

# HOUSE BILL No. 4645

May 6, 2003, Introduced by Reps. Reeves, Sak, Vagnozzi, Dennis, Drolet, Tobocman, Murphy and Hardman and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 65 (MCL 211.65) and by adding section 70d.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 65. (1) The total cost of the advertising shall not  
2 exceed the sum of \$6.50 per column inch as measured in the  
3 initial publication and shall include the description of lands so  
4 advertised and sold. The petition and court order, column  
5 headings, and captions within the columns shall be paid for at  
6 the same rate. **The advertising shall include the description of**  
7 **lands to be sold as provided by the county treasurer, the parcel**  
8 **identification number, and the street address if available.** Copy  
9 for the description of lands for the tax sale and for the  
10 petition and court order shall be set on 6 point slugs in columns  
11 at least 11 picas wide, except for captions and headings within

1 the columns, the size of which shall be specified by the director  
2 of the department of management and budget. Copy set on slugs  
3 larger in size than 6 point shall be paid for on the basis of the  
4 amount of space required if set on 6 point slugs.

5 (2) The additional notices referred to in section 63 shall  
6 not exceed 2 columns in width and 5 inches in length and the inch  
7 rate charged for those notices shall not exceed the designated  
8 newspaper's published inch rate prices.

9 Sec. 70d. (1) Property that is the homestead of a qualified  
10 person and that is otherwise subject to forfeiture under section  
11 78a shall be excluded from forfeiture as provided in this  
12 section. If property that is the homestead of a qualified person  
13 is sold at the sale provided for in section 78m, it is not  
14 subject to subsequent proceedings except as provided in this  
15 section.

16 (2) An owner may apply to the county treasurer to withhold  
17 the property from the forfeiture provided in section 78a. The  
18 application shall be made upon an affidavit verifying that the  
19 applicant is the owner of the property prescribed by the  
20 department of treasury and made available to county treasurers  
21 throughout the state. The affidavit shall require the owner to  
22 identify any mortgagee of the property. Upon receipt of an  
23 affidavit, the county treasurer shall immediately forward the  
24 affidavit to the state treasurer who shall examine it to  
25 determine if the owner meets the requirements of this act and is  
26 a qualified person. If the state treasurer notifies the county  
27 treasurer not later than the Tuesday before the forfeiture that

1 an owner is a qualified person and delivers the payment required  
2 by subsection (4)(d), the county treasurer shall withhold the  
3 property of the qualified person from forfeiture. The state  
4 treasurer shall notify any mortgagee that an owner is a qualified  
5 person under this section.

6 (3) If property has been sold as provided in section 78m, an  
7 owner may apply to the department of treasury for a determination  
8 that the property is not subject to subsequent proceedings, as  
9 provided in subsection (1). The application shall be made on the  
10 affidavit provided for in subsection (2). Upon a finding that  
11 the owner meets the requirements of this section and is a  
12 qualified person and that the property is not subject to the  
13 subsequent proceedings as provided in subsection (1), the  
14 department of treasury shall notify the county treasurer and any  
15 holder of a tax sale certificate or tax deed of its finding.

16 (4) Upon a finding that the owner meets the requirements of  
17 this section, the department of treasury shall do the following:

18 (a) On an annual basis, verify that the qualified person  
19 continues to reside in the property and continues to be a  
20 qualified person.

21 (b) Secure an assignment to the state of the next homestead  
22 property tax credit and any subsequent credit payable during the  
23 period in which taxes are deferred on the property and necessary  
24 to pay any lien on the property under this section.

25 (c) Secure an assignment to this state of any income tax  
26 refund payable to the qualified person under the income tax act  
27 of 1967, 1967 PA 281, MCL 206.1 to 206.532, during the period in

1 which taxes are deferred on the property and necessary to pay any  
2 lien on the property under this section.

3 (d) Secure an assignment to this state of the proceeds of the  
4 qualified person's interest in any property and casualty  
5 insurance on the property sufficient to pay the amount of the  
6 lien on the property. If the qualified person does not pay for  
7 sufficient property and casualty insurance, this state shall pay  
8 for it and add that amount to the lien on the property.

9 (e) Deliver to the county treasurer in the county in which  
10 the property is located an amount equal to the amount of taxes,  
11 interest, and penalties that would otherwise be collected.

