

**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.

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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, MCL
20 15.261 to 15.275, that states that the existing inventory of tax
21 reverted property within all or a portion of the local unit of
22 government is too large and is of uncertain title, that the tax
23 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.

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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 enter into a contract with 1 or more title insurance companies
4 licensed to conduct business in this state to conduct a title
5 search to identify the owners of a recorded property interest in
6 any parcel of tax reverted property located within the area iden-
7 tified in the resolution approved by the local unit of government
8 under section 3. If the post office address of a person with a
9 recorded property interest in the tax reverted property cannot be
10 determined from the title search under this subsection, the local
11 unit of government shall review all of the following to ascertain
12 that person's post office address:

13 (a) The records of the treasurer for the local unit of
14 government.

15 (b) The records of the assessor for the local unit of
16 government.

17 (c) The qualified voter file.

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

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

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

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

20 (a) The date the property was deeded to the local unit of
21 government.

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

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

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

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

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

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

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

16 Sec. 5. (1) After notice is provided to all persons with a
17 recorded interest in each parcel of tax reverted property as pro-
18 vided in section 4, the local unit of government may bring a
19 quiet title action in the circuit court for the county in which
20 the tax reverted property is located. A quiet title action under
21 this section shall determine title for all parcels of tax
22 reverted property set forth on a separate attachment to the com-
23 plaint and incorporated into the complaint by reference.

24 (2) If a local unit of government brings a quiet title
25 action pursuant to subsection (1), a person claiming a recorded
26 interest in the tax reverted property may contest the validity or

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1 correctness of the unpaid delinquent taxes, interest, penalties,
2 and fees for 1 or more of the following reasons:

3 (a) No law authorizes the tax.

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

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

9 (d) The tax has been paid.

10 (e) The tax was assessed fraudulently.

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

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

20 (5) If the circuit court enters a judgment in favor of the
21 local unit of government, the circuit court shall quiet title to
22 the tax reverted property in the local unit of government. The
23 circuit court's judgment shall specify all of the following:

24 (a) The legal description and, if known, the street address
25 of the tax reverted property and the unpaid delinquent taxes,
26 interest, penalties, and fees due on each parcel of tax reverted
27 property.

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

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

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

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

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

19 (7) The local unit of government or a person claiming an
20 interest in the tax reverted property may appeal the circuit
21 court's judgment to the court of appeals. The circuit court's
22 judgment shall be stayed until the court of appeals has reversed,
23 modified, or affirmed that judgment. To appeal the circuit
24 court's judgment, a person shall pay the amount determined to be
25 due to the local unit of government under the judgment within 21
26 days after the circuit court's judgment is entered, together with
27 a notice of appeal. If the circuit court's judgment is affirmed

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1 on appeal, the amount determined to be due shall be refunded to
2 the person who appealed the circuit court's judgment. If the
3 circuit court's judgment is reversed or modified on appeal, the
4 local unit of government shall refund the amount determined to be
5 due to the person who appealed the judgment, if any, in accord-
6 ance with the order of the court of appeals.

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

15 Enacting section 1. This act does not take effect unless
16 Senate Bill No. 487 of the 90th Legislature is enacted into law.