

SENATE BILL NO. 355

February 23, 1999, Introduced by Senators STEIL, SCHUETTE, SIKKEMA, 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 residential rental property eligible for accelerated forfeiture; to permit the accelerated forfeiture of eligible tax delinquent residential rental property; to require certain procedures of and to impose certain duties on certain state departments and certain local units of government; to prohibit certain civil and administrative actions; and to provide for the disposition of certain forfeited tax delinquent residential rental 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 residential rental property identification and
3 accelerated forfeiture act".

4 Sec. 2. As used in this act:

1 (a) "Collecting unit" means a county that utilizes this act
2 to collect delinquent taxes on, and to accelerate the forfeiture
3 of, tax delinquent residential rental property.

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

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

10 (d) "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 (e) "Local unit of government" means a city, village, or
14 township.

15 (f) "Occupant" means the person or persons residing in tax
16 delinquent residential rental property, whether under a lease,
17 land contract, or other rental agreement.

18 (g) "Owner" means the person or persons who hold legal title
19 to tax delinquent residential rental property.

20 (h) "Tax delinquent residential rental property" means prop-
21 erty occupied by a person or persons other than the owner of that
22 property pursuant to a lease, land contract, or other rental
23 agreement, on which taxes have been returned as delinquent under
24 the general property tax act, and that is eligible for acceler-
25 ated forfeiture under this act pursuant to section 4. Tax delin-
26 quent residential rental property includes a multiunit
27 residential structure of 4 units or less.

1 Sec. 3. (1) Between January 1 and March 1 in any tax year,
2 a local tax collecting unit may, by resolution approved at a
3 meeting held pursuant to the open meetings act, 1976 PA 267,
4 MCL 15.261 to 15.275, elect to have the county in which the local
5 tax collecting unit is located utilize this act to collect delin-
6 quent taxes on, and to accelerate the forfeiture of, tax delin-
7 quent residential rental property in that tax year and all suc-
8 ceeding tax years. If a local tax collecting unit elects to have
9 the county in which the local tax collecting unit is located uti-
10 lize this act to collect delinquent taxes on, and to accelerate
11 the forfeiture of, tax delinquent residential rental property,
12 that county shall utilize this act to collect delinquent taxes
13 on, and to accelerate the forfeiture of, tax delinquent residen-
14 tial rental property located in that local tax collecting unit.

15 (2) If a local tax collecting unit does not elect to utilize
16 this act pursuant to subsection (1), between January 1 and March
17 1 in any tax year, the county in which the local tax collecting
18 unit is located may, by resolution approved at a meeting held
19 pursuant to the open meetings act, 1976 PA 267, MCL 15.261 to
20 15.275, elect to utilize this act to collect delinquent taxes on,
21 and to accelerate the forfeiture of, tax delinquent residential
22 rental property located in that local tax collecting unit in that
23 tax year and all succeeding tax years.

24 (3) If a local tax collecting unit does not elect to utilize
25 this act pursuant to subsection (1) and the county in which the
26 local tax collecting unit is located does not elect to utilize
27 this act pursuant to subsection (2), the delinquent taxes on the

1 tax delinquent residential rental property shall be collected
2 pursuant to the general property tax act.

3 Sec. 4. (1) Delinquent taxes on tax delinquent residential
4 rental property may be collected under this act and the tax
5 delinquent residential rental property is subject to accelerated
6 forfeiture under this act if all of the following procedures are
7 complied with:

8 (a) A representative of the collecting county made a per-
9 sonal inspection of the tax delinquent residential rental prop-
10 erty under the tax delinquent abandoned property identification
11 and accelerated forfeiture act and determined that the tax delin-
12 quent residential rental property is occupied by a person with a
13 legal interest in the tax delinquent residential rental
14 property.

15 (b) The person occupying the tax delinquent residential
16 rental property is not the owner of the tax delinquent residen-
17 tial rental property. The collecting county shall determine if
18 the person occupying the tax delinquent residential rental prop-
19 erty is the owner of the tax delinquent residential rental
20 property.

21 (2) If delinquent taxes on tax delinquent residential rental
22 property are not eligible to be collected under this act pursuant
23 to subsection (1), the delinquent taxes shall be collected under
24 the general property tax act.

25 Sec. 5. (1) Not later than June 1 in the tax year in which
26 a resolution is adopted pursuant to section 3, the collecting
27 county shall provide written notice by certified mail, return

1 receipt requested, to the occupant and to the owner of the tax
2 delinquent residential rental property that delinquent taxes
3 levied on the tax delinquent residential rental property are
4 subject to collection under this act, which, if not paid, may
5 result in accelerated forfeiture and eviction.

