

**SUBSTITUTE FOR
HOUSE BILL NO. 5124**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 78g and 78q (MCL 211.78g and 211.78q), section
78g as amended by 2014 PA 500 and section 78q as amended by 2019 PA
35.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 78g. (1) Except as otherwise provided in this subsection,
2 on March 1 in each tax year, certified abandoned property and
3 property that is delinquent for taxes, interest, penalties, and
4 fees for the immediately preceding 12 months or more is forfeited
5 to the county treasurer for the total amount of those unpaid
6 delinquent taxes, interest, penalties, and fees. If property is
7 forfeited to a county treasurer under this subsection, the



1 foreclosing governmental unit does not have a right to possession
 2 of the property until the April 1 immediately succeeding the entry
 3 of a judgment foreclosing the property under section 78k or in a
 4 contested case until 22 days after the entry of a judgment
 5 foreclosing the property under section 78k. If property is
 6 forfeited to a county treasurer under this subsection, the county
 7 treasurer shall add a \$175.00 fee to each parcel of property for
 8 which those delinquent taxes, interest, penalties, and fees remain
 9 unpaid. A county treasurer shall withhold a parcel of property from
 10 forfeiture for any reason determined by the state tax commission.
 11 The **state tax commission shall determine the** procedure for
 12 withholding a parcel of property from forfeiture under this
 13 subsection. ~~shall be determined by the state tax commission.~~

14 (2) Not more than 45 days after property is forfeited under
 15 subsection (1), the county treasurer shall record with the county
 16 register of deeds a certificate in a form determined by the
 17 department of treasury for each parcel of property forfeited to the
 18 county treasurer, specifying that the property has been forfeited
 19 to the county treasurer and not redeemed and that absolute title to
 20 the property ~~shall~~**will** vest in the county treasurer on the March
 21 31 immediately succeeding the entry of a judgment foreclosing the
 22 property under section 78k or in a contested case 21 days after the
 23 entry of a judgment foreclosing the property under section 78k. If
 24 a certificate of forfeiture is recorded in error, the county
 25 treasurer shall record with the county register of deeds a
 26 certificate of error in a form prescribed by the department of
 27 treasury. A certificate submitted to the county register of deeds
 28 for recording under this subsection need not be notarized and may
 29 be authenticated by a digital signature of the county treasurer or



1 by other electronic means. If the county has elected under section
 2 78 to have this state foreclose property under this act forfeited
 3 to the county treasurer under this section, the county treasurer
 4 shall immediately transmit to the department of treasury a copy of
 5 each certificate recorded under this subsection. The county
 6 treasurer shall upon collection transmit to the department of
 7 treasury within 30 days the fee added to each parcel under
 8 subsection (1), which may be paid from the county's delinquent tax
 9 revolving fund and ~~shall~~**must** be deposited in the land
 10 reutilization fund created under section 78n.

11 (3) Property forfeited to the county treasurer under
 12 subsection (1) may be redeemed at any time on or before the March
 13 31 immediately succeeding the entry of a judgment foreclosing the
 14 property under section 78k or in a contested case within 21 days of
 15 the entry of a judgment foreclosing the property under section 78k
 16 upon payment to the county treasurer of all of the following:

17 (a) The total amount of unpaid delinquent taxes, interest,
 18 penalties, and fees for which the property was forfeited or the
 19 reduced amount of unpaid delinquent taxes, interest, penalties, and
 20 fees payable under subsection (8), if applicable.

21 (b) Except as otherwise provided in this subdivision and
 22 subdivision (c), in addition to the interest calculated under
 23 sections 60a(1) or (2) and 78a(3), additional interest computed at
 24 a noncompounded rate of 1/2% per month or fraction of a month on
 25 the taxes that were originally returned as delinquent, computed
 26 from the March 1 preceding the forfeiture. The county treasurer may
 27 waive the additional interest under this subdivision if the
 28 property is withheld from the petition for foreclosure under
 29 section 78h(3)(c).



