

Act No. 291
Public Acts of 1993
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**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993**

Introduced by Reps. DeLange and Murphy

ENROLLED HOUSE BILL No. 4346

AN ACT to amend sections 57, 60, 61, 73c, 74, 108, 131, 131c, and 131e of Act No. 206 of the Public Acts of 1893, entitled as amended "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes thereon, and for the collection of taxes levied; making such taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection therewith; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal certain acts and parts of acts in anywise contravening any of the provisions of this act," section 60 as amended by Act No. 503 of the Public Acts of 1982, sections 61 and 74 as amended by Act No. 539 of the Public Acts of 1982, and sections 131, 131c, and 131e as amended by Act No. 406 of the Public Acts of 1984, being sections 211.57, 211.60, 211.61, 211.73c, 211.74, 211.108, 211.131, 211.131c, and 211.131e of the Michigan Compiled Laws; and to add sections 55a and 70b.

The People of the State of Michigan enact:

Section 1. Sections 57, 60, 61, 73c, 74, 108, 131, 131c, and 131e of Act No. 206 of the Public Acts of 1893, section 60 as amended by Act No. 503 of the Public Acts of 1982, sections 61 and 74 as amended by Act No. 539 of the Public Acts of 1982, and sections 131, 131c, and 131e as amended by Act No. 406 of the Public Acts of 1984, being sections 211.57, 211.60, 211.61, 211.73c, 211.74, 211.108, 211.131, 211.131c, and 211.131e of the Michigan Compiled Laws, are amended and sections 55a and 70b are added to read as follows:

Sec. 55a. (1) Except as provided in subsection (2), for taxes returned as delinquent after February 28, 1994, a separate tax roll designated as the "certified special residential property tax roll" shall be delivered by the treasurer of the local tax collecting unit to the county treasurer that identifies parcels that are certified special residential property for which the taxes are unpaid as of March 1.

(2) If the county treasurer collects the county tax in the local tax collecting unit, the certified special residential property tax roll may be prepared by May 1.

(3) If the treasurer of the local tax collecting unit does not return taxes delinquent under section 55, he or she may certify a list of parcels of certified special residential property to the county treasurer not later than March 15, or if the list contains 500 parcels or less, April 1 of each year. The list shall identify the parcels by parcel identification numbers compatible with the parcel identification numbers used by the county treasurer. The county treasurer shall identify

those parcels of certified special residential property on which those property taxes collected by the county treasurer are delinquent and prepare the certified special residential property tax roll.

(4) The certified special residential property tax roll containing parcels identified as certified special residential property under this section shall contain an affidavit of the official of the local tax collecting unit responsible for identifying those parcels indicating that those parcels meet the criteria of certified special residential property.

(5) This section does not apply unless the certified special residential property is located in a local tax collecting unit in which the local governing body, not later than December 31 of the year immediately preceding the year to which a resolution initially applies, adopts a resolution of general application declaring that nonpayment of property taxes is contributing to neighborhood deterioration and blight.

(6) This section does not apply unless each taxing unit levying a tax within the local tax collecting unit and for whom the county treasurer collects delinquent real property taxes adopts a resolution of general application waiving the right to receive real property taxes on certified special residential property from the proceeds of delinquent tax revolving fund notes or from the proceeds of any sale under section 131.

(7) A resolution adopted under subsection (5) or (6) shall continue until revoked but is not subject to revocation until certified special residential property tax rolls have been prepared for 3 years after adoption of the resolution. A revocation shall be made not later than the December 31 preceding the year to which the revocation applies.

(8) This section applies only to a county that contains a city with a population of more than 25,000 or a city in which there is an enterprise zone established under the enterprise zone act, Act No. 224 of the Public Acts of 1985, being sections 125.2101 to 125.2122 of the Michigan Compiled Laws.

(9) For purposes of this section, property is presumed to be abandoned residential property if either of the following applies:

(a) A representative of the local tax collecting unit records with the treasurer of the local tax collecting unit an affidavit stating the property has been determined to be abandoned residential property as provided for in subsection (12).