6 (2) If delinquent taxes levied on tax delinquent residential
7 rental property are not paid by October 1 in the tax year in
8 which a resolution is adopted pursuant to section 3, the collect-
9 ing county shall send a second notice to the occupant and to the
10 owner of the tax delinquent residential rental property providing
11 the same information set forth in subsection (1).

12 Sec. 6. (1) If delinquent taxes levied on tax delinquent
13 residential rental property are not paid by March 1 in the tax
14 year immediately succeeding the tax year in which a resolution is
15 adopted pursuant to section 3, the collecting county shall con-
16 duct, or contract with a private vendor to conduct, a title
17 search for each parcel of tax delinquent residential rental prop-
18 erty subject to the collection of delinquent taxes and acceler-
19 ated forfeiture under this act. The collecting county shall pay
20 the costs of the title search from the title search fee autho-
21 rized under section 60 of the general property tax act, MCL
22 211.60.

23 (2) The collecting county or private vendor under contract
24 with the collecting county may utilize the qualified voter file
25 established under section 509o of the Michigan election law, 1954
26 PA 116, MCL 168.509o, to confirm the address of the owner and any
27 person with a legal interest in each parcel of tax delinquent

1 residential rental property subject to the collection of
2 delinquent taxes and accelerated forfeiture under this act.

3 Sec. 7. (1) After conducting the title search required
4 under section 6, the collecting county, or a private vendor under
5 contract with the collecting county, shall send notice by certi-
6 fied mail, return receipt requested, to the occupant, the owner,
7 and all persons with a legal interest in each parcel of tax
8 delinquent residential rental property subject to the collection
9 of delinquent taxes and accelerated forfeiture under this act.
10 If the collecting county or private vendor under contract with
11 the collecting county is unable to ascertain the whereabouts or
12 the post office address of the owner or any person with a legal
13 interest in the tax delinquent residential rental property
14 subject to the collection of delinquent taxes and accelerated
15 forfeiture under this act or if notice by certified mail is
16 refused, service of the notice shall be made by publication. The
17 notice shall be published for 4 successive weeks, once each week,
18 in a newspaper published and circulated in the collecting county,
19 if there is one. If no newspaper is published in the collecting
20 county, publication shall be made in a newspaper published and
21 circulated in an adjoining county. Proof of publication, by
22 affidavit of the printer or publisher of the newspaper, shall be
23 filed with the register of deeds in the collecting county. This
24 publication shall be instead of personal service on the owner or
25 any person with a legal interest in the tax delinquent residen-
26 tial rental property whose whereabouts cannot be ascertained or
27 who refused service by certified mail.

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

3 (a) A statement that taxes levied on the tax delinquent res-
4 idential rental property are delinquent and that the tax delin-
5 quent residential rental property is subject to accelerated for-
6 feiture under this act.

7 (b) Instructions for redemption under this act, including a
8 statement of all delinquent taxes due.

9 (c) The time, date, and location of the forfeiture proceed-
10 ings authorized under section 9 at which the occupant, the owner,
11 or a person with a legal interest in the tax delinquent residen-
12 tial rental property may object to the forfeiture of the tax
13 delinquent residential rental property for any of the reasons set
14 forth in section 98 of the general property tax act, MCL 211.98.

15 (d) A statement setting forth all of the following:

16 (i) If the occupant of the tax delinquent residential prop-
17 erty is making payments to a lessor or land contract vendor pur-
18 suant to a lease, land contract, or other rental agreement, the
19 occupant may immediately begin to make future payments to an
20 escrow account established by the collecting county pursuant to
21 subsection (3).

22 (ii) The proceeds of an escrow account established pursuant
23 to subsection (3) may be remitted to the collecting county to pay
24 all delinquent taxes and any unpaid tax levied on the tax delin-
25 quent residential rental property in the current tax year.

26 (iii) If the occupant makes the payments due under the
27 lease, land contract, or other rental agreement into an escrow

1 account established pursuant to subsection (3), the lessor or
2 land contract vendor shall not commence an action against the
3 occupant in any court or before any administrative agency as a
4 result of the nonpayment of the lease or land contract payments.

5 (3) A collecting county shall establish an escrow account
6 into which an occupant of tax delinquent residential rental prop-
7 erty may deposit lease, land contract, or other rental agreement
8 payments pursuant to this section. Interest on lease, land con-
9 tract, or other rental agreement payments deposited into an
10 escrow account established under this subsection shall accrue to
11 the collecting county that established the escrow account.

12 Sec. 8. (1) The collecting county shall send a list of all
13 tax delinquent residential rental property for which it has con-
14 ducted a title search pursuant to section 6 to the family inde-
15 pendence agency and the department of community health.