1 (c) If the property is classified as residential real property
2 under section 34c, the property is a principal residence exempt
3 from the tax levied by a local school district for school operating
4 purposes under section 7cc, and a tax foreclosure avoidance
5 agreement is in effect for the property under section 78q(5), while
6 the tax foreclosure avoidance agreement is effective, all of the
7 following ~~shall~~ apply:

8 (i) The property ~~shall~~**must** be withheld from the petition for
9 foreclosure under section 78h.

10 (ii) The additional interest under subdivision (b) ~~shall~~**does**
11 not apply and interest computed at a noncompounded rate of 1/2% per
12 month or fraction of a month on the taxes that were originally
13 returned as delinquent, computed from the date that the taxes
14 originally were returned as delinquent, ~~shall apply~~**applies** to the
15 property.

16 (d) All recording fees and all fees for service of process or
17 notice.

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

22 (5) If property is redeemed by a person with a legal interest
23 as provided under subsection (3), the person redeeming does not
24 acquire a title or interest in the property greater than that
25 person would have had if the property had not been forfeited to the
26 county treasurer, but the person redeeming, other than the owner,
27 is entitled to a lien for the amount paid to redeem the property in
28 addition to any other lien or interest the person may have, which
29 ~~shall~~**must** be recorded within 30 days with the register of deeds by



1 the person entitled to the lien. The lien acquired ~~shall have~~ **has**
 2 the same priority as the existing lien, title, or interest.

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



1 under this section ~~shall~~**must** be immediately transmitted to the
 2 department of treasury if this state is the foreclosing
 3 governmental unit.

4 (7) If a foreclosing governmental unit has reason to believe
 5 that a property forfeited under this section may be the site of
 6 environmental contamination, the foreclosing governmental unit
 7 shall provide the department of environmental quality with any
 8 information in the possession of the foreclosing governmental unit
 9 that suggests the property may be the site of environmental
 10 contamination.

11 ~~(8) Before July 1, 2016, if the amount of unpaid delinquent~~
 12 ~~taxes, interest, penalties, and fees for which a property was~~
 13 ~~forfeited is greater than 50% of the state equalized valuation of~~
 14 ~~the property and the property is subject to and in compliance with~~
 15 ~~a delinquent property tax installment payment plan under section~~
 16 ~~78q(1) or a tax foreclosure avoidance agreement under section~~
 17 ~~78q(5), or both, the foreclosing governmental unit may reduce the~~
 18 ~~amount of taxes, interest, penalties, and fees required to be paid~~
 19 ~~to redeem the property under subdivision (3)(a) to an amount equal~~
 20 ~~to 50% of the state equalized valuation of the property. If a~~
 21 ~~property is redeemed by payment of the reduced amount under this~~
 22 ~~subsection, any remaining unpaid taxes, interest, penalties, and~~
 23 ~~fees for which the property was forfeited and otherwise payable~~
 24 ~~shall be canceled by the county treasurer. A foreclosing~~
 25 ~~governmental unit may not approve a reduction in the amount~~
 26 ~~necessary to redeem property under this subsection if the reduction~~
 27 ~~would cause noncompliance with section 87c(7) or otherwise~~
 28 ~~impermissibly impair an outstanding debt of the county.~~

29 **(8) Notwithstanding any provision of this act or charter to**



1 the contrary, until July 1, 2023, all of the following apply to
2 property forfeited under this section that is located in a local
3 unit of government whose treasurer has not provided a written
4 notice of nonparticipation under subsection (10):

5 (a) If the property is subject to an exemption under section
6 7u and the property's owner has not previously received a payment
7 reduction under this subsection, the foreclosing governmental unit
8 may do 1 or more of the following:

9 (i) If the total amount of unpaid delinquent taxes for which
10 the property was forfeited is greater than 10% of the most recent
11 taxable valuation of the property immediately prior to the date
12 that the property obtained exempt status under section 7u, reduce
13 the amount required to be paid to redeem the property under
14 subsection (3) (a) to 10% of the most recent taxable valuation of
15 the property immediately prior to the date that the property
16 obtained exempt status under section 7u. A reduction under this
17 subparagraph must be allocated to each taxing unit based on the
18 proportion that its unpaid delinquent taxes certified to the county
19 treasurer bear to the total amount of unpaid delinquent taxes
20 certified to the county treasurer in connection with the property.