(b) A representative of the local tax collecting unit records with the treasurer of the local tax collecting unit an affidavit stating the property has been determined abandoned under an ordinance passed by the governing body of the local tax collecting unit that has procedural requirements substantially the same as those provided in subsection (12)(b). However, if the property is determined abandoned under a nuisance abatement ordinance, the local tax collecting unit shall follow the procedure provided for in subsection (12)(b)(ii) and (iii).

(10) A designated party other than a county is subject to the direction of the local tax collecting unit. The local tax collecting unit shall review a designated party annually to verify compliance with the requirements of subsection (12)(e). A designated party's status may be terminated for failure to comply with the requirements of subsection (12)(e).

(11) Delinquent taxes on property listed on the certified special residential property tax roll are not considered delinquent real property taxes for purposes of section 87b and shall be processed by the county treasurer under section 87 except that the county treasurer shall pay these amounts to all local units on the same date as the county distributes money from the delinquent tax revolving fund instead of delivering payments to the local units each month.

(12) As used in this act:

(a) "Abandoned" means with respect to a specific parcel of property that the property is vacant or dilapidated and open to entrance or trespass.

(b) "Abandoned residential property" means a parcel of property containing a structure intended for residential purposes that is classified as residential or commercial under section 34c, but excluding property used for agricultural purposes, and that has been determined to be abandoned under the following procedures:

(i) A representative of the local tax collecting unit made a personal inspection of the property and determined the property is abandoned.

(ii) A notice was posted on the property at the time of the personal inspection by a representative of the local tax collecting unit and a notice was sent by certified mail by the local tax collecting unit to each owner and person with a legal interest in the property according to the records of the treasurer of the local tax collecting unit. The notice included all of the following information:

(A) The legal description and street address of the property.

(B) A statement that the property is abandoned.

(C) A statement that, due to abandonment, the property is subject to accelerated sale for enforcement and collection of delinquent property taxes in the second May following the March in which the taxes became delinquent.

(D) A statement that the property will be presumed abandoned unless the owner or a person claiming a lawful interest responds within 15 days of receipt of the notice with an affidavit filed with or sent by first-class mail to the treasurer of the local tax collecting unit stating that the owner or person with a lawful interest in the property is occupying or intends to occupy the property.

(iii) The owner or a person claiming a lawful interest in the property has not claimed the property is not abandoned by filing the affidavit required by subparagraph (ii)(D).

(c) "Certified special residential property officer" means any of the following:

(i) For a local tax collecting unit, the person popularly elected as mayor or supervisor.

(ii) For a county, the person popularly elected as county executive.

(iii) For a local tax collecting unit or county that does not have a person described in subparagraphs (i) or (ii), a person designated by the governing body of the local tax collecting unit or the county.

(d) "Certified special residential property" means a parcel of property that is abandoned residential property or in a county organized under Act No. 293 of the Public Acts of 1966, being sections 45.501 to 45.521 of the Michigan Compiled Laws, a parcel of property that is either abandoned residential property or residential rental property as defined in this section.

(e) "Designated parcel" means a parcel for which 1 of the following is true:

(i) The parcel is located in an area for which a local tax collecting unit has prepared architectural or engineering drawings for projects that include the acquisition of property.

(ii) The parcel is included in an area for which the local tax collecting unit has adopted or is in the process of adopting a program, district, or plan pursuant to a charter or ordinance, state or federal law, or rules or regulations promulgated thereunder, that provides for adoption or creation by a public entity of a program, district, or plan covering a geographical area or permits acquisition of property by a public entity.

(f) "Designated party" means any of the following:

(i) A person that has been given responsibility and control with respect to a parcel of abandoned residential property under a nuisance abatement ordinance.

(ii) A person that meets the following requirements, as certified by a procedure adopted by the governing body and approved by the elected chief executive officer of the local tax collecting unit to determine a designated party:

(A) Is exempt from federal income tax under section 501(c)(3) of the internal revenue code.

(B) Has a demonstrable capability for home rehabilitation or community economic development.

(C) Has a community based board with 51% or more of board members being residents of the local tax collecting unit in which the property is located.

(D) Has open meetings, maintains records of meetings, and prepares financial reports.

(iii) The county in which the parcel of certified special residential property is located.

