

# SENATE BILL No. 17

January 20, 2015, Introduced by Senator JONES and referred to the Committee on Local Government.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending section 78m (MCL 211.78m), as amended by 2006 PA 498.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

1 and subject to sale under this section by payment to the  
2 foreclosing governmental unit of the minimum bid. If a city,  
3 village, or township does not purchase that property, the county in  
4 which that property is located may purchase that property under  
5 this section by payment to the foreclosing governmental unit of the  
6 minimum bid. If property is purchased by a city, village, township,  
7 or county under this subsection, the foreclosing governmental unit  
8 shall convey the property to the purchasing city, village,  
9 township, or county within 30 days. If property purchased by a  
10 city, village, township, or county under this subsection is  
11 subsequently sold for an amount in excess of the minimum bid and  
12 all costs incurred relating to demolition, renovation,  
13 improvements, or infrastructure development, the excess amount  
14 shall be returned to the delinquent tax property sales proceeds  
15 account for the year in which the property was purchased by the  
16 city, village, township, or county or, if this state is the  
17 foreclosing governmental unit within a county, to the land  
18 reutilization fund created under section 78n. Upon the request of  
19 the foreclosing governmental unit, a city, village, township, or  
20 county that purchased property under this subsection shall provide  
21 to the foreclosing governmental unit without cost information  
22 regarding any subsequent sale or transfer of the property. This  
23 subsection applies to the purchase of property by this state, a  
24 city, village, or township, or a county ~~prior to~~ **BEFORE** a sale held  
25 under subsection (2).

26 (2) Subject to subsection (1), beginning on the third Tuesday  
27 in July immediately succeeding the entry of the judgment under

1 section 78k vesting absolute title to tax delinquent property in  
2 the foreclosing governmental unit and ending on the immediately  
3 succeeding first Tuesday in November, the foreclosing governmental  
4 unit, or its authorized agent, at the option of the foreclosing  
5 governmental unit, shall hold at least 2 property sales at 1 or  
6 more convenient locations at which property foreclosed by the  
7 judgment entered under section 78k shall be sold by auction sale,  
8 which may include an auction sale conducted via an internet  
9 website. Notice of the time and location of the sales shall be  
10 published not less than 30 days before each sale in a newspaper  
11 published and circulated in the county in which the property is  
12 located, if there is one. If no newspaper is published in that  
13 county, publication shall be made in a newspaper published and  
14 circulated in an adjoining county. Each sale shall be completed  
15 before the first Tuesday in November immediately succeeding the  
16 entry of judgment under section 78k vesting absolute title to the  
17 tax delinquent property in the foreclosing governmental unit.  
18 Except as provided in subsection (5), property shall be sold to the  
19 person bidding the highest amount above the minimum bid. The  
20 foreclosing governmental unit may sell parcels individually or may  
21 offer 2 or more parcels for sale as a group. The minimum bid for a  
22 group of parcels shall equal the sum of the minimum bid for each  
23 parcel included in the group. The foreclosing governmental unit may  
24 adopt procedures governing the conduct of the sale and may cancel  
25 the sale ~~prior to~~ **BEFORE** the issuance of a deed under this  
26 subsection if authorized under the procedures. The foreclosing  
27 governmental unit may require full payment by cash, certified

1 check, or money order at the close of each day's bidding. Not more  
2 than 30 days after the date of a sale under this subsection, the  
3 foreclosing governmental unit shall convey the property by deed to  
4 the person bidding the highest amount above the minimum bid. The  
5 deed shall vest fee simple title to the property in the person  
6 bidding the highest amount above the minimum bid, unless the  
7 foreclosing governmental unit discovers a defect in the foreclosure  
8 of the property under sections 78 to 78/. If this state is the  
9 foreclosing governmental unit within a county, the department of  
10 natural resources shall conduct the sale of property under this  
11 subsection and subsections (4) and (5) on behalf of this state.

12 (3) For sales held under subsection (2), after the conclusion  
13 of that sale, and ~~prior to~~ **BEFORE** any additional sale held under  
14 subsection (2), a city, village, or township may purchase any  
15 property not previously sold under subsection (1) or (2) by paying  
16 the minimum bid to the foreclosing governmental unit. If a city,  
17 village, or township does not purchase that property, the county in  
18 which that property is located may purchase that property under  
19 this section by payment to the foreclosing governmental unit of the  
20 minimum bid.

21 (4) If property is purchased by a city, village, township, or  
22 county under subsection (3), the foreclosing governmental unit  
23 shall convey the property to the purchasing city, village, ~~or~~  
24 township, **OR COUNTY** within 30 days.

