

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bills 487, 488, and 489 (as introduced 3-25-99)

Senate Bill 507 (as introduced 4-14-99)

Sponsor: Senator Bill Schuette (S.B. 487 & 507)

Senator Glenn D. Steil (S.B. 488)

Senator Gary Peters (S.B. 489)

Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 4-20-99

CONTENT

Senate Bills 487 and 489 would amend the General Property Tax Act to provide that for taxes levied after December 31, 1998, tax delinquent property and certified abandoned property would be subject to forfeiture, foreclosure, and sale as provided under the bills. The bills also would require a list of all tax delinquent property and tax delinquent or certified abandoned property owners; require notices of tax delinquency, forfeiture, and foreclosure to persons with an interest in the property; add a \$25 notice fee, a \$150 title search fee, and a \$75 foreclosure fee to the fees due on tax delinquent or certified abandoned property; provide procedures in a foreclosure action; and allow the redemption of tax delinquent or certified abandoned property. If a judgment vesting absolute title were entered, the bills would allow the county treasurer to sell the property and deposit the proceeds into a restricted account, which could be used only as specified under the bills.

Senate Bill 488 would create the "Certification of Abandoned Property for Accelerated Foreclosure Act" to provide for the certification of abandoned tax delinquent property. The bill also would establish criteria for abandoned property identification; require notice to property owners and to anyone with a legal interest in the property; and allow a local unit to levy a \$100 certified abandoned property administration and collection fee on certified abandoned property.

Senate Bill 507 would create the "Tax Reverted Property Emergency Disposal Act" to allow a local unit of government (a city, village, township, or county) to obtain clear title to tax reverted property and dispose of that property if a declaration of emergency backlog were made and approved as provided in the bill. The bill also would require notice and hearing for all persons with a recorded interest in the tax reverted

property; and allow a local unit to bring a quiet title action. If a judgment vesting absolute title were entered, the bill would allow the local unit in which the property was located to take certain actions with respect to the property, including making it available to a homestead program.

Senate Bills 487, 488, and 489 are tie-barred to each other. A more detailed description of the bills follows.

Senate Bills 487 and 489

For taxes levied after December 31, 1998, property returned for delinquent taxes to the county treasurers would be subject to forfeiture, foreclosure, and sale as provided in Senate Bills 487 and 489. Senate Bill 487 would apply to all property except certified abandoned property. Senate Bill 489 would apply to certified abandoned property (certified under the proposed Certification of Abandoned Property for Accelerated Foreclosure Act).

The following description applies to both bills, except as indicated.

Forfeiture

Senate Bill 487 provides that on March 1 in each year, taxes assessed in the immediately preceding year that remained unpaid would have to be returned as delinquent to the county treasurers for collection. Property delinquent for taxes assessed in the second year preceding the forfeiture or in a prior year would have to be forfeited to the county treasurer for the total of the unpaid taxes, interest, penalties, and fees of those years.

Senate Bill 489 provides that on October 1 in each tax year, all certified abandoned property that was delinquent for taxes, interest, penalties, and fees would be forfeited to the county treasurer for the total amount of the unpaid delinquent taxes, interest, fees, and penalties

Fees

Under Senate Bill 487, a county property tax administration fee of 4% and interest computed at a rate of 1% per month, computed from the March 1 that the taxes originally became delinquent, would have to be assessed on property returned as delinquent. A county property tax administration fee could not be less than \$1. All interest, penalties, and fees would become a lien on the property on the October 1 immediately preceding the filing of a petition for foreclosure.

On the October 1 following the March 1 that unpaid taxes were returned as delinquent, the county treasurer would have to add a \$25 notice fee to the fees due on the delinquent property. On March 1 in each tax year, property that was delinquent for taxes, interest, penalties, and fees for the immediately preceding 12 months or more would be forfeited to the county treasurer; and a foreclosure fee of \$75 would have to be added to the fees due on the property.

Under Senate Bill 489, on October 1 in each tax year, the county treasurer would have to add a \$150 title search fee and a \$75 foreclosure fee to the fees due under the General Property Tax Act and the Certification of Abandoned Property for Accelerated Foreclosure Act.