(g) "Designated recipient" means a designated party to whom the certified special residential property officer of a local tax collecting unit, or his or her designee, with the approval of the governing body of the local tax collecting unit, or the certified special residential property officer of a county, or his or her designee, with the approval of the governing body of the county, has assigned the right of the local tax collecting unit or county, whichever is applicable, with respect to a specific parcel to receive certified special residential property from the director of the department of natural resources under section 131(3).

(h) "Residential rental property" means a parcel of property containing a structure intended for residential purposes that is not occupied by the owner and is classified as residential or commercial under section 34c, excluding property for agricultural purposes, that is also registered or licensed as residential rental property, or is required, as determined by a physical inspection of the property, to be registered or licensed, pursuant to a city, township, or village ordinance that provides for the registration or licensing of rental property for residential purposes. Property is not residential rental property unless it is located in a local tax collecting unit that adopts an ordinance providing for assistance to tenants of property sold under this act and designated as certified special property under this section.

(13) As used in this section and section 131, "local tax collecting unit" means a city or township in which a parcel of certified special residential property is located.

Sec. 57. (1) When a county treasurer receives from a township, city, or village treasurer a statement of unpaid taxes, together with a list of the lands on which the same are delinquent, verified according to law, the county treasurer shall enter the same at length on the books in his or her office provided for that purpose. The treasurer shall make a statement of all descriptions of land returned as delinquent for unpaid taxes, except those rejected by him or her, with the several taxes assessed upon those descriptions respectively. The statement shall be compared by the county clerk with the statement of unpaid taxes filed by the township, city, or village treasurer, and if the county clerk finds it to be a true statement thereof, he or she shall add to it a certificate that the county clerk has, upon careful examination, found it correct. The statement, so made, compared, and certified, shall be considered the return of delinquent taxes by the county treasurer to the department of treasury under this act, and shall be completed not later than May 1 next after the return to the county treasurer of the statements of the several township treasurers. The state treasurer, if considered expedient, may extend for a period not to exceed 30 days the time within which the statement shall be

completed. The state treasurer shall promulgate rules and regulations governing and shall supervise the preparation of the statement. The statement shall be kept on file in the office of the several county treasurers as custodians for the state treasurer and shall not be forwarded to the state treasurer. The county treasurers shall perform the duties with respect to the maintenance and correction of the statement as prescribed by the state treasurer. The keeping of the statement takes the place of the records of delinquent taxes in the department of the state treasury before sale of lands delinquent for taxes, as provided in this act.

(2) Within 120 days after the county treasurer receives from the township treasurer a statement of unpaid taxes, together with a list of the lands on which the same are delinquent, verified according to law, the county treasurer shall mail to the persons assessed for those unpaid taxes as well as the legal owner of the property, if they are not the same party, a notice that the taxes have been returned to the county treasurer as unpaid. The notice shall state the amount of taxes unpaid, and penalties, interest, and charges on the taxes, and shall state that a description of the property assessed is on file in the office of the county treasurer.

(3) Within 120 days after March 1 of the year following the return of the delinquent taxes to the county treasurer, the county treasurer shall again mail the notice on all parcels for which the tax is still unpaid. This subsection does not apply to parcels identified as certified special residential property under section 55a.

(4) Any person who wishes at any time to receive notice of the return of taxes on a parcel of property may pay an annual fee not to exceed \$5.00 by February 1 to the county treasurer together with a parcel identification number and address of the property. The county treasurer will then notify the person if the property is returned delinquent within that year.

(5) The notices required by this section shall be sent by first class mail, address correction requested.

Sec. 60. Those lands that are returned as delinquent for taxes, and upon which taxes remain unpaid after their return under this act or to the county treasurers of the state, are subject to disposition, sale, and redemption for the enforcement and collection of the tax liens, in the method and manner as provided in this act. On the first Tuesday in May in each year, a tax sale shall be held in the counties of this state by the county treasurers of those counties for and in behalf of the state. At the tax sale, lands, other than certified special residential property, delinquent for taxes assessed in the third year preceding the sale or in a prior year or land identified as certified special residential property under section 55a delinquent for taxes assessed in the second year preceding the sale shall be sold for the total of the unpaid taxes of those years. Delinquent tax sales shall include \$10.00 for expenses, as provided in section 59, a county property tax administration fee of 4%, and interest computed at a rate of 1.25% per month, except as provided in section 89, from the date the taxes originally became delinquent pursuant to this act. In the disposition and sale of delinquent tax lands, the people of the state have a valid lien upon the lands, with rights to enforce the lien as a preferred or first claim upon the lands. The rights and choses to enforce the lien are the prima facie rights of the state, and shall not be set aside or annulled except in the manner and for the causes specified in this act.

