

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 507**

A bill to allow local units of government to obtain clear title to property previously acquired through the tax reversion process; to provide due process to those persons with a prior recorded interest in that property; to allow local units of government to reduce the backlog of tax reverted property; and to facilitate the return of tax reverted property to productive use.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "tax reverted property emergency disposal act".

3 Sec. 2. As used in this act:

4 (a) "Declaration of emergency backlog" means the declaration
5 made pursuant to section 3.

6 (b) "General property tax act" means the general property
7 tax act, 1893 PA 206, MCL 211.1 to 211.157.

1 (c) "Local unit of government" means a city, village, or
2 township.

3 (d) "Qualified voter file" means the qualified voter file
4 established under section 509o of the Michigan election law, 1954
5 PA 116, MCL 168.509o.

6 (e) "Tax reverted property" means property the title to
7 which has vested in a local unit of government pursuant to the
8 general property tax act as a result of the nonpayment of delin-
9 quent taxes and nonredemption within the statutory period pro-
10 vided under the general property tax act.

11 Sec. 3. (1) A local unit of government may obtain clear
12 title to tax reverted property, the title to which vested in the
13 local unit of government prior to January 1, 2000, if a declara-
14 tion of emergency backlog is made as provided in this section.

15 (2) A local unit of government may make a declaration that
16 an emergency backlog of tax reverted property exists within a
17 portion of that local unit of government if the legislative body
18 of the local unit of government approves a resolution at a meet-
19 ing held pursuant to the open meetings act, 1976 PA 267,
20 MCL 15.261 to 15.275, that states that the existing inventory of
21 tax reverted property within all or a portion of the local unit
22 of government is too large and is of uncertain title, that the
23 tax reverted property is impairing the local unit of government's
24 ability to market the tax reverted property by conventional
25 means, and that the tax reverted property is contributing to the
26 spread of neighborhood blight and deterioration.

1 Sec. 4. (1) If a declaration of emergency backlog is made
2 as provided in section 3, the local unit of government shall
3 conduct a title search to identify the owners of a recorded prop-
4 erty interest in any specific parcel of tax reverted property
5 located within the area identified in the resolution approved by
6 the local unit of government under section 3. The foreclosing
7 governmental unit may enter into a contract with 1 or more title
8 insurance companies or agents licensed to conduct business in
9 this state to perform the title search required under this sub-
10 section and to perform the title search required under this
11 subsection. If the post office address of a person with a
12 recorded property interest in the tax reverted property cannot be
13 determined from the title search under this subsection, the local
14 unit of government shall review all of the following to ascertain
15 that person's post office address:

16 (a) The records of the treasurer for the local unit of
17 government.

18 (b) The records of the assessor for the local unit of
19 government.

20 (c) The qualified voter file.

21 (2) After a title search is completed pursuant to subsection
22 (1) and not less than 30 days before a quiet title action is com-
23 menced pursuant to section 5, the local unit of government shall
24 send notice by certified mail return receipt requested to all
25 persons with a recorded interest in any specific parcel of tax
26 reverted property. The notice shall also be mailed to the
27 property by first-class mail, addressed to "occupant". If the

1 local unit of government is unable to ascertain the address of a
2 person with a recorded property interest in the tax reverted
3 property, or if notice by certified mail is refused, service of
4 the notice shall be made by publication. The notice shall be
5 published for 3 successive weeks, once each week, in a newspaper
6 published and circulated in the county in which the tax reverted
7 property is located, if there is one. If no paper is published
8 in that county, publication shall be made in a newspaper pub-
9 lished and circulated in an adjoining county, and proof of publi-
10 cation, by affidavit of the printer or publisher of the newspa-
11 per, shall be recorded with the register of deeds in the county
12 in which the tax reverted property is located. This publication
13 is service on the owners of a recorded property interest identi-
14 fied by the title insurance company licensed to do business in
15 this state whose whereabouts cannot be reasonably ascertained or
16 who refused service by certified mail.

17 (3) An authorized officer of the local unit of government
18 shall file an affidavit attesting to his or her compliance with
19 subsections (1) and (2) in the office of the register of deeds in
20 the county in which the tax reverted property is located.

21 (4) The notice required under this section shall include all
22 of the following:

23 (a) The date the property was deeded to the local unit of
24 government.

25 (b) The date of the court hearing under section 5.

1 (c) A statement that a person notified may lose his or her
2 interest in the property as a result of a circuit court judgment
3 quieting title to the tax reverted property.

4 (d) A legal description or parcel number and the street
5 address of the tax reverted property, if available.

6 (e) The person or persons to whom the notice is addressed.