Tax Foreclosure Fund

Under Senate Bill 487, a county treasurer would have to deposit all county fees, penalties, and interest, except the 1% interest and the 4% administration fee, in the Tax Foreclosure Fund. A county treasurer would have to use the proceeds of the Fund to hire employees, pay for notices, contract for services, and purchase equipment and supplies necessary to perform the duties prescribed in the bill. ("Tax foreclosure fund" would mean a restricted fund created by the county treasurer.)

Notice of Delinquency or Abandonment

Under Senate Bill 487, on the July 1 following the March 1 that unpaid taxes were returned to the county treasurer as delinquent, the county treasurer would have to send notice, by first-class mail, to the person to whom a tax bill for property returned for delinquent taxes was last sent or to the person identified as the owner of such property as shown on the current records. The notice would have to include all of the following:

- That property taxes levied on the property were returned to the county treasurer as delinquent.
- The penalties and interest accruing on the amount returned as delinquent.
- When the property would be forfeited to the county treasurer if not redeemed.
- When the property would be foreclosed and deeded to the county treasurer without further right of redemption if not redeemed.
- That property foreclosed and deeded to the county treasurer could be sold for the delinquent taxes, interest, penalties, and fees due.

Senate Bill 487 also provides that, on the October 1 following the March 1 that unpaid taxes were returned to the county treasurer as delinquent, the county treasurer would have to add a \$25 notice fee to the fees due on each parcel for which delinquent taxes, interest, penalties, and fees remain unpaid; and send a notice to the person, and containing the information, described above.

Under Senate Bill 489, by January 30 in each tax year, the county treasurer would have to send a notice to all persons determined to have an interest in certified abandoned property. The notice would have to be made by personal service or, if the person to be notified were located outside the State, by certified mail. The notice would have to include the date of the hearing on a petition for foreclosure; a statement that the property was certified as abandoned; the amount of unpaid delinquent taxes, interest, penalties, and fees, and other costs due on the certified abandoned property; and a statement

that title to the property would vest absolutely in the county treasurer without further right of redemption, if the property were not redeemed as provided in the bill before entry of the judgment granting the foreclosure petition.

List of Property

Senate Bill 487 provides that on November 1 of each year, the county treasurer would have to prepare a list of all property subject to forfeiture and foreclosure for delinquent taxes. The list would have to include all property on which delinquent taxes, interest, penalties, and fees were unpaid on the November 1 following the March 1 that taxes levied on the property were returned as delinquent. The list would have to indicate for each parcel the total amount of delinquent taxes for all years, interest, penalties, and fees, computed to the date of the forfeiture.

By December 1, the county treasurer would have to determine the following for property with a taxable value of \$1,000 or more: the street address of the property, if possible; and the name and, if possible, the address of titleholders of record, the holder of any undisputed mortgage of record or other recorded legal interest, a subsequent purchaser under any land contract recorded after the last recorded deed, and any prior tax lien purchase. The county treasurer could use the qualified voter list under the Michigan Election Law, county records, and other available sources in making this determination.

Title Search

Under both bills, by November 1 in each tax year, the county treasurer would have to order and obtain a title report on property forfeited to the county treasurer, to determine all title holders, mortgage holders, recorded lienholders, tax lienholders, and any other person with a recorded interest in the forfeited property.

Notice of Forfeiture

Under Senate Bill 487, at least 30 days before the March 1 immediately succeeding the March 1 that unpaid taxes were returned to the county treasurer as delinquent, the county treasurer would have to send a notice by certified mail to the person to whom a tax bill for property returned for delinquent taxes was last sent or to the person identified as the owner. The notice of forfeiture would have to include the date property on which unpaid taxes were returned as delinquent would be forfeited to the county treasurer; a statement that a person who held a legal interest in the property could lose that interest as a result of the forfeiture and subsequent foreclosure proceeding; a description or parcel number of the property; the person or persons to whom the notice was addressed; the total taxes, interest, penalties, and

fees due on the property; a statement that unless the taxes, interest, penalties, and fees were paid before the foreclosure proceeding, absolute title to the property would vest in the county treasurer; and a statement of the person's rights of redemption and notice that those rights would expire if the court entered an order foreclosing the property.

