

HOUSE BILL No. 4001

February 2, 1993, Introduced by Reps. Varga and Profit and referred to the Committee on Taxation.

A bill to amend Act No. 206 of the Public Acts of 1893,
entitled as amended

"The general property tax act,"

as amended, being sections 211.1 to 211.157 of the Michigan
Compiled Laws, by adding section 70b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 206 of the Public Acts of 1893, as
2 amended, being sections 211.1 to 211.157 of the Michigan Compiled
3 Laws, is amended by adding section 70b to read as follows:

4 SEC. 70B. (1) PROPERTY THAT IS THE HOMESTEAD OF A QUALIFIED
5 PERSON AND THAT IS OTHERWISE ELIGIBLE FOR THE SALE PROVIDED FOR
6 IN SECTIONS 60 AND 70 SHALL BE EXCLUDED FROM THE SALE BY THE
7 COUNTY TREASURER AS PROVIDED IN THIS SECTION. IF PROPERTY THAT
8 IS THE HOMESTEAD OF A QUALIFIED PERSON IS SOLD AT THE SALE
9 PROVIDED FOR IN SECTIONS 60 AND 70, IT IS NOT SUBJECT TO

1 SUBSEQUENT PROCEEDINGS TO ENFORCE ANY INTEREST BID OFF IN THE
2 NAME OF THE STATE OR ANY TAX DEED OR CERTIFICATE OF SALE ACQUIRED
3 BY ANY PERSON UNDER THIS ACT, EXCEPT AS PROVIDED IN THIS
4 SECTION.

5 (2) IF THE PROPERTY OF AN OWNER IS INCLUDED IN THE PETITION
6 PROVIDED FOR IN SECTION 61, THE OWNER MAY APPLY TO THE COUNTY
7 TREASURER TO WITHHOLD THE PROPERTY FROM THE SALE PROVIDED FOR IN
8 SECTIONS 60 AND 70. THE APPLICATION SHALL BE MADE ON A FORM PRE-
9 SCRIBED BY THE DEPARTMENT OF TREASURY AND MADE AVAILABLE TO
10 COUNTY TREASURERS THROUGHOUT THE STATE AND SHALL INCLUDE AN AFFI-
11 DAVIT VERIFYING THAT THE APPLICANT IS THE OWNER OF THE PROPERTY.
12 UPON RECEIPT OF AN APPLICATION, THE COUNTY TREASURER SHALL IMME-
13 DIATELY FORWARD THE APPLICATION TO THE STATE TREASURER WHO SHALL
14 EXAMINE IT TO DETERMINE IF THE OWNER MEETS THE REQUIREMENTS OF
15 THIS ACT AND IS A QUALIFIED PERSON. IF SO, THE STATE TREASURER
16 SHALL NOTIFY THE COUNTY TREASURER WHO SHALL WITHHOLD THE PROPERTY
17 OF THE QUALIFIED PERSON FROM SALE.

18 (3) IF PROPERTY HAS BEEN SOLD OR BID OFF IN THE NAME OF THE
19 STATE AT A TAX SALE, AN OWNER MAY APPLY TO THE DEPARTMENT OF
20 TREASURY FOR A DETERMINATION THAT THE PROPERTY IS NOT, SUBJECT TO
21 SUBSEQUENT PROCEEDINGS, AS PROVIDED IN SUBSECTION (1). THE
22 APPLICATION SHALL BE MADE ON THE APPLICATION PROVIDED FOR IN
23 SUBSECTION (2). UPON A FINDING THAT THE OWNER MEETS THE REQUIRE-
24 MENTS OF THIS SECTION AND IS A QUALIFIED PERSON AND THAT THE
25 PROPERTY IS NOT SUBJECT TO THE SUBSEQUENT PROCEEDINGS AS PROVIDED
26 IN SUBSECTION (1), THE DEPARTMENT OF TREASURY SHALL NOTIFY THE

1 COUNTY TREASURER AND ANY HOLDER OF A TAX SALE CERTIFICATE OR TAX
2 DEED OF ITS FINDING.

3 (4) AN APPLICATION UNDER THIS SECTION DOES NOT APPLY TO
4 TAXES FOR WHICH PROPERTY HAS NOT BEEN ADVERTISED FOR SALE BEFORE
5 THE DATE OF THE APPLICATION.

