



**House
Legislative
Analysis
Section**

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ABANDONED PROPERTY

House Bill 4346

Sponsor: Rep. Walter J. DeLange

House Bill 4456

Sponsor: Rep. Raymond M. Murphy

Committee: Taxation

Complete to 3-15-93

A SUMMARY OF HOUSE BILLS 4346 AND 4456 AS INTRODUCED 2-24-93 AND 3-9-93

The bills would amend the General Property Tax Act (MCL 211.57 et al.) to provide an expedited tax foreclosure process for abandoned residential property in certain communities. They would also permit the conveying of abandoned property by the state to housing-oriented community organizations. The bills would apply only to a county that contains a city with a population of more than 25,000 or a city that has an enterprise zone under the Enterprise Zone Act of 1985. (The eligible counties are said to be Bay, Berrien, Calhoun, Genesee, Ingham, Jackson, Kalamazoo, Kent, Macomb, Midland, Muskegon, Oakland, St. Clair, Saginaw, Washtenaw, and Wayne.) The foreclosure process would be accelerated by about 30 months (according to tax specialists) in participating cities and townships. The bills, which are tie-barred to one another, contain, in brief, the following features.

* In participating local tax collecting units (i.e., cities and townships), for taxes returned as delinquent after February 28, 1994, the treasurer would deliver a separate tax roll designated as the "abandoned residential property tax roll" to the county treasurer, identifying parcels that are abandoned residential property for which the taxes are unpaid as of March 1. (If the local treasurer does not return taxes delinquent, he or she may certify a list of abandoned parcels by March 15, or by April 1 if the list contained 500 parcels or less.)

* Property identified as abandoned would go to the May tax sale in the second May after delinquency (rather than the third May). The usual one-year redemption period following the May sale would be shortened to 60 days for abandoned property. The additional six-month redemption period for property bid to the state would not apply to the abandoned property. Further, the Department of Treasury would be required to give preference to notification and scheduling of so-called Dow hearings for abandoned property.

* A local tax collecting unit or a county could file an application with the DNR requesting that abandoned property be conveyed to the local unit, the county, or a "designated recipient", a private, non-profit group to which a local unit has given the responsibility for and control of a specific parcel of abandoned property. If a county filed such an application, a copy would have to be sent to the local unit, which would have 45

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days to file an application certifying that a specific parcel in the county's application was a "designated parcel" (meaning, generally speaking, that it was part of a special program or project underway in the local unit) and requesting that it be conveyed to the local unit. Such an application would automatically supersede the county application. Property would be conveyed by the Department of Natural Resources (DNR) without consideration within 60 days after the expiration of the redemption period.

* To participate in the accelerated foreclosure process, a local tax collecting unit would have to adopt a resolution of general application declaring that nonpayment of property taxes is contributing to neighborhood deterioration and blight. Each taxing unit levying a tax within the collecting unit for whom the county treasurer collects delinquent property taxes, moreover, would have to adopt a resolution of general application waiving the right to receive real property taxes on abandoned residential property from the proceeds of delinquent tax revolving fund notes or from the proceeds of any tax sale. These resolutions would continue until revoked but would not be subject to revocation until abandoned property tax rolls had been prepared for three years after adoption of a resolution.

* Generally speaking, property could only be presumed to be abandoned for the purpose of the accelerated foreclosure process if a local tax collecting unit followed procedures for identifying such property found in House Bill 4456. The bill requires that there be a personal inspection of property by a representative of the local unit; that a notice be posted on the property at the time of the inspection and a notice be sent by certified mail to each owner and person with a legal interest explaining the nature of the accelerated tax foreclosure process; and that no one claiming a lawful interest claims that the property is not abandoned. The term "abandoned" would be used to refer to property that was "vacant or dilapidated and open to entrance or trespass."

* A "designated party" could become a recipient of abandoned property under the bills. To be eligible, an organization would have to have: an exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code; a demonstrated capability for home rehabilitation or community economic development; and a community-based board with 51 percent or more of board members being residents of the tax collecting unit in which the property is located. The organization would have to hold open meetings, maintain records of meetings, and prepare financial reports. Also eligible to be a designated party would be the person or entity given such responsibility under a nuisance abatement ordinance and a county in which an abandoned parcel was located. (A "designated party" becomes a "designated recipient" when an abandoned residential property officer of a local unit or county, with the approval of the appropriate governing body, assigns it the right to receive a specific parcel from the DNR.)