The notice also would have to be mailed to the property by first-class mail addressed to "occupant" if a prior notice had not been sent to that address, or if a prior notice had been forwarded or returned as undeliverable. On the July 1 immediately succeeding the forfeiture of property to the county treasurer, the county treasurer would have to send a notice including the date on which the property was forfeited and the information described above.

A county treasurer could insert one or more notices in a newspaper of general circulation in that county of the dates after which penalties would be increased. The county treasurer would have to pay the cost of the notices from the Tax Foreclosure Fund.

Notice to the Family Independence Agency

Under both bills, on December 1 in each tax year, the county treasurer would have to furnish to the Family Independence Agency (FIA) a list of any names and addresses of persons notified of a tax delinquency or property abandonment. The FIA could petition the circuit court at the hearing on the petition for foreclosure to withhold from the circuit court's judgment tax delinquent or certified abandoned property owned by a person who appeared to the FIA to be incompetent or who was without means of support. If the FIA filed a petition under the bill, it would have to serve a copy of the petition on the county treasurer. The FIA could redeem the tax delinquent or certified abandoned property on behalf of a person for whom the FIA filed a petition.

Redemption

Tax delinquent or certified abandoned property could be redeemed at any time before a judgment foreclosing the property was entered upon payment to the county treasurer of all of the following: the total amount of unpaid delinquent taxes, interest, penalties, and fees for which the property was forfeited; all additional taxes, interest, penalties, and fees due after forfeiture; a penalty of 1.5% per month or fraction of a month, calculated from the immediately preceding October 1; and all expenses of service of process.

If property were redeemed, all other liens and encumbrances would have to be restored to their original status. The former owner would not acquire a title or interest in the property greater than the

former owner would have had if the property had not been forfeited to the county treasurer.

Foreclosure Petition and Notice

By January 15 in each tax year, the county treasurer would have to file a petition with the clerk of the circuit court listing the property to be foreclosed for the total of unpaid delinquent taxes, interest, penalties, and fees. The petition would have to include the address of each parcel of property set forth in the petition, if available. The petition would have to seek a judgment in favor of the county treasurer for the unpaid delinquent taxes, interest, penalties, and fees listed against each parcel of property. In default, the petition would have to request that a judgment be entered vesting absolute title to each parcel of property in the county treasurer, without right of redemption. Before the hearing on the petition, the county treasurer would have to file with the clerk of the circuit court proof of any notice, service, or publication required.

By January 30 in each tax year, the county treasurer would have to serve notice on all persons determined to have an interest in the foreclosed property. The notice would have to be made by personal service or, by certified mail if the person were located outside of the State. The notice would have to include the date of the hearing on the petition for foreclosure; a statement that the property was forfeited to the county treasurer for unpaid delinquent taxes, interest, penalties, and fees, the amount of the unpaid delinquent taxes, interest, penalties, and fees, and any other costs due on the property; and a statement that title to the property would vest absolutely in the county treasurer without further right of redemption, if the property were not redeemed before entry of judgment granting the petition for foreclosure. (Under Senate Bill 489, the notice also would include a statement that the property was certified as abandoned property under the Certification of Abandoned Property for Accelerated Foreclosure Act.)

The county treasurer would have to publish a notice once each week for four consecutive weeks after a foreclosure petition was filed. The notice would have to be published in a newspaper of general circulation in the county designated by the county treasurer. The newspaper would have to furnish copies of the notice to the county treasurer and he or she would have to examine it for accuracy and send a copy to the treasurer and assessor of the that local tax collecting unit. The published notice would have to include the information provided in the notice described above and a list of all tax delinquent or certified abandoned property subject to foreclosure, including a legal description of each parcel of property.

If property were redeemed after the foreclosure petition was filed, the county treasurer would have to request that the circuit court remove that property from the petition before judgment foreclosing the property was entered.

The county treasurer could withhold from the petition property whose title was held by minor heirs or persons who were incompetent or without means of support until a guardian was appointed to protect their rights and interests. If a county treasurer withheld property from the petition, a taxing unit's lien for taxes due or the county treasurer's right to include the property in a subsequent petition for foreclosure would not be prejudiced.