6 (5) UPON A FINDING THAT THE OWNER MEETS THE REQUIREMENTS OF
7 THIS SECTION, THE DEPARTMENT OF TREASURY SHALL DO THE FOLLOWING:

8 (A) ON AN ANNUAL BASIS, VERIFY THAT THE QUALIFIED PERSON
9 CONTINUES TO RESIDE IN THE PROPERTY AND CONTINUES TO BE A QUALI-
10 FIED PERSON.

11 (B) SECURE AN ASSIGNMENT TO THE STATE OF THE NEXT HOMESTEAD
12 PROPERTY TAX CREDIT AND ANY SUBSEQUENT CREDIT PAYABLE DURING THE
13 PERIOD IN WHICH TAXES ARE DEFERRED ON THE PROPERTY AND NECESSARY
14 TO PAY ANY LIEN ON THE PROPERTY UNDER THIS SECTION.

15 (C) SECURE AN ASSIGNMENT TO THE STATE OF THE PROCEEDS OF THE
16 QUALIFIED PERSON'S INTEREST IN ANY PROPERTY AND CASUALTY INSUR-
17 ANCE ON THE PROPERTY SUFFICIENT TO PAY THE AMOUNT OF THE LIEN ON
18 THE PROPERTY. IF THE QUALIFIED PERSON DOES NOT PAY FOR SUFFI-
19 CIENT PROPERTY AND CASUALTY INSURANCE, THE STATE SHALL PAY FOR IT
20 AND ADD THAT AMOUNT TO THE LIEN ON THE PROPERTY.

21 (6) IF THE DEPARTMENT MAKES A DETERMINATION THAT AN OWNER
22 MEETS THE REQUIREMENTS OF THIS ACT AND THE PROPERTY OF THE OWNER
23 HAS BEEN CONVEYED TO THE STATE BY A DEED ISSUED UNDER
24 SECTION 67A, THE STATE TREASURER SHALL ISSUE A CERTIFICATE
25 CANCELING THE DEED AND RECORD THE CERTIFICATE WITH THE REGISTER
26 OF DEEDS IN THE COUNTY WHERE THE PROPERTY IS LOCATED. TAXES AND
27 SPECIAL ASSESSMENTS THAT OTHERWISE WOULD BE CANCELED UNDER

1 SECTION 67A SHALL NOT BE CANCELED AND THE PROPERTY SHALL NOT BE
2 CANCELED OR OMITTED FROM THE TAX ROLL. HOWEVER, IF THE PROPERTY
3 HAS BEEN REMOVED FROM A PREVIOUS TAX ROLL, IT MAY BE PLACED ON
4 THE ROLL IN THE MANNER PROVIDED IN SECTION 154.

5 (7) TAXES ON PROPERTY THAT IS INCLUDED IN THE PETITION FOR
6 SALE UNDER SECTION 61 AND THAT HAS BEEN WITHHELD FROM SALE UNDER
7 SUBSECTION (2), OR TAXES ON PROPERTY THAT IS INCLUDED IN THE
8 PETITION FOR SALE UNDER SECTION 61 FOR WHICH A SALE HAS OCCURRED
9 AND FOR WHICH A DETERMINATION IS MADE THAT THE OWNER IS A QUALI-
10 FIED PERSON UNDER SUBSECTION (3) SHALL BE DEFERRED UNTIL THE
11 OWNER IS NO LONGER A QUALIFIED PERSON; UNTIL 1 YEAR AFTER THE
12 OWNER'S DEATH, SUBJECT TO FURTHER ORDER BY THE PROBATE COURT; OR
13 UNTIL ANY PART OF THE HOMESTEAD IS CONVEYED OR TRANSFERRED TO
14 ANOTHER PERSON OR THE OWNER ENTERS INTO A CONTRACT TO SELL THE
15 HOMESTEAD. THE DEATH OF A SPOUSE DOES NOT TERMINATE THE DEFER-
16 MENT OF TAXES ON THE HOMESTEAD OWNED BY THE HUSBAND AND WIFE
17 UNLESS THE SURVIVING SPOUSE REMARRIES. FAILURE TO PROVIDE THE
18 ASSIGNMENT REQUIRED BY SUBSECTION (5)(B) OR (C) TERMINATES THE
19 DEFERMENT. THE DEFERRED TAXES MAY BE PAID IN FULL BEFORE THE
20 TERMINATION OF THE DEFERMENT AT ANY TIME. TAXES ARE DEFERRED
21 UNDER THIS SECTION WITHOUT PENALTY AND BEAR INTEREST AT THE RATE
22 OF $3/4$ OF 1% PER MONTH OR FRACTION OF A MONTH. THE DEPARTMENT OF
23 TREASURY SHALL NOTIFY EACH OWNER WHOSE TAXES ARE DEFERRED THAT IF
24 LEGAL OR EQUITABLE TITLE TO THE HOMESTEAD OR ANY PART OF THE
25 HOMESTEAD IS CONVEYED OR TRANSFERRED, OR IF THE OWNER ENTERS INTO
26 A CONTRACT TO SELL THE HOMESTEAD, THE DEFERMENT IS TERMINATED AND

