

SENATE BILL NO. 353

February 23, 1999, Introduced by Senators SCHUETTE, SIKKEMA, STEIL, SHUGARS, HAMMERSTROM and EMERSON and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to allow for the identification of tax delinquent homestead property eligible for accelerated forfeiture; to permit the accelerated forfeiture of eligible tax delinquent homestead property; to require certain procedures of and to impose certain duties on certain local units of government; to provide for the imposition of certain fees; and to provide for the disposition of certain forfeited tax delinquent homestead property.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "tax delinquent homestead property identification and accelerated
3 forfeiture act".

4 Sec. 2. As used in this act:

5 (a) "Collecting county" means a county that utilizes this
6 act to collect delinquent taxes on, and to accelerate the
7 forfeiture of, tax delinquent homestead property.

1 (b) "Delinquent taxes" means real property taxes that have
2 been returned as delinquent under the general property tax act.
3 Delinquent taxes include any interest, penalty, fee, or other
4 cost authorized under the general property tax act.

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

7 (d) "Homestead" means property for which a homestead exemp-
8 tion is granted under section 7cc of the general property tax
9 act, MCL 211.7cc.

10 (e) "Local tax collecting unit" means a city or township, or
11 a county if the county collects property taxes on behalf of a
12 city or township.

13 (f) "Local unit of government" means a city, village, or
14 township.

15 (g) "Occupant" means the person or persons residing in tax
16 delinquent homestead property.

17 (h) "Owner" means the person or persons who hold legal title
18 to tax delinquent homestead property.

19 (i) "Tax delinquent homestead property" means a homestead on
20 which taxes have been returned as delinquent under the general
21 property tax act.

22 Sec. 3. (1) Between January 1 and March 1 in any tax year,
23 a local tax collecting unit may, by resolution approved at a
24 meeting held pursuant to the open meetings act, 1976 PA 267, MCL
25 15.261 to 15.275, elect to have the county in which the local tax
26 collecting unit is located utilize this act to collect delinquent
27 taxes on, and to accelerate the forfeiture of, tax delinquent

1 homestead property in that tax year and all succeeding tax
2 years. If a local tax collecting unit elects to have the county
3 in which the local tax collecting unit is located utilize this
4 act to collect delinquent taxes on, and to accelerate the forfei-
5 ture of, tax delinquent homestead property, that county shall
6 utilize this act to collect delinquent taxes on, and to acceler-
7 ate the forfeiture of, tax delinquent homestead property located
8 in that local tax collecting unit.

9 (2) If a local tax collecting unit does not elect to have
10 the county in which the local tax collecting unit is located uti-
11 lize this act pursuant to subsection (1), the county in which the
12 local tax collecting unit is located may, by resolution approved
13 at a meeting held pursuant to the open meetings act, 1976 PA 267,
14 MCL 15.261 to 15.275, elect to utilize this act to collect delin-
15 quent taxes on, and to accelerate the forfeiture of, tax delin-
16 quent homestead property located in that local tax collecting
17 unit in that tax year and all succeeding tax years.

18 (3) If a local tax collecting unit does not elect to utilize
19 this act pursuant to subsection (1) and the county in which the
20 local tax collecting unit is located does not elect to utilize
21 this act pursuant to subsection (2), the delinquent taxes on the
22 tax delinquent homestead property shall be collected pursuant to
23 the general property tax act.

24 Sec. 4. (1) Delinquent taxes on tax delinquent homestead
25 property may be collected under this act and the tax delinquent
26 homestead property is subject to accelerated forfeiture under
27 this act if a representative of the collecting county made a

1 personal inspection of the tax delinquent homestead property
2 under the tax delinquent abandoned property identification and
3 accelerated forfeiture act, determined that the occupant of the
4 tax delinquent homestead property is the owner of the tax delin-
5 quent homestead property, and determined that the tax delinquent
6 homestead property is the owner's homestead. The collecting
7 county shall determine if the occupant of the tax delinquent
8 homestead property is the owner of the tax delinquent homestead
9 property and if the tax delinquent homestead property is the
10 owner's homestead.

11 (2) If delinquent taxes on tax delinquent homestead property
12 are not eligible to be collected under this act pursuant to
13 subsection (1), the delinquent taxes shall be collected under the
14 general property tax act.

15 Sec. 5. (1) The collecting county shall provide written
16 notice to the owner of tax delinquent homestead property by cer-
17 tified mail, return receipt requested, of all the following:

18 (a) Delinquent taxes levied on the tax delinquent homestead
19 property are subject to collection under this act.