Hearing

If a petition for foreclosure were filed, the clerk of the circuit court in which the petition was filed immediately would have to present it to the judge of that circuit court. The court immediately would have to set the date, time, and place for a hearing, which would have to be held within 30 days before the March 1 immediately succeeding the date the petition was filed. Before the date of the hearing, the county treasurer would have to file with the clerk of the circuit court proof of any notice, service, or publication required.

Objections to Petition

A person claiming an interest in a parcel of tax delinquent or certified abandoned property set forth in the petition for foreclosure could contest the validity or correctness of the unpaid delinquent taxes, interest, penalties, and fees for any of the following reasons: no law authorized the tax; the person appointed to decide whether a tax would have to be levied under State law acted without jurisdiction or did not impose the tax in question; the person or property assessed was exempt from the tax in question or was not legally assessed; the tax had been paid; the tax was assessed fraudulently; or the certified abandoned property was not abandoned property (under Senate Bill 489). A person claiming an interest in the property set forth in the petition who desired to contest that petition would have to file written objections with the clerk of the circuit court and serve those objections on the county treasurer.

The circuit court could order all of the following in ruling on objections to a petition:

- Award costs against a person contesting unpaid delinquent taxes, interest, penalties, or fees if the court found that the unpaid delinquent taxes, interest, penalties, or fees were valid.
- Award costs against a person claiming the property was not abandoned if the court found that the property was abandoned (under Senate Bill 489).
- Award costs and a penalty of \$100 against any person falsely claiming an interest in a parcel of property included in the petition.

If the court determined that the owner of the property subject to foreclosure was incompetent or was without means of support, the court could withhold that property from foreclosure for one year or could enter an order extending the redemption period as the court determined to be equitable. If the court withheld property from foreclosure, a taxing unit's lien for taxes due would not be prejudiced and that property would have to be included in the immediately succeeding year's tax foreclosure proceeding.

Judgment

The circuit court would have to enter judgment on a petition for foreclosure at least 10 days after the March 1 immediately succeeding the date the petition was filed. If the court entered a default judgment at the hearing on the petition, the court would have to foreclose the property as requested in the petition.

The court's judgment would have to specify all of the following:

- The legal description and, if known, the street address of the property foreclosed and the unpaid delinquent taxes, interest, penalties, and fees due on each parcel of tax delinquent or certified abandoned property.
- That fee simple title to the property was vested absolutely in the county treasurer, without any further rights of redemption.
- That all liens and encumbrances against the property of any kind, except current taxes and future installments of special assessments due after the immediately succeeding June 30, were terminated.
- That the county treasurer had good and marketable fee simple title to the property and any subsequent transfer of title to that property would have to be made by warranty deed executed by the county treasurer.
- That any rights or interest claimed by any person to the property were terminated and that person was ordered to release those rights or that interest to the county treasurer, and that the circuit court would have to issue a writ of possession or restitution to the sheriff or other proper officer of that county in favor of a person holding a warranty deed executed by the county treasurer.

Fee simple title to property set forth in a petition for foreclosure in which delinquent taxes, interest, penalties, and fees were not paid before judgment was entered would vest absolutely in the county treasurer, and the county treasurer would have the right to enforce the title to the property as a freeholder. The title would not be subject to any recorded or unrecorded lien and could not be stayed or held invalid except as provided in the bill.

A county treasurer would be immune from any liability that could accrue solely from holding title to the property foreclosed.

Appeal

The county treasurer or a person determined to have an interest in the foreclosed property could appeal the circuit court's judgment to the Court of Appeals. The judgment could not be stayed or held invalid until the Court of Appeals had reversed, modified, or affirmed that judgment. To appeal the judgment, a person contesting whether the property was abandoned property or the validity of the delinquent taxes, interest, penalties, and fees for which the property was foreclosed would have to pay the amount determined to be due to the county treasurer within 10 days after the judgment was entered, together with a notice of appeal. If the judgment were affirmed on appeal, the amount determined to be due would have to be retained by the county treasurer and credited to the proper fund or account in that county. If the judgment were reversed or modified on appeal, the county treasurer would have to refund the amount determined to be due to the person who appealed the judgment.

