

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 822 (as introduced 12-2-97)
Sponsor: Senator Gary Peters
Committee: Finance

Date Completed: 2-17-98

CONTENT

The bill would amend the General Property Tax Act to allow the governing body of a local unit of government to recall a "tax certificate", issued after the bill's effective date, for the tax sale of property certified as "special residential property" or that was a "designated parcel".

The Act contains specific procedures for the disposal of property upon which delinquent taxes are not paid, including the sale of such property. A "tax certificate" is issued by the county treasurer to a purchaser of a parcel at a tax sale. In general, a tax sale is allowed for property upon which property taxes have been delinquent for three years or longer; however, the Act contains an accelerated tax foreclosure process (which allows the sale of property that has been delinquent for two years) for abandoned residential property in counties with a city having a population over 25,000, or a city in which there is an enterprise zone established under the Enterprise Zone Act. Under the General Property Tax Act, "special residential property" is a parcel of abandoned residential property or residential rental property, as determined according to the procedures in the Act. A "designated parcel" is a parcel in an area for which the local tax collecting unit either: 1) has prepared for projects that include the acquisition of property; or 2) has adopted or is in the process of adopting a program or plan that provides for the adoption or creation by a public entity of a program or plan covering a geographical area or permits acquisition of property.

Under the bill, the governing body of a local unit could petition the treasurer of the county containing property that was certified special residential property or was a designated parcel, to recall and cancel any outstanding tax certificate issued against that property. The petition would have to be in a form provided by the Department of Treasury. The governing body would have to submit one copy of the petition to the county treasurer and one copy to the Department of Treasury.

Within 30 days after the Department received a petition, it would have to provide written notification of the approval or denial of the petition to the governing body of the local unit and to the county treasurer. If the Department approved a petition, the county treasurer would have to send to the purchaser of the property by certified mail (return receipt requested, postage prepaid) a written demand that the purchaser surrender any tax certificate issued for that property, or an affidavit attesting to the loss of the tax certificate. Upon receiving a written demand to surrender a tax certificate, a purchaser would have to surrender the certificate for the property identified in the demand, or an affidavit attesting to the loss of the tax certificate. If a purchaser did not surrender the tax certificate or an affidavit attesting to the loss within 30 days of receiving the written demand to surrender, the county treasurer would have to cancel the tax certificate in the tax record and certify the cancellation to the Department of Treasury.

Upon surrender of a tax certificate or affidavit attesting to the loss of a tax certificate, the county

treasurer would have to: refund to the purchaser of the certificate the purchase price without interest; and cancel the certificate in the tax record and certify the cancellation to the Department.

Proposed MCL 211.131f

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: R. Ross

S9798\S822SA

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.