20 (b) Failure to pay the delinquent taxes within 1 year from
21 the March 1 that the taxes became delinquent may result in the
22 forfeiture of the tax delinquent homestead property and an accel-
23 erated quiet title action against the tax delinquent homestead
24 property.

25 (c) Instructions for redemption under this act, including a
26 statement of all delinquent taxes due.

1 (d) The time, date, and location of the forfeiture
2 proceedings authorized under section 6 at which the owner or a
3 person with a legal interest in the tax delinquent homestead
4 property may object to the forfeiture of the tax delinquent home-
5 stead property for any of the reasons set forth in section 98 of
6 the general property tax act, MCL 211.98.

7 (2) If delinquent taxes levied on tax delinquent homestead
8 property are not paid within 6 months of the notice provided
9 under subsection (1), the collecting county shall send a second
10 notice to the owner of the tax delinquent homestead property by
11 certified mail, return receipt requested, providing the same
12 information set forth in subsection (1).

13 (3) Thirty days prior to the March 1 immediately succeeding
14 the March 1 that the taxes became delinquent, if delinquent taxes
15 levied on tax delinquent homestead property are not paid, the
16 collecting county shall send a third notice to the owner of the
17 tax delinquent homestead property by certified mail, return
18 receipt requested, providing the same information set forth in
19 subsection (1) and advising the owner that the tax delinquent
20 homestead property is subject to forfeiture under this act on
21 that March 1.

22 (4) If an owner refuses notice sent by certified mail,
23 return receipt requested, as provided under this section, notice
24 may be provided by publication as provided in section 9.

25 Sec. 6. (1) If delinquent taxes levied on the tax delin-
26 quent homestead property are not paid by the March 1 immediately
27 succeeding the March 1 that the taxes became delinquent, the

1 collecting county may petition the circuit court for the
2 collecting county to enter a judgment forfeiting the tax delin-
3 quent homestead property to the local unit of government in which
4 the tax delinquent homestead property is located. A judgment
5 forfeiting the title to tax delinquent homestead property under
6 this section forfeits title to all parcels of tax delinquent
7 homestead property set forth on a separate attachment to the com-
8 plaint and incorporated into the complaint by reference.

9 (2) In a forfeiture action brought under this section, the
10 delinquent property taxes and the notice provided under section 5
11 are prima facie evidence in support of a judgment forfeiting the
12 title to the tax delinquent homestead property to the local unit
13 of government in which the tax delinquent homestead property is
14 located.

15 (3) If the circuit court for the collecting county enters a
16 judgment forfeiting the title to the tax delinquent homestead
17 property to the local unit of government in which the tax delin-
18 quent homestead property is located, the circuit court for the
19 collecting county shall issue a tax deed for the tax delinquent
20 homestead property to the local unit of government.

21 Sec. 7. (1) If the circuit court for the collecting county
22 enters a judgment forfeiting the tax delinquent homestead prop-
23 erty to the local unit of government in which the tax delinquent
24 homestead property is located and issues a tax deed for the tax
25 delinquent homestead property to the local unit of government
26 pursuant to section 6, the collecting county shall send a fourth
27 notice to the owner of the tax delinquent homestead property by

1 certified mail, return receipt requested, informing the owner
2 that the tax delinquent homestead property was forfeited to the
3 local unit of government in which the tax delinquent homestead
4 property is located and that the tax delinquent homestead prop-
5 erty is subject to an accelerated quiet title action if not
6 redeemed as provided under this act.

7 (2) If an owner refuses notice sent by certified mail,
8 return receipt requested, as provided under this section, notice
9 may be provided by publication as provided in section 9.

10 Sec. 8. (1) Unless redeemed as provided under this act, 1
11 year after the notice provided for in section 7, the collecting
12 county shall perform a title search on the tax delinquent home-
13 stead property.

14 (2) The collecting county shall pay the costs of the title
15 search from the title search fee authorized under section 60 of
16 the general property tax act, MCL 211.60.

17 Sec. 9. (1) After the title search required under section 8
18 is performed, the collecting county shall send a fifth notice by
19 certified mail, return receipt requested, to the owner and to all
20 persons with a legal interest in each parcel of tax delinquent
21 homestead property subject to the collection of delinquent taxes
22 under this act. If the collecting county is unable to ascertain
23 the whereabouts or the post office address of the owner or any
24 person with a legal interest in the tax delinquent homestead
25 property subject to the collection of delinquent taxes under this
26 act or if notice by certified mail is refused, service of the
27 notice shall be made by publication. The notice shall be

1 published for 4 successive weeks, once each week, in a newspaper
2 published and circulated in the collecting county, if there is
3 one. If no newspaper is published in the collecting county, pub-
4 lication shall be made in a newspaper published and circulated in
5 an adjoining county. Proof of publication, by affidavit of the
6 printer or publisher of the newspaper, shall be filed with the
7 register of deeds in the collecting county. This publication
8 shall be instead of personal service on the owner or any person
9 with a legal interest in the tax delinquent homestead property
10 whose whereabouts cannot be ascertained or who refused service by
11 certified mail.

