

# HOUSE BILL No. 4716

May 3, 2001, Introduced by Rep. Birkholz and referred to the Committee on Local Government and Urban Policy.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 78m (MCL 211.78m), as added by 1999 PA 123.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 78m. (1) Not later than the first Tuesday in July, or  
2 the first Tuesday in September if a sale is not held under sub-  
3 section (2), immediately succeeding the entry of judgment under  
4 section 78k vesting absolute title to tax delinquent property in  
5 the foreclosing governmental unit, this state is granted the  
6 right of first refusal to purchase property at the greater of the  
7 minimum bid or its fair market value by paying that amount to the  
8 foreclosing governmental unit if the foreclosing governmental  
9 unit is not this state. If this state elects not to purchase the  
10 property under its right of first refusal, a city, village, or  
11 township may purchase for a public purpose any property located

1 within that city, village, or township set forth in the judgment  
2 and subject to sale under this section by payment to the fore-  
3 closing governmental unit of the minimum bid. If a city, vil-  
4 lage, or township does not purchase that property, the county in  
5 which that property is located may purchase that property under  
6 this section by payment to the foreclosing governmental unit of  
7 the minimum bid. If property is purchased by a city, village,  
8 township, or county under this subsection, the foreclosing gov-  
9 ernmental unit shall convey the property to the purchasing city,  
10 village, township, or county within 30 days. If property pur-  
11 chased by a city, village, township, or county under this subsec-  
12 tion is subsequently sold for an amount in excess of the minimum  
13 bid and all costs incurred relating to demolition, renovation,  
14 improvements, or infrastructure development, the excess amount  
15 shall be returned to the delinquent tax property sales proceeds  
16 account for the year in which the property was purchased by the  
17 city, village, township, or county or, if this state is the fore-  
18 closing governmental unit within a county, to the land reutiliza-  
19 tion fund created under section 78n. Upon the request of the  
20 foreclosing governmental unit, a city, village, township, or  
21 county that purchased property under this subsection shall pro-  
22 vide to the foreclosing governmental unit without cost informa-  
23 tion regarding any subsequent sale or transfer of the property.  
24 This subsection applies to the purchase of property by this  
25 state, a city, village, or township, or a county prior to a sale  
26 held under subsection (2) or, if no sale is held under subsection  
27 (2), prior to a sale held under subsection (4).

(2) Subject to subsection (1), beginning on the third Tuesday in July immediately succeeding the entry of the judgment under section 78k vesting absolute title to tax delinquent property in the foreclosing governmental unit, the foreclosing governmental unit, or its authorized representative, at the option of the foreclosing governmental unit, may hold 1 or more property sales at 1 or more convenient locations at which property foreclosed by the judgment entered under section 78k shall be sold by auction sale. Notice of the time and location of the sale shall be published not less than 30 days before the sale in a newspaper published and circulated in the county in which the property is located, if there is one. If no newspaper is published in that county, publication shall be made in a newspaper published and circulated in an adjoining county. The sale or sales shall be completed within 15 days. Property shall be sold to the person bidding the highest amount above the minimum bid. The foreclosing governmental unit may sell parcels individually or may offer 2 or more parcels for sale as a group. The minimum bid for a group of parcels shall equal the sum of the minimum bid for each parcel included in the group. The foreclosing governmental unit may require full payment by cash, certified check, or money order at the close of each day's bidding. Not more than 30 days after the date of a sale under this subsection, the foreclosing governmental unit shall convey the property by deed to the person bidding the highest amount above the minimum bid. The deed shall vest fee simple title to the property in the person bidding the highest amount above the minimum bid. If this state is the

1 foreclosing governmental unit within a county, the department of  
2 natural resources shall conduct the sale of property under this  
3 subsection and subsections (4) and (5) on behalf of this state.

4       (3) If a sale has been held under subsection (2), after the  
5 conclusion of that sale, and not later than the first Tuesday in  
6 September immediately succeeding that sale, a city, village, or  
7 township may purchase any property not previously sold under sub-  
8 section (1) or (2) by paying the minimum bid to the foreclosing  
9 governmental unit. If a city, village, or township does not pur-  
10 chase that property, the county in which that property is located  
11 may purchase that property under this section by payment to the  
12 foreclosing governmental unit of the minimum bid. If property is  
13 purchased by a city, village, township, or county under this sub-  
14 section, the foreclosing governmental unit shall convey the prop-  
15 erty to the purchasing city, village, township, or county within  
16 30 days.

17       (4) Beginning on the third Tuesday in September immediately  
18 succeeding the entry of the judgment of foreclosure, all property  
19 not previously sold by the foreclosing governmental unit under  
20 subsection (1), (2), or (3) shall be offered or reoffered for  
21 sale, subject to the same requirements set forth in subsection  
22 (2).