12 (5) If the department of treasury makes a determination that  
13 an owner meets the requirements of this section and the property  
14 of the owner has been conveyed to the foreclosing governmental  
15 unit or the city, village, or township in which the property is  
16 located by a deed issued under section 78m, the state treasurer  
17 shall issue a certificate canceling the deed and record the  
18 certificate with the register of deeds in the county in which the  
19 property is located. Taxes and special assessments that  
20 otherwise would be canceled under section 78k shall not be  
21 canceled and the property shall not be canceled or omitted from  
22 the tax roll. However, if the property has been removed from a  
23 previous tax roll, it may be placed on the roll in the manner  
24 provided in section 154.

25 (6) Taxes on property that has been withheld from forfeiture  
26 under subsection (2), or taxes on property for which a sale has  
27 occurred and for which a determination is made that the owner is

1 a qualified person under subsection (3) shall be deferred until  
2 the owner is no longer a qualified person; until 1 year after the  
3 owner's death, subject to further order by the court; or until  
4 any part of the homestead is conveyed or transferred to another  
5 person or the owner enters into a contract to sell the  
6 homestead. The death of a spouse does not terminate the  
7 deferment of taxes on the homestead owned by the husband and wife  
8 unless the surviving spouse remarries. Failure to provide the  
9 assignment required by subsection (4)(b) or (c) terminates the  
10 deferment. The deferred taxes may be paid in full before the  
11 termination of the deferment at any time. Taxes are deferred  
12 under this section without further penalty and bear interest at  
13 the rate of  $\frac{3}{4}$  of 1% per month or fraction of a month. The  
14 department of treasury shall notify each owner whose taxes are  
15 deferred that if legal or equitable title to the homestead or any  
16 part of the homestead is conveyed or transferred, or if the owner  
17 enters into a contract to sell the homestead, the deferment is  
18 terminated and the amount deferred is immediately due and payable  
19 with interest as provided in this section, but without penalty.

20 (7) Property shall not be excluded from forfeiture under  
21 section 78a for nonpayment of taxes and a deferment shall not be  
22 granted in a year in which, with the inclusion of additional  
23 deferred taxes, the total amount of taxes deferred exceeds 80% of  
24 the owner's equity in the property. In making this  
25 determination, the department of treasury shall use a market  
26 value equal to the state equalized valuation multiplied by 2.

27 (8) Taxes deferred in a county for any year shall not exceed

1 2% of the real property taxes returned as delinquent for that  
2 year by all taxing units in that county.

3 (9) Upon termination of the deferment of property taxes under  
4 this section, the procedures of this act for the collection and  
5 enforcement of tax liens suspended by the terms of this section  
6 again apply to the deferred taxes in the same manner they would  
7 have applied if a deferment had not been authorized and if all of  
8 the taxes had been levied in the second year preceding the  
9 calendar year in which the deferment was terminated. However,  
10 the provisions of this act with respect to fees, interest, and  
11 penalties, except as provided in this section, do not apply to  
12 the period during which the taxes are deferred.

13 (10) Taxes deferred under this section are a lien against the  
14 property and take precedence over other liens against the  
15 property to the same extent as if the taxes were not deferred.

16 (11) A purchase under section 78m is subject to the  
17 provisions of this section and the purchaser is conclusively  
18 presumed to know without notice that such a purchase is made  
19 subject to the provisions of this section. However, if taxes are  
20 deferred under this section the purchaser may redeem the tax sale  
21 certificate or tax deed from the foreclosing governmental unit  
22 for the purchase price.

23 (12) As used in this section:

24 (a) "Qualified person" means a senior citizen with a  
25 household income in the immediately preceding calendar year that  
26 is less than 187.5% of the federal poverty level for 2 persons or  
27 the number of persons in the household, whichever is greater, or

1 an adult in need of protective services as that term is defined  
2 in section 11 of the social welfare act, 1939 PA 280, MCL 400.11,  
3 who has applied for and assigned all homestead property tax  
4 credits that may be claimed during the period in which taxes are  
5 deferred.

6 (b) "Senior citizen" means a person who is 65 years of age or  
7 older and includes the unremarried surviving spouse of a person  
8 who was 65 years of age or older at the time of death.

9 (c) "Homestead" means that term as defined in section 7dd.

10 (d) "Homestead property tax credit" means the credit provided  
11 under sections 520 and 522 of the income tax act of 1967, 1967 PA  
12 281, MCL 206.520 and 206.522.

13 (e) "Household income" means that term as defined in section  
14 508 of the income tax act of 1967, 1967 PA 281, MCL 206.508.