21 (ii) Cancel some or all of any unpaid delinquent taxes that
22 represent charges for services that have become delinquent and have
23 been certified to the county treasurer for collection of taxes and
24 enforcement of the lien for the taxes under section 21(3) of the
25 revenue bond act of 1933, 1933 PA 94, MCL 141.121.

26 (iii) Cancel some or all of the interest, penalties, and fees
27 required to be paid to redeem the property.

28 (b) If the amount required to redeem the property is reduced
29 under subdivision (a), the foreclosing governmental unit may



1 further reduce the redemption amount by an amount not to exceed 10%
2 of the unpaid delinquent taxes required to be paid to redeem the
3 property if the property is redeemed by a single lump-sum payment
4 made within a period to be determined by the foreclosing
5 governmental unit.

6 (c) A foreclosing governmental unit may apply the provisions
7 of this subsection to property subject to and in compliance with a
8 delinquent property tax installment payment plan under section
9 78q(1) or a tax foreclosure avoidance agreement under section
10 78q(5).

11 (d) If property is redeemed by payment of a reduced amount
12 under this subsection in accordance with the terms, conditions, and
13 time period established by the county treasurer, any remaining
14 unpaid taxes, interest, penalties, and fees for which the property
15 was forfeited and otherwise payable shall be canceled by the county
16 treasurer, including, but not limited to, any interest, fee, or
17 penalty payment requirements set forth in a delinquent property tax
18 installment payment plan under section 78q(1) or a tax foreclosure
19 avoidance agreement under section 78q(5) with respect to the
20 property. A county treasurer shall not impose any additional
21 interest, penalties, fees, or other charges of any kind in
22 connection with a payment reduction program under this subsection.

23 (e) If the owner of property subject to a payment reduction
24 under this subsection fails to pay the full reduced amount of
25 delinquent taxes, penalties, and fees under this subsection in
26 accordance with the terms, conditions, and time period established
27 by the county treasurer, all of the following apply:

28 (i) The amount required to be paid to redeem the property is
29 the sum of both of the following:



1 (A) The full amount of any unpaid delinquent taxes on the
2 property.

3 (B) Interest under section 78g(3) (b) and any additional
4 interest, fees, charges, and penalties otherwise applicable to any
5 unpaid taxes on the property, including, but not limited to,
6 interest, fees, charges, and penalties canceled under subdivision
7 (d).

8 (ii) The property must be included in the immediately
9 succeeding petition for foreclosure under section 78h.

10 (f) A foreclosing governmental unit may not approve a
11 reduction in the amount required to redeem property under this
12 subsection if the reduction would cause noncompliance with section
13 87c(7) or otherwise impermissibly impair an outstanding debt of the
14 county or any taxing unit.

15 (g) All payments collected in connection with property under
16 this subsection must be distributed to each taxing unit that has
17 certified to the county treasurer unpaid delinquent taxes for the
18 property in an amount based on the proportion that the taxing
19 unit's unpaid delinquent taxes certified to the county treasurer
20 bear to the total amount of unpaid delinquent taxes certified to
21 the county treasurer in connection with the property.

22 (h) A county treasurer shall set forth the terms and benefits
23 of a payment reduction program available under this subsection in a
24 plan published on the foreclosing governmental unit's website. The
25 plan must set forth which of the reductions described in
26 subdivisions (a) and (b) are available under the program and must
27 include any other information determined to be necessary or
28 appropriate in the discretion of the county treasurer.