16 (2) The family independence agency or the department of com-
17 munity health shall determine, and shall inform the collecting
18 county, if vendor payments are being made to the owner of any
19 parcel of tax delinquent residential rental property included in
20 the list submitted under subsection (1).

21 (3) If the family independence agency or the department of
22 community health determines that vendor payments are being made
23 to the owner of tax delinquent residential rental property
24 included in the list submitted under subsection (1), the family
25 independence agency or the department of community health shall
26 make all future vendor payments for that tax delinquent
27 residential rental property to an escrow account established

1 under section 7(3) until the escrow account contains a sufficient
2 amount to satisfy all delinquent taxes and any unpaid tax levied
3 on the tax delinquent residential rental property in the current
4 tax year. The family independence agency and the department of
5 community health shall advise the vendor that the proceeds of the
6 escrow account may be turned over to the collecting county for
7 payment of all delinquent taxes.

8 (4) A vendor shall not commence an action against the family
9 independence agency or the department of community health in any
10 court or before any administrative agency as a result of the
11 deposit of vendor payments into an escrow account under this
12 section.

13 Sec. 9. (1) If delinquent taxes levied on the tax delin-
14 quent residential rental property are not paid within 6 months of
15 the notice provided under section 7, the collecting county may
16 petition the circuit court for the collecting county to enter a
17 judgment forfeiting the tax delinquent residential rental prop-
18 erty to the local unit of government in which the tax delinquent
19 residential rental property is located. A judgment forfeiting
20 the title to tax delinquent residential rental property under
21 this section forfeits title to all parcels of tax delinquent res-
22 idential rental property set forth on a separate attachment to
23 the complaint and incorporated into the complaint by reference.

24 (2) In a forfeiture action brought under this section, the
25 delinquent property taxes and the notice provided under sections
26 5 and 7 are prima facie evidence in support of a judgment
27 forfeiting the title to the tax delinquent residential rental

1 property to the local unit of government in which the tax
2 delinquent residential rental property is located.

3 (3) If the circuit court for the collecting county enters a
4 judgment forfeiting the title to the tax delinquent residential
5 rental property to the local unit of government in which the tax
6 delinquent residential rental property is located, the circuit
7 court for the collecting county shall issue a tax deed for the
8 tax delinquent residential rental property to the local unit of
9 government.

10 Sec. 10. (1) If the circuit court for the collecting county
11 enters a judgment forfeiting the tax delinquent residential
12 rental property to the local unit of government in which the tax
13 delinquent residential rental property is located and issues a
14 tax deed for the tax delinquent residential rental property to
15 the local unit of government pursuant to section 9, the collect-
16 ing county or a private vendor under contract with the collecting
17 county shall send notice of that forfeiture by certified mail,
18 return receipt requested, to the occupant, the owner, and all
19 persons with a legal interest in each parcel of tax delinquent
20 residential property forfeited. If the collecting county or pri-
21 vate vendor under contract with the collecting county is unable
22 to ascertain the whereabouts or the post office address of the
23 owner or any person with a legal interest in the tax delinquent
24 residential property forfeited or if notice by certified mail is
25 refused, service of the notice shall be made by publication. The
26 notice shall be published for 4 successive weeks, once each week,
27 in a newspaper published and circulated in the collecting county,

1 if there is one. If no newspaper is published in the collecting
2 county, publication shall be made in a newspaper published and
3 circulated in an adjoining county. Proof of publication, by
4 affidavit of the printer or publisher of the newspaper, shall be
5 filed with the register of deeds in the collecting county. This
6 publication shall be instead of personal service on the owner and
7 any person with a legal interest in the tax delinquent residen-
8 tial rental property whose whereabouts cannot be ascertained.

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

11 (a) A statement that the court entered a judgment forfeiting
12 the title to the tax delinquent residential rental property and
13 issued a tax deed to that tax delinquent residential rental prop-
14 erty to the local unit of government in which the tax delinquent
15 residential rental property is located.

16 (b) A statement that the collecting county may commence a
17 quiet title action for that tax delinquent residential rental
18 property if it is not redeemed pursuant to section 12 within 90
19 days of notice under this section.

20 (c) Instructions for redemption pursuant to section 12,
21 including a statement of all delinquent taxes due.

22 (d) The time, date, and location of the hearing on a quiet
23 title action authorized under section 11 at which the owner or a
24 person with a legal interest in the tax delinquent residential
25 rental property may object to the accelerated forfeiture of the
26 tax delinquent residential rental property.

1 Sec. 11. (1) Not sooner than 90 days after the notice
2 provided for in section 10, 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 previously forfeited tax delinquent residential
6 rental property set forth on a separate attachment to the com-
7 plaint and incorporated into the complaint by reference.