Sec. 61. Before the time fixed for the annual tax sale, the state treasurer shall cause to be prepared and filed in the office of the county clerk in each county in which lands are to be sold under this act a petition addressed to the circuit court for the county stating by appropriate reference to lists or schedules annexed to the petition a description of those lands in the county upon which taxes have remained unpaid for more than 1 year after the lands were returned as delinquent or, for land identified as certified special residential property under section 55a, 90 days after the lands were returned as delinquent, the total amount of the taxes, with interest computed on the amount as provided in this act to May 1 following the filing of the petition, and a county property tax administration fee of 4% extended separately against each parcel of land. Ten dollars shall be added to the total amount against each parcel for expenses as provided in section 59. The petition shall seek a judgment in favor of the state against the land for the payment of the several amounts specified, and in default of those amounts, that the lands be sold. The petition shall be signed by the state treasurer or his or her authorized representative and need not be otherwise verified. The petition is considered equivalent to a bill in chancery to enforce the lien for the taxes, interest, and charges, averring their validity and that the amounts have not been paid, and seeking a sale to pay the lien. Lands bid off in the name of the state and thus held, and on which taxes have been assessed subsequent to the tax for which the lands were sold and purchased by the state, shall be included in the petition for those subsequent taxes that have remained unpaid for more than 1 year after they were returned as delinquent. The petition shall be in a substantial record book, with the lists of lands and taxes annexed following the petition in the book. The record shall be ruled with appropriate columns, including 1 containing a description of the lands and other columns as the state treasurer considers necessary. The word petition includes the lists annexed to the petition. The record shall be called tax record. Parts of descriptions of land upon which taxes are paid before sale, or which are withheld from sale, the amount paid on taxes before sale, the amount of taxes, interest, and charges adjudged against lands, special orders made by the court relating to a parcel of land or any tax, the interest in each parcel of land sold, the name of each purchaser and his or her address, and the number of the certificate of sale shall be entered in the record under the appropriate headings opposite the description of lands affected. The county treasurer shall, under the direction of the state treasurer, prepare the lists and schedules required in this section.

Sec. 70b. If certified special residential property cannot be sold as a result of a final court order regarding the validity of section 55a, the certified special residential property may be sold pursuant to section 70 at the time set for the sale of property other than certified special residential property or at a subsequent tax sale under section 70 if required.

Sec. 73c. (1) Not later than 120 days or for parcels identified as certified special residential property under section 55a, not later than 30 days, before the expiration of the redemption period provided in section 74, the county treasurer of each county shall send a notice to each person who, according to the records of his or her office, has an interest in a piece or parcel of land offered at the tax sale under section 70 of this act that is not yet redeemed. The county treasurer shall also send a notice to all other persons shown by the records of the local assessing officer or local treasurer to have an interest in those lands.

(2) On all parcels for which an address is known, the notice shall also be mailed by regular mail addressed to "occupant" if any of the following apply:

(a) A prior notice has not been sent to that address.

(b) A prior notice sent to that address has been forwarded or returned as undeliverable, except as provided in subsection (3).

(3) Certified mail notices returned as "undeliverable—unclaimed" shall be remailed by first class mail.

(4) On parcels bid off to the state and still a state bid, the notice shall be sent by certified mail with return receipt demanded, with postage fully prepaid. On all other parcels not redeemed, the notice shall be sent by first class mail, address correction requested. The notice under this section shall be in substantially the following form:

Sir or Madam:

This is to notify you that, according to the records of this office, the following piece or parcel of land, which you may have an interest in, was sold at the annual tax sale of May, 19..., for delinquent taxes of 19..., and prior years. Unless redeemed from the sale on or before 19..., the title to the land will vest and become absolute in the state of Michigan or if the taxes were paid by a private tax lien buyer, a tax deed will be issued by the state of Michigan entitling the buyer to collect all taxes paid plus a 50% penalty and other fees.