29 (9) If a payment reduction under subsection (8) is in effect



1 for property for which a county has issued notes under this act
2 that are secured by the delinquent taxes and interest on that
3 property, at any time within 2 years after the date that those
4 taxes were returned as delinquent, the county treasurer may charge
5 back to any taxing unit the face amount of the delinquent taxes
6 that were owed to that taxing unit on the date those taxes were
7 returned as delinquent, less the amount of any payments received by
8 the county treasurer on that property. All subsequent payments of
9 delinquent taxes and interest on that property must be retained by
10 the county treasurer in a separate account and either paid to or
11 credited to the account of that taxing unit.

12 (10) A foreclosing governmental unit's authority to apply any
13 of the payment-reduction measures otherwise available under
14 subsection (8) to property forfeited under this section is subject
15 to all of the following:

16 (a) On or before January 1 of the year in which the
17 foreclosing governmental unit seeks to implement a program under
18 subsection (8), the foreclosing governmental unit shall provide
19 written notice to the treasurer of each affected local unit of
20 government within the county in which the property is located of
21 the foreclosing governmental unit's intent to implement the program
22 and state that the local unit of government has the option of
23 participating in the program. The notice must contain all of the
24 terms and conditions to be offered under the program, in addition
25 to any other information that the foreclosing governmental unit
26 considers necessary or appropriate.

27 (b) Not later than 21 days after the foreclosing governmental
28 unit provides the written notice described in subdivision (a), the
29 treasurer of any affected local unit of government may provide the



1 foreclosing governmental unit with written notice of
 2 nonparticipation in the program, and all property within that local
 3 unit of government will be excluded from the program. Any affected
 4 local unit of government whose treasurer does not provide written
 5 notice of nonparticipation under this subdivision is conclusively
 6 presumed to have consented to participation in the program, and all
 7 property within that local unit of government will be included in
 8 the program.

9 (11) As used in this section, "local unit of government" means
 10 a city, township, or village.

11 Sec. 78q. (1) Notwithstanding any provision of this act or
 12 charter to the contrary, a foreclosing governmental unit may create
 13 a delinquent property tax installment payment plan for eligible
 14 property, the title to which is held by a financially distressed
 15 person. **A delinquent property tax installment payment plan created**
 16 **under this subsection may be combined with and made subject to a**
 17 **delinquent property tax payment reduction under section 78g(8)(c).**

18 (2) If a financially distressed person agrees to participate
 19 in a delinquent property tax installment payment plan created under
 20 subsection (1) and makes the initial payment required under that
 21 delinquent property tax installment payment plan, the foreclosing
 22 governmental unit may remove eligible property the title to which
 23 is held by that financially distressed person from the petition for
 24 foreclosure as provided in section 78h(3)(c).

25 (3) If a financially distressed person successfully completes
 26 a delinquent property tax installment payment plan created under
 27 subsection (1), interest under section 78g(3)(b) and any additional
 28 interest otherwise applicable ~~shall~~**must** be waived.

29 (4) If a financially distressed person does not successfully



1 complete a delinquent property tax installment payment plan created
2 under subsection (1), both of the following apply:

3 (a) Interest under section 78g(3) (b) and any additional
4 interest otherwise applicable apply to any unpaid taxes on the
5 property.

6 (b) The eligible property ~~shall~~**must** be included in the
7 immediately succeeding petition for foreclosure under section 78h.