1 THE AMOUNT DEFERRED IS IMMEDIATELY DUE AND PAYABLE WITH INTEREST
2 AS PROVIDED IN THIS SECTION, BUT WITHOUT PENALTY.

3 (8) PROPERTY SHALL NOT BE EXCLUDED FROM A SALE UNDER
4 SECTIONS 60 AND 70 FOR NONPAYMENT OF TAXES AND A DEFERMENT SHALL
5 NOT BE GRANTED IN A YEAR IN WHICH, WITH THE INCLUSION OF ADDI-
6 TIONAL DEFERRED TAXES, THE TOTAL AMOUNT OF TAXES DEFERRED EXCEEDS
7 180% OF THE OWNER'S EQUITY IN THE PROPERTY. IN MAKING THIS
8 DETERMINATION, THE DEPARTMENT OF TREASURY SHALL USE A MARKET
9 VALUE EQUAL TO THE STATE EQUALIZED VALUATION OF THE PROPERTY
10 MULTIPLIED BY 2.

11 (9) TAXES DEFERRED IN A COUNTY FOR ANY YEAR SHALL NOT EXCEED
12 2% OF THE REAL PROPERTY TAXES RETURNED AS DELINQUENT FOR THAT
13 YEAR BY ALL TAXING UNITS IN THAT COUNTY.

14 (10) UPON TERMINATION OF THE DEFERMENT OF PROPERTY TAXES
15 UNDER THIS SECTION, THE PROCEDURES OF THIS ACT FOR THE COLLECTION
16 AND ENFORCEMENT OF TAX LIENS SUSPENDED BY THE TERMS OF THIS SEC-
17 TION AGAIN APPLY TO THE DEFERRED TAXES IN THE SAME MANNER THEY
18 WOULD HAVE APPLIED IF A DEFERMENT HAD NOT BEEN AUTHORIZED AND IF
19 ALL OF THE TAXES, INCLUDING ANY TAXES PURCHASED BY A PRIVATE PUR-
20 CHASER, HAD BEEN LEVIED IN THE THIRD YEAR PRECEDING THE CALENDAR
21 YEAR IN WHICH THE DEFERMENT WAS TERMINATED. HOWEVER, THE PROVI-
22 SIONS OF THIS ACT WITH RESPECT TO FEES, INTEREST, AND PENALTIES,
23 EXCEPT AS PROVIDED IN THIS SECTION, DO NOT APPLY TO THE PERIOD
24 DURING WHICH THE TAXES ARE DEFERRED.

25 (11) TAXES DEFERRED UNDER THIS SECTION ARE A LIEN AGAINST
26 THE PROPERTY AND TAKE PRECEDENCE OVER OTHER LIENS AGAINST THE
27 PROPERTY TO THE SAME EXTENT AS IF THE TAXES WERE NOT DEFERRED.