Very truly yours,

.....County treasurer or

Assessor of.....

(5) The cost of mailing the notice under this section shall be paid to the county treasurer by the county.

(6) Failure to receive or serve the notice or a defect in the notice does not invalidate the proceedings taken under the state treasurer's petition and order of the circuit court in foreclosure and sale of the lands for taxes.

Sec. 74. (1) A person, city, or other political subdivision owning land sold pursuant to this act or any interest in these lands, at any time before the first Tuesday of May in the year following the sale, or for parcels identified as certified special residential property under section 55a, before the second Tuesday in July of the year of the sale, may redeem any parcel of these lands, or any part or interest in these lands by showing to the satisfaction of the county treasurer or department of treasury that the person, city, or other political subdivision owns only that part or interest in the land that the person, city, or other political subdivision proposes to redeem, and by paying to the county treasurer the amount of the sale of the parcel of land, or the portion of the land wished to be redeemed, and interest on that amount computed at a rate of 1.25% per month or fraction of a month, except as provided in section 89, from the first day of the month in which the tax sale opened. If a person, city, or other political subdivision owns less than the whole description sold, the amount required to redeem that part shall be calculated pursuant to section 53. Upon the payment of the redemption money and interest computed at a rate of 1.25% per month, or fraction of a month, except as provided in section 89, to the county treasurer pursuant to this section, the county treasurer shall issue a redemption certificate in triplicate in a form prescribed by the department of treasury. One of the triplicate certificates shall be delivered to the person making the redemption payment, 1 shall be filed in the office of the county treasurer, and 1 shall be immediately transmitted to the department of treasury. If the county treasurer fails to forward the certificate to the department of treasury as required by this section, the department of treasury may take possession of the certificate in the office of the county treasurer, and the certificates shall after that time be part of the records and files of the department of treasury.

(2) The county treasurer shall also make a note of the redemption certificate in the tax record book kept in his or her office, with the name of the payee, and the date and amount paid. All redemption certificates issued pursuant to this

section shall be consecutively numbered by the printer. The county treasurer shall account for each certificate issued and forward a weekly report to the department of treasury accounting for each certificate issued.

(3) A certificate, and the entry of the certificate by the county treasurer, shall be evidence of a redemption payment in the courts of this state. However, each county treasurer shall make a full and complete report to the department of treasury of all redemption certificates issued by him or her during the redemption period. This report shall be made not later than 20 days after the expiration of the redemption period. The department of treasury shall compel, in the manner provided by law, the filing of these reports, as provided by this section, by the county treasurers and for that purpose may incur expenses as required.

Sec. 108. (1) The governing body of a city or village, the charter of which does not so provide, may provide by ordinance for the return of all unpaid taxes on real property to the county treasurer in the same manner and with like effect as returns by township treasurers. The words and characters by which the property is described on the village delinquent tax roll so returned shall be the same as the words and characters used to describe the property as it appears on the regular township roll. The county treasurer shall reject, as provided in section 55, any description returned by the village treasurer that does not agree with the description as it appears on the regular township tax roll for the same year. The taxes returned shall be collected in the same manner as other taxes returned delinquent under this act. The governing body of a city or village, which by its charter has the right to sell lands for unpaid taxes or assessments, may provide for judicial sale of those lands. The sale shall be made on petition filed in behalf of the city or village in interest, and shall conform, as near as practicable, to the provisions for a sale under this act. However, if lands are offered at sale that have been bid to the state at any tax sale made under the provisions of any general tax law, and upon which bid or bids remain undischarged, a sale made of those lands at the city tax sale is conditioned upon the payment of the tax lien held by the state on the land, other than land identified as certified special residential property under section 55a, and the sale, so made, shall be void if the tax lien held by the state remains unsatisfied.

(2) For a sale of certified special residential property made under subsection (1), all taxes and special assessments that are a lien against that property are canceled.

(3) If the provisions of the city charter fail to provide specific provisions for the sale of certified special residential property consistent with the procedures of this act, a city may prescribe by ordinance a procedure for the sale of certified special residential property consistent with the procedures of this act.

