  
26 under subsection (7), all liens for costs of demolition, safety  
27 repairs, debris removal, or sewer or water charges due on the

1 property as of the December 31 immediately succeeding the sale,  
2 transfer, or retention of the property are canceled effective on  
3 that December 31. This subsection does not apply to liens recorded  
4 by the department of environmental quality under this act or the  
5 land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774.

6 (13) ~~(14)~~—If property foreclosed under section 78k and held by  
7 or under the control of a foreclosing governmental unit is a  
8 facility as defined under section ~~20101(1)(e)~~ **20101** of the natural  
9 resources and environmental protection act, 1994 PA 451, MCL  
10 324.20101, prior to the sale or transfer of the property under this  
11 section, the property is subject to all of the following:

12 (a) Upon reasonable written notice from the department of  
13 environmental quality, the foreclosing governmental unit shall  
14 provide access to the department of environmental quality, its  
15 employees, contractors, and any other person expressly authorized  
16 by the department of environmental quality to conduct response  
17 activities at the foreclosed property. Reasonable written notice  
18 under this subdivision may include, but is not limited to, notice  
19 by electronic mail or facsimile, if the foreclosing governmental  
20 unit consents to notice by electronic mail or facsimile prior to  
21 the provision of notice by the department of environmental quality.

22 (b) If requested by the department of environmental quality to  
23 protect public health, safety, and welfare or the environment, the  
24 foreclosing governmental unit shall grant an easement for access to  
25 conduct response activities on the foreclosed property as  
26 authorized under chapter 7 of the natural resources and  
27 environmental protection act, 1994 PA 451, MCL 324.20101 to

1 ~~324.20519-324.20302.~~

2 (c) If requested by the department of environmental quality to  
3 protect public health, safety, and welfare or the environment, the  
4 foreclosing governmental unit shall place and record deed  
5 restrictions on the foreclosed property as authorized under chapter  
6 7 of the natural resources and environmental protection act, 1994  
7 PA 451, MCL 324.20101 to ~~324.20519-324.20302.~~

8 (d) The department of environmental quality may place an  
9 environmental lien on the foreclosed property as authorized under  
10 section 20138 of the natural resources and environmental protection  
11 act, 1994 PA 451, MCL 324.20138.

12 (14) ~~(15)~~—If property foreclosed under section 78k and held by  
13 or under the control of a foreclosing governmental unit is a  
14 facility as defined under section ~~20101(1)(e)~~—20101 of the natural  
15 resources and environmental protection act, 1994 PA 451, MCL  
16 324.20101, prior to the sale or transfer of the property under this  
17 section, the department of environmental quality shall request and  
18 the foreclosing governmental unit shall transfer the property to  
19 the state land bank fast track authority created under section 15  
20 of the land bank fast track act, 2003 PA 258, MCL 124.765, if all  
21 of the following apply:

22 (a) The department of environmental quality determines that  
23 conditions at a foreclosed property are an acute threat to the  
24 public health, safety, and welfare, to the environment, or to other  
25 property.

26 (b) The department of environmental quality proposes to  
27 undertake or is undertaking state-funded response activities at the

1 property.

2 (c) The department of environmental quality determines that  
3 the sale, retention, or transfer of the property other than under  
4 this subsection would interfere with response activities by the  
5 department of environmental quality.

6 (15) A PERSON CONVICTED FOR EXECUTING A FALSE AFFIDAVIT UNDER  
7 SUBSECTION (5) SHALL BE PROHIBITED FROM BIDDING FOR A PROPERTY OR  
8 PURCHASING A PROPERTY AT ANY SALE UNDER THIS SECTION.

9 (16) AS USED IN THIS SECTION:

10 (A) "MINIMUM BID" IS THE MINIMUM AMOUNT ESTABLISHED BY THE  
11 FORECLOSING GOVERNMENTAL UNIT FOR WHICH PROPERTY MAY BE SOLD UNDER  
12 THIS SECTION. THE MINIMUM BID SHALL INCLUDE ALL OF THE FOLLOWING:

13 (i) ALL DELINQUENT TAXES, INTEREST, PENALTIES, AND FEES DUE ON  
14 THE PROPERTY. IF A CITY, VILLAGE, OR TOWNSHIP PURCHASES THE  
15 PROPERTY, THE MINIMUM BID SHALL NOT INCLUDE ANY TAXES LEVIED BY  
16 THAT CITY, VILLAGE, OR TOWNSHIP AND ANY INTEREST, PENALTIES, OR  
17 FEES DUE ON THOSE TAXES.

18 (ii) THE EXPENSES OF ADMINISTERING THE SALE, INCLUDING ALL  
19 PREPARATIONS FOR THE SALE. THE FORECLOSING GOVERNMENTAL UNIT SHALL  
20 ESTIMATE THE COST OF PREPARING FOR AND ADMINISTERING THE ANNUAL  
21 SALE FOR PURPOSES OF PRORATING THE COST FOR EACH PROPERTY INCLUDED  
22 IN THE SALE.

23 (B) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,  
24 ASSOCIATION, OR OTHER LEGAL ENTITY.