Property Sales and/or Transfer

Urban Homestead. By the first Tuesday in July immediately succeeding the entry of judgment vesting absolute title to tax delinquent or certified abandoned property in the county treasurer, a city, village, or township that operated an urban homesteading program under the Urban Homestead Act (proposed by Senate Bill 343) could purchase any property located within that city, village, or township and subject to sale for use in that urban homesteading program by payment to the county treasurer of the minimum bid. If the property were purchased by a city, village, or township under this provision, the county treasurer would have to convey the property by warranty deed to the purchasing city, village, or township within 30 days. The warranty deed would vest fee simple title to the property in the city, village, or township.

Auction Sale. Subject to the preceding provisions, beginning on the third Tuesday in July immediately succeeding the entry of judgment vesting absolute title to the property in the county treasurer, the county treasurer or his or her representative would have to hold one or more property sales at one or more convenient locations at which property foreclosed by the judgment would have to be sold by auction sale. The sale or sales would have to be completed within 15 days. The property would have to be sold to the person bidding the highest amount above the minimum bid. The county treasurer could require full payment by cash, certified check, or money order at

the close of each day's bidding. Up to 30 days after the date of a sale, the county treasurer would have to convey the property by warranty deed to the person. The deed would vest fee simple title to the property in the person.

After the sale, and not later than the first Tuesday in September immediately succeeding that sale, a city, village, or township could purchase any property not previously sold by paying the minimum bid to the county treasurer. If the property were purchased by a city, village, or township, the county treasurer would have to convey the property by warranty deed to the purchasing city, village, or township within 30 days. The deed would vest fee simple title to the property in the city, village, or township.

Beginning on the third Tuesday in September immediately succeeding the auction sale, all property not previously sold would have to be reoffered for sale, subject to the requirements for an auction sale. Beginning on the third Tuesday in November immediately succeeding the property sale held in September, all property not previously sold would have to be reoffered for sale again subject to the same requirements, except that the minimum bid would not be required.

("Minimum bid" would mean the minimum amount established by the county treasurer for which property could be sold and would have to include all delinquent taxes, interest, penalties, and fees due on the property as of March 1 as provided in the judgment; the expenses of administering the sale; and all taxes, interest, penalties, and fees due up to the June 30 immediately preceding the sale date.)

Transfer of Property. On December 30 immediately succeeding the date of the property sale held in November, all property not previously sold by the county treasurer would have to be transferred by warranty deed to the city, village, or township in which the property was located. The deed would vest fee simple title to the property in the city, village, or township and that city, village, or township would be immune from any liability that could accrue solely from holding title to the property transferred. The city, village, or township would have to demolish any unsafe structure located on the property; remediate any environmental contamination found on the property or notify the Department of Environmental Quality or other appropriate agency regarding the existence of environmental contamination on the property; sell the property to a private purchaser by auction or direct marketing; make the property available under the proposed Urban Homestead Act; transfer the property to a nonprofit organization for rehabilitation and reuse; retain the property for a specific public use including a park, zoo, or university, or as part of an existing project with an anticipated completion date of up to two years after

the property was transferred to the city, village, or township; and/or transfer the property to the State within 90 days after the property was transferred to the city, village, or township.

Joint Sale. Two or more county treasurers could elect to hold a joint sale of property. If two or more county treasurers elected to do so, property could be sold at a location outside of the county in which the property was located. The sale could be conducted by any county treasurer participating in the joint sale.

Change of Ownership. The bills provide that for taxes levied after December 31, 1998, a change in ownership of property on which taxes had been returned as delinquent or the creation of any new property interest in property on which taxes had been returned as delinquent, after the October 1 immediately preceding the court hearing, could not create any new interest in the property for which notice of any subsequent proceedings under the General Property Tax Act was required.