8 (2) If a collecting county brings a quiet title action under
9 subsection (1) and the circuit court for the collecting county
10 enters a judgment vesting absolute title to the tax delinquent
11 residential rental property in the local unit of government in
12 which the tax delinquent residential rental property is located,
13 all prior interests in the tax delinquent residential rental
14 property are canceled.

15 Sec. 12. Tax delinquent residential rental property may be
16 redeemed at any time before a judgment is entered under section
17 11 by payment to the collecting county of all of the following:

18 (a) All delinquent taxes due, including interest calculated
19 as follows:

20 (i) If paid prior to March 1 in the tax year immediately
21 succeeding the tax year in which a resolution is adopted pursuant
22 to section 3, 1% per month or fraction of a month.

23 (ii) If paid on or after March 1 in the tax year immediately
24 succeeding the tax year in which a resolution is adopted pursuant
25 to section 3 and before a tax deed is issued pursuant to section
26 9, 1.25% per month or fraction of a month calculated from the

1 March 1 in the tax year in which a resolution is adopted pursuant
2 to section 3.

3 (iii) If paid after a tax deed is issued pursuant to section
4 9, 150% of the delinquent taxes due.

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

7 (c) Court costs.

8 Sec. 13. If the circuit court for the collecting county
9 enters a judgment vesting absolute title to tax delinquent resi-
10 dential rental property in the local unit of government in which
11 the tax delinquent residential rental property is located pursu-
12 ant to section 11, all of the following apply:

13 (a) Any funds in an escrow account established by a collect-
14 ing county pursuant to section 7(3) shall first be applied to
15 satisfy the delinquent taxes and any unpaid tax levied on that
16 tax delinquent residential rental property in the then current
17 tax year. Any remaining balance shall be disbursed as follows:

18 (i) To the person who acquires title to the tax delinquent
19 residential rental property from the local unit of government if
20 the funds are from payments made by the person occupying the tax
21 delinquent residential rental property pursuant to a lease, land
22 contract, or other rental agreement.

23 (ii) To the family independence agency or the department of
24 community health to offset costs incurred if the funds are from
25 payments made by the family independence agency or the department
26 of community health pursuant to section 8.

1 (b) The local unit of government shall attempt to dispose of
2 the tax delinquent residential rental property in a manner that
3 does not displace an occupant who made payments in good faith
4 either to a lessor, a land contract vendor, or an escrow account
5 established pursuant to section 7(3).

6 (c) The local unit of government shall not adversely alter
7 the terms of the occupant's lease, land contract, or other rental
8 agreement.

9 (d) The local unit of government shall offer the person
10 occupying the tax delinquent residential rental property the
11 right of first refusal to purchase the tax delinquent residential
12 rental property from the local unit of government or shall give
13 the occupant priority to homestead the tax delinquent residential
14 rental property if the tax delinquent residential rental property
15 is referred to a homestead program under the urban homestead
16 act.

17 (e) If the tax delinquent residential rental property is
18 occupied by more than 1 family, the local unit of government
19 shall offer the occupants the opportunity to form a consumer
20 housing cooperative pursuant to the state housing development
21 authority act of 1966, 1966 PA 346, MCL 125.1401 to 125.1499c.

22 Sec. 14. If a circuit court enters a judgment vesting abso-
23 lute title to the tax delinquent residential rental property in
24 the local unit of government in which the tax delinquent residen-
25 tial rental property is located pursuant to section 11, subject
26 to section 13, the local unit of government may do 1 or more of

1 the following with the tax delinquent residential rental
2 property:

3 (a) Demolish any unsafe structure located on the tax delin-
4 quent residential rental property.

5 (b) Remediate any environmental contamination found on the
6 tax delinquent residential rental property or notify the depart-
7 ment of environmental quality or other appropriate organization
8 regarding the existence of environmental contamination on the tax
9 delinquent residential rental property.

10 (c) Sell the tax delinquent residential rental property to a
11 private purchaser by auction or direct marketing.

12 (d) Transfer the tax delinquent residential rental property
13 to a homestead program if a homestead program exists and the tax
14 delinquent residential rental property meets the specifications
15 of the homestead program.

16 (e) Transfer the tax delinquent residential rental property
17 to a nonprofit organization for rehabilitation and reuse.

18 (f) Retain the tax delinquent residential rental property
19 for a specific public purpose, including, but not limited to, a
20 park, zoo, or university, or as part of an existing project with
21 an anticipated completion date of not more than 2 years after the
22 date title to the tax delinquent residential rental property
23 vests in the local unit of government.