Sec. 131. (1) The director of the department of natural resources may, with the approval of the commission of natural resources, withhold from sale any land that he or she determines to be suitable for state forests, state parks, state game refuges, public hunting, or recreational grounds. The director may set a minimum price for land not withheld from sale. Except as provided in subsection (2), all land not withheld from sale and not held by a city or village shall be offered for sale by the director, at a price to be determined by the director, pursuant to Act No. 21 of the Public Acts of 1873, as amended, being sections 322.261 to 322.266 of the Michigan Compiled Laws. A bid shall not be accepted for less than the minimum price set by the director. If no bids are received or accepted by the director of the department of natural resources, the director may sell the land to a person applying for the purchase of the land at a price not less than the minimum price affixed by the director. The proceeds of the sale, after deducting costs paid by the department of natural resources for maintaining the land in condition to protect the public health and safety, shall be accounted for to the state, county, township, and school district in which the land is situated, pro rata according to their several interests in the land arising from the nonpayment of taxes and special assessments on the land as that interest appears in the offices of the state, county, city, and village treasurers. A person who purchases land under this section shall, in addition to paying the purchase price, pay to the state a fee of \$10.00 per parcel of land purchased plus 5% of the purchase price. The \$10.00 charge and 5% of the purchase price shall be deposited in the state treasury to the credit of the delinquent property tax administration fund.

(2) A local tax collecting unit or a county may file an application with the department of natural resources requesting the conveyance to the local tax collecting unit, the county, or a designated recipient of property identified as certified special residential property under section 55a and for which the redemption period provided for under section 74 has expired. A county filing an application under this subsection shall provide a copy of the application at the time of filing to the certified special residential property officer of the local tax collecting unit. Not later than 45 days after the filing of a county's application, the local tax collecting unit may file an application certifying that a specific parcel included in the county's application is a designated parcel and requesting the conveyance of that parcel to the local tax collecting unit. An application certifying that a parcel is a designated parcel supersedes the application of the county with respect to the parcel for which a certification is made.

(3) Property for which an application is received under subsection (2) shall be conveyed by the director of the department of natural resources to the local tax collecting unit, to the county in which the land is located, or to a designated recipient, whichever is applicable, within 90 days after the expiration of the redemption period provided for under section 131e upon the payment of an administration fee of \$75.00 for up to 5 parcels and \$10.00 for each additional parcel over 5. A designated party that is determined by the certified special residential property officer of the local tax collecting unit or the county, whichever is applicable, to be primarily responsible for the identification of the certified

special residential property shall be offered the right to become a designated recipient of that property before any other designated recipient is appointed by the local tax collecting unit or the county. However, this subsection does not require a local tax collecting unit, a county, or a designated recipient to accept a conveyance of property. A local tax collecting unit or county that receives certified special residential property under this act may convey that property to a designated party for a nominal fee and the conveyance shall be considered to have been made for the public purpose of eliminating neighborhood deterioration and blight.

Sec. 131c. (1) Parcels at any time before the first Tuesday in November following the vesting of title in the state may be redeemed by the payment to the county treasurer of all amounts due on the lands as delinquent taxes and special assessments that had been assessed or were a lien at the time title vested in the state, together with interest and penalties on the taxes or assessments and a processing fee of \$50.00 a parcel, interest to be computed to the date of the application to redeem and pursuant to this act or the charter of a municipality collecting its own delinquent taxes and assessments for tax and assessment liens of that municipality. Of each \$50.00 per parcel processing fee, the county shall retain \$10.00 and shall transmit \$40.00 to the state treasurer for deposit in the state treasury to the credit of the delinquent property tax administration fund. After the redemption has been effected, the state treasurer shall so certify to the department of natural resources, which shall convey the land described in the certificate to the owner. This subsection does not apply to parcels identified as certified special residential property under section 55a.

(2) A municipality at any time before the first Tuesday in November following the vesting of title in this state may withhold from sale any land lying within its boundaries by filing with the department of natural resources an application for the withholding, which application shall accurately describe the land by its legal description according to the records of the state treasurer or the department of natural resources. The withholding shall only be effective until the first Tuesday in November of the year following the date of withholding and shall not affect the right of the state to take possession of the land and manage and rent the land during the period it is withheld. The land withheld may be redeemed by the payment of all amounts as provided in subsection (1). If land included in the application to withhold is not redeemed, the land shall be administered by the department of natural resources as provided in section 131.