Sale Proceeds

A county treasurer would have to deposit the proceeds from the sale into a restricted account. The county treasurer could use proceeds in the account only for the following purposes in the following order:

- First, all costs of the sale of property for the year would have to be paid.
- Second, any costs of the foreclosure proceedings for the year, including costs of mailing, publication, personal service, and outside contractors, would have to be paid.
- Third, any costs for the sale of property or foreclosure proceedings for any prior year that had not been paid or reimbursed from that prior year's property sales proceeds would have to be paid.
- Fourth, 5% of the balance of the proceeds of the sale after the costs set forth above were paid, would have to be reserved for costs related to future foreclosures and property sales.
- Fifth, the Delinquent Tax Revolving Fund would have to be reimbursed for any amounts that had not been charged back to a local unit if the local unit were paid the delinquent tax on property offered for sale from the Fund, whether or not that property were sold.
- Sixth, any remaining balance would have to be distributed on a pro rata basis to all units of government in the proportion that their total ad valorem taxes bore to the amount due on the property as set forth in the foreclosure judgment.

Withheld Property

If a county treasurer believed, or had reason to believe, that any property subject to sale contained environmentally hazardous materials and would be eligible for inclusion in a project authorized by the Brownfield Redevelopment Financing Act, or was in a mining area as defined in the Natural Resources and Environmental Protection Act, the county treasurer could withhold the property from the sale and transfer it to the Department of Natural Resources (DNR). The county treasurer would have to file a certificate with the register of deeds in that county, as specified in the bill. The register of deeds could not charge any fee for recording the certificate. The county treasurer would have to send a copy of the certificate to the DNR Director and the assessor of the local tax collecting unit in which the property was located.

Senate Bill 488

Declaration

A local unit could, by resolution adopted at an open meeting, make a declaration of accelerated foreclosure of abandoned property if it contained substantially the language specified in the bill. The resolution would have to state the following: the local unit determined that a large number of parcels of abandoned tax delinquent property existed; the property contributed to crime, blight, and decay within the local unit; and certification of the property would result in forfeiture and accelerated foreclosure under the General Property Tax Act and return abandoned property to productive use, thereby reducing crime, blight, and decay within the local unit. The resolution would notify residents and owners of property in the local unit that abandoned tax delinquent property would be identified and inspected by the local unit and could be certified as certified abandoned property and subject to accelerated foreclosure.

("Abandoned property" would mean tax delinquent property containing a structure that was vacant or dilapidated and open to entrance or trespass and that had been determined to be abandoned under the bill.)

Criteria

If a local unit made a declaration of accelerated foreclosure of abandoned property before May 1 of any tax year, the local unit could identify property within that local unit as abandoned property if the following procedures were complied with:

- Taxes levied on the property were returned as delinquent on the immediately preceding March 1 to the county treasurer.
- Before September 1, the local unit inspected the property and determined that it was abandoned property.
- The local unit posted a notice on the property at the time of inspection.
- After the inspection, the local unit sent a notice by September 1, to each owner and person with a legal interest in the property according to the records of the county treasurer and the assessor of the local unit.
- An owner or a person with a legal interest had not filed the affidavit required under the bill claiming the property was not abandoned.

Notice

The notice posted on the property would have to include the description and address of the property, if known; a statement that the local unit inspected the property and determined that it was abandoned; a statement that because the property was abandoned, the local unit could certify it as "certified abandoned property"; a statement that certified abandoned property was subject to accelerated foreclosure to enforce and collect delinquent property taxes; a statement that the local unit could certify the property as certified abandoned property unless an owner or a person with a legal interest submitted an affidavit by September 15, stating that the person was occupying or intended to occupy the property; and instructions for the payment of delinquent taxes, including a statement of all taxes, interest, penalties, and fees due on the property.

If the local unit determined that the property was occupied by an owner or a person with a legal interest, the local unit could not certify the property as certified abandoned property and would have to provide written notice to the occupant that taxes levied on the property were delinquent, which could result in foreclosure and sale of the property under the General Property Tax Act.

The local unit, or a private vendor under contract, could use the qualified voter file under the Michigan Election Law to confirm the address of the owner and any person with a legal interest in each parcel of abandoned property subject to certification as certified abandoned property.

Certified Abandoned Property

If a local unit complied with the bill's procedures and an owner or a person with a legal interest had not filed an affidavit by September 15, the local unit could certify the property as certified abandoned property. A local unit would have to report that property to the treasurer of the county in which the property was located by October 1 in each tax year.