25 (5) All property subject to sale under subsection (2) shall be  
26 offered for sale at not less than 2 sales conducted as required by  
27 subsection (2). The final sale held under subsection (2) shall be

1 held not less than 28 days after the previous sale under subsection  
2 (2). At the final sale held under subsection (2), the sale is  
3 subject to the requirements of subsection (2), except that the  
4 minimum bid shall not be required. However, the foreclosing  
5 governmental unit may establish a reasonable opening bid at the  
6 sale to recover the cost of the sale of the parcel or parcels.

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

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

1 retains possession of the property and the foreclosing governmental  
2 unit is this state, title to the property shall vest in the land  
3 bank fast track authority created under section 15 of the land bank  
4 fast track act, 2003 PA 258, MCL 124.765.

5 (8) ~~A~~IF THE PROCEEDS FROM THE SALE OF A PARCEL OF PROPERTY  
6 UNDER THIS SECTION EXCEED THE MINIMUM BID ESTABLISHED FOR THAT  
7 PARCEL OF PROPERTY, THE FORECLOSING GOVERNMENTAL UNIT SHALL REMIT  
8 AN AMOUNT EQUAL TO THAT EXCESS TO AN INDIVIDUAL IF THAT INDIVIDUAL  
9 OWNED AND OCCUPIED THE PARCEL OF PROPERTY AS A PRINCIPAL RESIDENCE  
10 EXEMPT UNDER SECTION 7CC IMMEDIATELY BEFORE THE ENTRY OF JUDGMENT  
11 UNDER SECTION 78K VESTING ABSOLUTE TITLE TO THE PARCEL OF PROPERTY  
12 IN THE FORECLOSING GOVERNMENTAL UNIT. THE foreclosing governmental  
13 unit shall deposit ~~the~~ALL OTHER proceeds from the sale of property  
14 under this section into a restricted account designated as the  
15 "delinquent tax property sales proceeds for the year \_\_\_\_". The  
16 foreclosing governmental unit shall direct the investment of the  
17 account. The foreclosing governmental unit shall credit to the  
18 account interest and earnings from account investments. Proceeds in  
19 that account shall only be used by the foreclosing governmental  
20 unit for the following purposes in the following order of priority:

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

24 (b) All costs of the sale of property for the year shall be  
25 paid.

26 (c) Any costs of the foreclosure proceedings for the year,  
27 including, but not limited to, costs of mailing, publication,

1 personal service, and outside contractors shall be paid.

2 (d) Any costs for the sale of property or foreclosure  
3 proceedings for any prior year that have not been paid or  
4 reimbursed from that prior year's delinquent tax property sales  
5 proceeds shall be paid.

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

10 (f) If the foreclosing governmental unit is not this state,  
11 any of the following:

12 (i) Any costs for the sale of property or foreclosure  
13 proceedings for any subsequent year that are not paid or reimbursed  
14 from that subsequent year's delinquent tax property sales proceeds  
15 shall be paid from any remaining balance in any prior year's  
16 delinquent tax property sales proceeds account.

17 (ii) Any costs for the defense of title actions.

18 (iii) Any costs incurred in administering the foreclosure and  
19 disposition of property forfeited for delinquent taxes under this  
20 act.

21 (g) If the foreclosing governmental unit is this state, any  
22 remaining balance shall be transferred to the land reutilization  
23 fund created under section 78n.

24 (h) In 2008 and each year after 2008, if the foreclosing  
25 governmental unit is not this state, not later than June 30 of the  
26 second calendar year after foreclosure, the foreclosing  
27 governmental unit shall submit a written report to its board of

1 commissioners identifying any remaining balance and any contingent  
2 costs of title or other legal claims described in subdivisions (a)  
3 through (f). All or a portion of any remaining balance, less any  
4 contingent costs of title or other legal claims described in  
5 subdivisions (a) through (f), may subsequently be transferred into  
6 the general fund of the county by the board of commissioners.

7 (9) Two or more county treasurers of adjacent counties may  
8 elect to hold a joint sale of property as provided in this section.  
9 If 2 or more county treasurers elect to hold a joint sale, property  
10 may be sold under this section at a location outside of the county  
11 in which the property is located. The sale may be conducted by any  
12 county treasurer participating in the joint sale. A joint sale held  
13 under this subsection may include or be an auction sale conducted  
14 via an internet website.