(3) A municipality collecting its own delinquent taxes and assessments may redeem the land as owner as provided in this section if the municipality, either before or during the withholding period, has acquired title to the property by foreclosure of its tax or assessment liens or otherwise, and in which foreclosure proceeding the state need not be named as a party. The redemption may be effected by payment in the same manner as provided in this section for redemption for the benefit of the former owner except that all delinquent taxes and special assessments that had been assessed or were a lien at the time title vested in the state shall be paid in full, together with interest and penalties, interest to be computed to the date of application to redeem and in accordance with the provisions of the general tax laws, and the tax and assessment liens of the municipality so redeeming need not be paid. After the redemption has been effected, the state treasurer shall so certify to the department of natural resources, which shall convey the land described in the certificate to the municipality.

(4) A redemption deed issued pursuant to this section shall not be construed to vest in the grantee named in the deed any title or interest in the lands beyond that which he or she would have owned, had not title become vested in the state. However, the grantee is entitled to a lien on the lands, or on such parts of the land or interests in the land as was not owned by him or her, for the amount paid upon the redemption or the portion of the amount as may be lawfully charged to those parts or interests, in addition to the lien or other interests before held by the grantee, which lien may be enforced in any court of competent jurisdiction as for liens upon lands, with interest on the lien at 6% per year from the date of payment. The deed, except if there is redemption as owner by foreclosure decree by a municipality collecting its own delinquent taxes and assessments for tax and assessment liens of the municipality as provided in subsection (3), shall operate to revive all titles, liens, and encumbrances, with their respective priorities, as would have existed had not the title become vested in the state, subject to the lien of the grantee named in the deed as provided in this subsection.

(5) During the periods of redemption provided by subsection (1) or (2), the director of the department of natural resources or his or her authorized agent shall make a personal visit to each parcel of land deeded to the state for the purpose of ascertaining whether or not the land is occupied. If the land appears to be occupied, the director or his or her authorized agent shall attempt to personally serve upon a person occupying the land a copy of a notice, stating that the property has been deeded to the state, and unless redeemed, shall be sold to the highest bidder, deeded to a local unit of government, or retained by the state. If unable to personally serve the notice, the notice shall be placed in a conspicuous manner on the premises.

Sec. 131e. (1) The redemption period on those lands deeded to the state pursuant to section 67a that have a state equalized valuation of \$1,000.00 or more shall be extended until owners of a significant property interest in the lands have been notified of a hearing before the department of treasury. Proof of notice to those persons and notice of the hearing shall be recorded with the register of deeds in the county in which the property is located.

(2) The hearing shall be held to allow these owners to show cause as to why the tax sale and the deed to the state should be canceled for any of the reasons specified in section 98. The hearing shall be held after the expiration of the redemption periods provided by section 131c.

(3) Following expiration of the redemption periods provided by section 131c, property may be redeemed up to 30 days following the date of hearing provided by this section by the payment of the amounts provided for in subsection (4) and in section 131c(1), plus an additional penalty of 50% of the tax upon which foreclosure was made. This additional penalty shall be credited to the delinquent property tax administration fund. A redemption under this section shall reinstate title as provided in section 131c(4).

(4) If property redeemed pursuant to this section has been exempt from taxes levied in any year following the year in which foreclosure was made due to the issuance of a deed to the state, an amount equal to the sum of the following amounts shall be paid, as required by subsection (3), before redemption of the property:

(a) An amount computed by applying the special assessment and ad valorem property tax rates levied by taxing units in which the property is located in the years the property was exempt against the most recently established state equalized valuation of the property. For purposes of this subsection special assessments does not include special assessments or special assessment installments deferred pursuant to section 67a.

(b) Interest on the delinquent taxes or special assessments to be computed from the date title vested in the state to the date of the application to redeem pursuant to this section.

(c) Interest and penalties on taxes and special assessments identified by subdivision (a) that would have been imposed by law or charter and would have accrued if the property had not been exempt, as of the date of the application to redeem pursuant to this section.

(5) The department shall give preference to notification and scheduling of hearings for property identified as certified special residential property under section 55a.

This act is ordered to take immediate effect.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.