12 (2) The notice required under subsection (1) shall include,
13 but is not limited to, all of the following:

14 (a) A statement that a tax deed to the tax delinquent home-
15 stead property was issued to the local unit of government in
16 which the tax delinquent homestead property is located.

17 (b) A statement that the collecting county may bring an
18 action in the circuit court for the collecting county to quiet
19 title to that tax delinquent homestead property.

20 (c) Instructions for redemption, including a statement of
21 all delinquent taxes due.

22 (3) The collecting county may utilize the qualified voter
23 file established under section 509o of the Michigan election law,
24 1954 PA 116, MCL 168.509o, to confirm the address of the owner
25 and any person with a legal interest in each parcel of tax delin-
26 quent homestead property subject to the collection of delinquent
27 taxes and accelerated forfeiture under this act.

1 Sec. 10. (1) Not sooner than 90 days after the fifth notice
2 required under section 9, a collecting county may bring a quiet
3 title action in the circuit court for the collecting county. A
4 quiet title action under this section shall determine title for
5 all parcels of tax delinquent homestead property set forth on a
6 separate attachment to the complaint and incorporated into the
7 complaint by reference.

8 (2) If the tax delinquent homestead property is occupied by
9 the owner, not less than 60 days before the circuit court for the
10 collecting county enters an order quieting title to tax delin-
11 quent homestead property, the collecting county shall notify the
12 family independence agency and the department of community health
13 that an action to quiet title to that tax delinquent homestead
14 property is pending. The family independence agency and the
15 department of community health shall not take any action to
16 diminish a local unit of government's interest in the tax delin-
17 quent homestead property, but the family independence agency and
18 the department of community health may assist the owner in
19 redeeming the tax delinquent homestead property.

20 (3) If a collecting county brings a quiet title action under
21 subsection (1) and the circuit court for the collecting county
22 enters a judgment vesting absolute title to the tax delinquent
23 homestead property in the local unit of government in which the
24 tax delinquent homestead property is located, all prior interests
25 in the tax delinquent homestead property are canceled.

26 Sec. 11. Tax delinquent homestead property may be redeemed
27 at any time before a judgment vesting absolute title to the tax

1 delinquent homestead property is entered pursuant to section 10
2 by payment to the collecting county of all of the following:

3 (a) All delinquent taxes due, including interest calculated
4 as follows:

5 (i) If paid before the forfeiture authorized under section
6 6, 1% per month or fraction of a month calculated from the March
7 1 in the tax year in which a resolution is adopted pursuant to
8 section 3.

9 (ii) If paid after the forfeiture authorized under section 6
10 and before a quiet title action is commenced pursuant to section
11 10, 1.25% per month or fraction of a month calculated from the
12 March 1 in the tax year in which a resolution is adopted pursuant
13 to section 3.

14 (iii) If paid after a quiet title action is commenced pursu-
15 ant to section 10, 150% of the delinquent taxes due.

16 (b) Costs incurred for notice, publication, and title work
17 required under this act.

18 (c) Court costs.

19 Sec. 12. If a circuit court enters a judgment quieting
20 title to the tax delinquent homestead property in the local unit
21 of government in which the tax delinquent homestead property is
22 located pursuant to section 10, the local unit of government may
23 do 1 or more of the following with the tax delinquent homestead
24 property:

25 (a) Demolish any unsafe structure located on the tax delin-
26 quent homestead property.

1 (b) Remediate any environmental contamination found on the
2 tax delinquent homestead property or notify the department of
3 environmental quality or other appropriate organization regarding
4 the existence of environmental contamination on the tax delin-
5 quent homestead property.

6 (c) Sell the tax delinquent homestead property to a private
7 purchaser by auction or direct marketing.

8 (d) Transfer the tax delinquent homestead property to a
9 homestead program if a homestead program exists and the tax
10 delinquent homestead property meets the specifications of the
11 homestead program.

12 (e) Transfer the tax delinquent homestead property to a non-
13 profit organization for rehabilitation and reuse.

14 (f) Retain the tax delinquent homestead property for a spe-
15 cific public purpose, including, but not limited to, a park, zoo,
16 or university, or as part of an existing project with an antici-
17 pated completion date of not more than 2 years after the date
18 title to the tax delinquent homestead property vests in the local
19 unit of government.