7 (f) The total of taxes, interest, penalties, and fees due as
8 of the expiration of the redemption period under section 131e of
9 the general property tax act, MCL 211.131e.

10 (g) A statement that unless all taxes, interest, fees, and
11 penalties are paid before a judgment quieting title is entered
12 under section 5, absolute title to the tax reverted property
13 shall vest in the local unit of government without any further
14 redemption rights.

15 (5) After the local unit of government makes a declaration
16 that an emergency backlog of tax reverted property exists under
17 section 3, rights of redemption to tax reverted property, if any,
18 are not transferable and a subsequent transferee is not entitled
19 to notice under this section and has no rights of redemption
20 under this act.

21 Sec. 5. (1) After notice is provided to all persons with a
22 recorded interest in each parcel of tax reverted property as pro-
23 vided in section 4, the local unit of government may bring a
24 quiet title action in the circuit court for the county in which
25 the tax reverted property is located. A quiet title action under
26 this section shall determine title for all parcels of tax

1 reverted property set forth on a separate attachment to the
2 complaint and incorporated into the complaint by reference.

3 (2) If a local unit of government brings a quiet title
4 action pursuant to subsection (1), a person claiming a recorded
5 interest in the tax reverted property may contest the validity or
6 correctness of the unpaid delinquent taxes, interest, penalties,
7 and fees for 1 or more of the following reasons:

8 (a) No law authorizes the tax.

9 (b) The person appointed to decide whether a tax shall be
10 levied under a law of this state acted without jurisdiction, or
11 did not impose the tax in question.

12 (c) The person or property assessed was exempt from the tax
13 in question, or was not legally assessed.

14 (d) The tax has been paid.

15 (e) The tax was assessed fraudulently.

16 (3) The owner of a recorded interest in the tax reverted
17 property who desires to contest the quiet title action shall file
18 written objections with the clerk of the circuit court and serve
19 those objections on the local unit of government.

20 (4) If the court determines that the owner of the tax
21 reverted property is incompetent or is without means of support,
22 the court may withhold that tax reverted property from the judg-
23 ment quieting title or may enter an order extending the redemp-
24 tion period as the court determines to be equitable.

25 (5) If the circuit court enters a judgment in favor of the
26 local unit of government, the circuit court shall quiet title to

1 the tax reverted property in the local unit of government. The
2 circuit court's judgment shall specify all of the following:

3 (a) The legal description and, if known, the street address
4 of the tax reverted property and the unpaid delinquent taxes,
5 interest, penalties, and fees due on each parcel of tax reverted
6 property.

7 (b) That fee simple title to the tax reverted property is
8 vested absolutely in the local unit of government, without any
9 further rights of redemption.

10 (c) That all liens against the tax reverted property of any
11 kind are extinguished, except a visible or recorded easement or
12 right-of-way.

13 (d) That the local unit of government has good and market-
14 able fee simple title to the tax reverted property.

15 (e) That any rights or interest claimed by any person to the
16 tax reverted property are extinguished.

17 (6) Fee simple title to tax reverted property on which
18 delinquent taxes, interest, penalties, and fees are not paid
19 prior to the entry of judgment shall vest absolutely in the local
20 unit of government upon entry of judgment and the local unit of
21 government shall have absolute title to the property. The local
22 unit of government's title is not subject to any recorded or
23 unrecorded lien and shall not be stayed or held invalid except as
24 provided in subsection (7).

25 (7) The local unit of government or a person claiming an
26 interest in the tax reverted property may appeal the circuit
27 court's judgment to the court of appeals. The circuit court's

1 judgment shall be stayed until the court of appeals has reversed,
2 modified, or affirmed that judgment. To appeal the circuit
3 court's judgment, a person shall pay the amount determined to be
4 due to the local unit of government under the judgment within 21
5 days after the circuit court's judgment is entered, together with
6 a notice of appeal. If the circuit court's judgment is affirmed
7 on appeal, the amount determined to be due shall be refunded to
8 the person who appealed the circuit court's judgment. If the
9 circuit court's judgment is reversed or modified on appeal, the
10 local unit of government shall refund the amount determined to be
11 due to the person who appealed the judgment, if any, in accord-
12 ance with the order of the court of appeals.

13 Sec. 6. Pursuant to section 131f of the general property
14 tax act, MCL 211.131f, if the title search under section 3 iden-
15 tifies any person that has a recorded interest in tax reverted
16 property who was not provided notice of tax foreclosure proceed-
17 ings under the general property tax act for that tax reverted
18 property, that person shall not have any rights of redemption
19 provided under the general property tax act and shall only have
20 the rights of redemption provided under this act.

21 Enacting section 1. This act does not take effect unless
22 House Bill No. 4489 of the 90th Legislature is enacted into law.