8 (5) Notwithstanding any provision of this act or charter to
9 the contrary, until June 30, 2026, a county treasurer may enter
10 into a tax foreclosure avoidance agreement for a term of up to 5
11 years with an owner of property returned as delinquent to the
12 county treasurer under this act or forfeited to the county
13 treasurer under section 78g if the property is classified as
14 residential real property under section 34c, if the property is
15 eligible property, and if the owner makes an initial payment of ~~at~~
16 ~~least 10% of the delinquent taxes owed on the property~~ **in an amount**
17 **determined by the county treasurer. A tax foreclosure avoidance**
18 **agreement entered into under this subsection may be combined with**
19 **and made subject to a delinquent property tax payment reduction**
20 **under section 78g(8) (c).** While a tax foreclosure avoidance
21 agreement is effective, the property ~~shall~~**must** be withheld or
22 removed from the petition for foreclosure as provided under section
23 78h(3) (c), interest at the rate provided in section 78g(3) (c) (ii)
24 applies, and the owner shall make timely payments as provided under
25 the tax foreclosure avoidance agreement, including timely payment
26 of all nondelinquent taxes on the property. A tax foreclosure
27 avoidance agreement must require regular periodic installment
28 payments. The final payment must not be disproportionately larger
29 than a regular periodic installment payment and regular periodic



1 installment payments in the final year must not be
 2 disproportionately larger than regular periodic installment
 3 payments in prior years. A county treasurer may refuse to enter
 4 into a tax foreclosure avoidance agreement with an owner under this
 5 subsection if that owner is not in compliance with another tax
 6 foreclosure avoidance agreement with the county treasurer or with a
 7 delinquent property tax installment plan with the county treasurer
 8 under this section. A county treasurer may not enter into more than
 9 2 tax foreclosure avoidance agreements with an owner. If an owner
 10 fails to comply with a tax foreclosure avoidance agreement or if
 11 the tax foreclosure avoidance agreement is no longer effective, all
 12 of the following apply:

13 (a) Interest under section 78g(3)(b) and any additional
 14 interest otherwise applicable apply to any unpaid taxes on the
 15 property.

16 (b) The property ~~shall~~**must** be included in the immediately
 17 succeeding petition for foreclosure under section 78h.

18 (c) The owner shall not bid on property subject to sale under
 19 section 78m, if that property was subject to the tax foreclosure
 20 avoidance agreement.

21 (6) A delinquent property tax installment payment plan or a
 22 tax foreclosure avoidance agreement may not be approved under this
 23 section if the delinquent property tax installment payment plan or
 24 tax foreclosure avoidance agreement would impermissibly impair an
 25 outstanding debt of the county.

26 (7) If a foreclosing governmental unit has created a
 27 delinquent property tax installment payment plan under this
 28 section, the department of treasury may audit the books and records
 29 of that foreclosing governmental unit concerning the details of



1 that delinquent property tax installment payment plan.

2 (8) Property classified as industrial real property under
3 section 34c that is occupied at less than 10% of its facility
4 capacity for more than 3 years and that is located in a county with
5 a population of more than 1,500,000 according to the most recent
6 federal decennial census is not eligible to participate in a
7 delinquent property tax installment payment plan and is subject to
8 section 78m, including sale under section 78m(2) to the person
9 bidding the highest amount above the minimum bid.

10 (9) If a delinquent property tax installment payment plan is
11 in effect for property for which a county has issued notes under
12 this act that are secured by the delinquent taxes and interest on
13 that property, at any time 2 years after the date that those taxes
14 were returned as delinquent, the county treasurer may charge back
15 to any taxing unit the face amount of the delinquent taxes that
16 were owed to that taxing unit on the date those taxes were returned
17 as delinquent, less the amount of any principal installments
18 received by the county treasurer on that property under the
19 delinquent property tax installment payment plan. All subsequent
20 payments of delinquent taxes and interest on that property ~~shall~~
21 **must** be retained by the county treasurer in a separate account and
22 either paid to or credited to the account of that taxing unit.

23 (10) As used in this section:

24 (a) "Eligible property" means property that is a principal
25 residence exempt from the tax levied by a local school district for
26 school operating purposes under section 7cc.

27 (b) "Financially distressed person" means a person who meets
28 all of the following conditions:

29 (i) Is eligible to have property to which he or she holds title



1 withheld from a petition for foreclosure under section 78h(3) (b).

2 (ii) Is not delinquent in satisfying a delinquent property tax
3 installment payment plan or tax foreclosure avoidance agreement
4 under this section for any other property within the foreclosing
5 governmental unit.