1 (12) A PURCHASE UNDER SECTION 70 OR ANY PURCHASE OF A
2 CERTIFICATE OF TAX SALE OR TAX DEED IS SUBJECT TO THE PROVISIONS
3 OF THIS SECTION AND THE PURCHASER IS CONCLUSIVELY PRESUMED TO
4 KNOW WITHOUT NOTICE THAT SUCH A PURCHASE IS MADE SUBJECT TO THE
5 PROVISIONS OF THIS SECTION. HOWEVER, IF TAXES ARE DEFERRED UNDER
6 THIS SECTION, THE PURCHASER MAY REDEEM THE TAX SALE CERTIFICATE
7 OR TAX DEED FROM THE STATE TREASURER FOR THE PURCHASE PRICE.

8 (13) TO THE EXTENT THAT A LOCAL TAXING UNIT HAS NOT OTHER-
9 WISE BEEN REIMBURSED BY THE STATE, THE STATE TREASURER SHALL
10 REIMBURSE THE COUNTY TREASURER OR THE DELINQUENT TAX REVOLVING
11 FUND WHERE APPLICABLE FOR ANY DEFERRED TAXES WITHIN 120 DAYS
12 AFTER THE APPLICATION IS APPROVED. THE PROCEEDS OF REIMBURSEMENT
13 PAYMENTS SHALL BE DISTRIBUTED BY THE COUNTY TREASURER ON A PRO
14 RATA BASIS TO EACH LOCAL TAXING UNIT.

15 (14) AS USED IN THIS SECTION:

16 (A) "QUALIFIED PERSON" MEANS A PERSON WITH A HOUSEHOLD
17 INCOME IN THE IMMEDIATELY PRECEDING CALENDAR YEAR THAT IS LESS
18 THAN 187.5% OF THE FEDERAL POVERTY LEVEL FOR 2 PERSONS OR THE
19 NUMBER OF PERSONS IN THE HOUSEHOLD, WHICHEVER IS GREATER, OR AN
20 ADULT IN NEED OF PROTECTIVE SERVICES AS THAT TERM IS DEFINED IN
21 SECTION 11 OF THE SOCIAL WELFARE ACT, ACT NO. 280 OF THE PUBLIC
22 ACTS OF 1939, BEING SECTION 400.11 OF THE MICHIGAN COMPILED LAWS,
23 WHO HAS APPLIED FOR AND ASSIGNED ALL HOMESTEAD PROPERTY TAX CRED-
24 ITS THAT MAY BE CLAIMED DURING THE PERIOD IN WHICH TAXES ARE
25 DEFERRED.

26 (B) "HOMESTEAD" MEANS A DWELLING OR A UNIT IN A
27 MULTIPLE-UNIT DWELLING THAT IS SUBJECT TO AD VALOREM PROPERTY

1 TAXES, OWNED AND OCCUPIED AS A PRINCIPAL RESIDENCE BY THE OWNER
2 OF THE DWELLING OR UNIT, INCLUDING ALL UNOCCUPIED CONTIGUOUS
3 PROPERTY NOT CLASSIFIED FOR AD VALOREM TAX PURPOSES AS COMMER-
4 CIAL, INDUSTRIAL, RESIDENTIAL, OR TIMBER CUTOVER, OWNED BY THE
5 OWNER OF THE HOMESTEAD.

6 (C) "HOUSEHOLD INCOME" MEANS THAT TERM AS DEFINED IN SECTION
7 508 OF THE INCOME TAX ACT OF 1967, ACT NO. 281 OF THE PUBLIC ACTS
8 OF 1967, BEING SECTION 206.508 OF THE MICHIGAN COMPILED LAWS.

9 (15) THIS SECTION DOES NOT APPLY TO TAXES RETURNED DELIN-
10 QUENT BEFORE MARCH 1, 1992 OR AFTER FEBRUARY 28, 1997. HOWEVER,
11 FOR TAXES RETURNED DELINQUENT BEFORE MARCH 1, 1994, AN APPLICA-
12 TION SHALL NOT BE MADE UNDER THIS SECTION UNLESS EITHER THE
13 REDEMPTION PERIOD UNDER SECTION 74 HAS EXPIRED OR THE TAXES HAVE
14 BEEN PAID THROUGH THE ISSUANCE OF A CERTIFICATE OF SALE OR A TAX
15 DEED.