Fee

A local unit could levy a \$100 certified abandoned property administration and collection fee on any parcel of property certified as certified abandoned property, in addition to any fee authorized by charter, ordinance, or State law. A local unit would have to notify the county treasurer by October 1 of any fee assessed on that certified abandoned property by that local unit. The local unit would have to use proceeds from the fee to comply with the inspection and notice requirements under the bill.

Senate Bill 507

Declaration of Emergency Backlog

A local unit could make a declaration that an emergency backlog of tax reverted property existed within that local unit if the legislative body of the local unit, by resolution adopted by an open meeting, stated that the existing inventory of tax reverted property within the local unit was too large and of uncertain title, impairing the local unit's ability to market that property by conventional means, and contributing to the spread of neighborhood blight and deterioration; and the legislative body of the local unit submitted that resolution to the State Treasurer for approval. The State Treasurer would have to approve or disapprove the declaration within 30 days. If the State Treasurer did not respond within 30 days, the declaration would have to be considered approved.

A declaration of emergency backlog would be valid for up to two years from the date of approval by the State Treasurer. It could be rescinded earlier if the legislative body of the local unit approved a resolution at an open meeting rescinding the declaration; and/or if the State Treasurer rescinded his or her approval of the declaration at his or her discretion.

If a declaration were approved, the local unit would have to conduct, or contract with a private vendor to conduct, a title search for each parcel of tax reverted property located within the local unit.

("Tax reverted property" would mean property whose title had vested in a local unit of government pursuant to the General Property Tax Act as a result

of the nonpayment of delinquent taxes and nonredemption within the statutory period.)

Notice

At least 14 days before conducting a hearing (as described below), the local unit, or a private vendor under contract with the local unit, would have to send notice by certified mail to all persons with a recorded interest in each parcel of tax reverted property. If the local unit or private vendor were unable to ascertain the whereabouts or the post office address of a person with a recorded property interest in the property, service of the notice would have to be made by publication. The notice would have to be published for four successive weeks, once each week, in a newspaper published and circulated in the county in which the property was located, or, if no paper were published in that county, in an adjoining county. Proof of publication would have to be filed with the register of deeds in that county. The publication would be instead of personal service on the person or persons with a legal interest whose whereabouts could not be ascertained.

Hearing

If notice were provided to all persons with a recorded interest in each parcel of tax reverted property, the local unit could schedule a hearing to show cause why absolute title to the property should not vest in the local unit. A hearing could be conducted by an existing department within the local unit, an entity created by the local unit for that purpose, or a private vendor under contract with the local unit or entity created by the local unit.

Any person with a recorded interest in the property could appear at the hearing and show cause why the title to the property should not vest in the local unit for any of the reasons set forth in the General Property Tax Act. Any determinations made at the hearing would be prima facie evidence in a quiet title action brought under the bill.

Quiet Title Action

After the hearing, a local unit could bring a quiet title action in the county in which the property was located. A quiet title action would have to determine title for all parcels of tax reverted property set forth on a separate attachment to the complaint and incorporated into the complaint by reference.

Local Unit

If a local unit brought a quiet title action and the circuit court entered a judgment vesting absolute title to the property in the local unit, the local unit would have to sell the property to a private purchaser; transfer the property or make it available to qualified

buyers under the Urban Homestead Act (proposed by Senate Bill 343); transfer the property to a nonprofit organization that presented a plan to return the property to productive use within two years; transfer the property to another local unit for a specific public purpose, including a park, zoo, or university; or retain the property for a specific municipal use.

MCL 211.60 et al. (S.B. 487)

Proposed MCL 211.79-211.79f (S.B. 489)

Legislative Analyst: N. Nagata

FISCAL IMPACT

Senate Bills 487 and 489

These bills would allow counties to levy county property tax administration fees, notice fees, foreclosure fees, and title search fees, which would be used to implement the process to deal with delinquent and abandoned property.

Senate Bill 488

The bill would allow local units to levy a \$100 certified abandoned property administration and collection fee.

Senate Bill 507

Data are not available to determine the fiscal impact.

Fiscal Analyst: R. Ross

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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.