23       (5) Beginning on the third Tuesday in November immediately  
24 succeeding the sale held pursuant to subsection (4), all property  
25 not previously sold under subsection (1), (2), (3), or (4) shall  
26 again be reoffered for sale. The sale is subject to the

1 requirements set forth in subsection (2), except that the minimum  
2 bid shall not be required.

3       (6) On December 1 immediately succeeding the date of the  
4 sale under subsection (5), a list of all property not previously  
5 sold by the foreclosing governmental unit under this section  
6 shall be transferred to the clerk of the city, village, or town-  
7 ship in which the property is located. The city, village, or  
8 township may object in writing to the transfer of 1 or more par-  
9 cels of property set forth on that list. On December 30 immedi-  
10 ately succeeding the date of the sale under subsection (5), all  
11 property not previously sold by the foreclosing governmental unit  
12 under this section shall be transferred to the city, village, or  
13 township in which the property is located, except those parcels  
14 of property to which the city, village, or township has  
15 objected. The city, village, or township may make the property  
16 available under the urban homestead act, 1999 PA 127, MCL  
17 125.2701 TO 125.2709, or for any other lawful purpose.

18       (7) If property not previously sold is not transferred to  
19 the city, village, or township in which the property is located  
20 under subsection (6), the foreclosing governmental unit shall  
21 retain possession of that property.

22       (8) A foreclosing governmental unit shall deposit the pro-  
23 ceeds from the sale of property under this section into a  
24 restricted account designated as the "delinquent tax property  
25 sales proceeds for the year \_\_\_\_". The foreclosing governmen-  
26 tal unit shall direct the investment of the account. The  
27 foreclosing governmental unit shall credit to the account

1 interest and earnings from account investments. Proceeds in that  
2 account shall only be used by the foreclosing governmental unit  
3 for the following purposes in the following order of priority:

4 (a) The delinquent tax revolving fund shall be reimbursed  
5 for all taxes, interest, and fees on all of the property, whether  
6 or not all of the property was sold.

7 (b) All costs of the sale of property for the year shall be  
8 paid.

9 (c) Any costs of the foreclosure proceedings for the year,  
10 including, but not limited to, costs of mailing, publication,  
11 personal service, and outside contractors shall be paid.

12 (d) Any costs for the sale of property or foreclosure pro-  
13 ceedings for any prior year that have not been paid or reimbursed  
14 from that prior year's delinquent tax property sales proceeds  
15 shall be paid.

16 (e) Any costs incurred by the foreclosing governmental unit  
17 in maintaining property foreclosed under section 78k before the  
18 sale under this section shall be paid, including costs of any  
19 environmental remediation.

20 (F) IF THE FORECLOSING GOVERNMENTAL UNIT IS NOT THIS STATE,  
21 ANY OF THE FOLLOWING:

22 (i) ANY COSTS FOR THE SALE OF PROPERTY OR FORECLOSURE PRO-  
23 CEEDINGS FOR ANY SUBSEQUENT YEAR THAT ARE NOT PAID OR REIMBURSED  
24 FROM THAT SUBSEQUENT YEAR'S DELINQUENT TAX PROPERTY SALES PRO-  
25 CEEDS SHALL BE PAID FROM ANY REMAINING BALANCE IN ANY PRIOR  
26 YEAR'S DELINQUENT TAX PROPERTY SALES PROCEEDS ACCOUNT.

1       (ii) ANY COSTS FOR THE DEFENSE OF TITLE ACTIONS.

2       (iii) ANY COSTS INCURRED IN ADMINISTERING THE FORECLOSURE  
3 AND DISPOSITION OF PROPERTY FORFEITED FOR DELINQUENT TAXES UNDER  
4 THIS ACT.

5       (G) ~~-(f)-~~ If the foreclosing governmental unit is this  
6 state, any remaining balance shall be transferred to the land  
7 reutilization fund created under section 78n.

8       (9) Two or more county treasurers of adjacent counties may  
9 elect to hold a joint sale of property as provided in this  
10 section. If 2 or more county treasurers elect to hold a joint  
11 sale, property may be sold under this section at a location out-  
12 side of the county in which the property is located. The sale  
13 may be conducted by any county treasurer participating in the  
14 joint sale.

15       (10) As used in this section, "minimum bid" is the minimum  
16 amount established by the foreclosing governmental unit for which  
17 property may be sold under this section. The minimum bid shall  
18 include all of the following:

19       (a) All delinquent taxes, interest, penalties, and fees due  
20 on the property. If a city, village, or township purchases the  
21 property, the minimum bid shall not include any taxes levied by  
22 that city, village, or township and any interest, penalties, or  
23 fees due on those taxes.

24       (b) The expenses of administering the sale, including all  
25 preparations for the sale. The foreclosing governmental unit  
26 shall estimate the cost of preparing for and administering the

1 annual sale for purposes of prorating the cost for each property  
2 included in the sale.