15 (10) The foreclosing governmental unit shall record a deed for  
16 any property transferred under this section with the county  
17 register of deeds. The foreclosing governmental unit may charge a  
18 fee in excess of the minimum bid and any sale proceeds for the cost  
19 of recording a deed under this subsection.

20 (11) As used in this section, "minimum bid" is the minimum  
21 amount established by the foreclosing governmental unit for which  
22 property may be sold under this section. The minimum bid shall  
23 include all of the following:

24 (a) All delinquent taxes, interest, penalties, and fees due on  
25 the property. If a city, village, or township purchases the  
26 property, the minimum bid shall not include any taxes levied by  
27 that city, village, or township and any interest, penalties, or

1 fees due on those taxes.

2 (b) The expenses of administering the sale, including all  
3 preparations for the sale. The foreclosing governmental unit shall  
4 estimate the cost of preparing for and administering the annual  
5 sale for purposes of prorating the cost for each property included  
6 in the sale.

7 (12) For property transferred to this state under subsection  
8 (1), a city, village, or township under subsection (6) or retained  
9 by a foreclosing governmental unit under subsection (7), all taxes  
10 due on the property as of the December 31 following the transfer or  
11 retention of the property are canceled effective on that December  
12 31.

13 (13) For property sold under this section, transferred to this  
14 state under subsection (1), a city, village, or township under  
15 subsection (6), or retained by a foreclosing governmental unit  
16 under subsection (7), all liens for costs of demolition, safety  
17 repairs, debris removal, or sewer or water charges due on the  
18 property as of the December 31 immediately succeeding the sale,  
19 transfer, or retention of the property are canceled effective on  
20 that December 31. This subsection does not apply to liens recorded  
21 by the department of environmental quality under this act or the  
22 land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774.

23 (14) If property foreclosed under section 78k and held by or  
24 under the control of a foreclosing governmental unit is a facility  
25 as defined under section ~~20101(1)(e)~~ **20101** of the natural resources  
26 and environmental protection act, 1994 PA 451, MCL 324.20101, ~~prior~~  
27 ~~to~~ **BEFORE** the sale or transfer of the property under this section,

1 the property is subject to all of the following:

2 (a) Upon reasonable written notice from the department of  
3 environmental quality, the foreclosing governmental unit shall  
4 provide access to the department of environmental quality, its  
5 employees, contractors, and any other person expressly authorized  
6 by the department of environmental quality to conduct response  
7 activities at the foreclosed property. Reasonable written notice  
8 under this subdivision may include, but is not limited to, notice  
9 by electronic mail or facsimile, if the foreclosing governmental  
10 unit consents to notice by electronic mail or facsimile ~~prior to~~  
11 **BEFORE** the provision of notice by the department of environmental  
12 quality.

13 (b) If requested by the department of environmental quality to  
14 protect public health, safety, and welfare or the environment, the  
15 foreclosing governmental unit shall grant an easement for access to  
16 conduct response activities on the foreclosed property as  
17 authorized under chapter 7 of **ARTICLE II OF** the natural resources  
18 and environmental protection act, 1994 PA 451, MCL 324.20101 to  
19 ~~324.20519-324.20302.~~

20 (c) If requested by the department of environmental quality to  
21 protect public health, safety, and welfare or the environment, the  
22 foreclosing governmental unit shall place and record deed  
23 restrictions on the foreclosed property as authorized under chapter  
24 7 of **ARTICLE II OF** the natural resources and environmental  
25 protection act, 1994 PA 451, MCL 324.20101 to ~~324.20519-324.20302.~~

26 (d) The department of environmental quality may place an  
27 environmental lien on the foreclosed property as authorized under

1 section 20138 of the natural resources and environmental protection  
2 act, 1994 PA 451, MCL 324.20138.

3 (15) If property foreclosed under section 78k and held by or  
4 under the control of a foreclosing governmental unit is a facility  
5 as defined under section ~~20101(1)(e)~~ **20101** of the natural resources  
6 and environmental protection act, 1994 PA 451, MCL 324.20101, ~~prior~~  
7 ~~to~~ **BEFORE** the sale or transfer of the property under this section,  
8 the department of environmental quality shall request and the  
9 foreclosing governmental unit shall transfer the property to the  
10 state land bank fast track authority created under section 15 of  
11 the land bank fast track act, 2003 PA 258, MCL 124.765, if all of  
12 the following apply:

13 (a) The department of environmental quality determines that  
14 conditions at a foreclosed property are an acute threat to the  
15 public health, safety, and welfare, to the environment, or to other  
16 property.

17 (b) The department of environmental quality proposes to  
18 undertake or is undertaking state-funded response activities at the  
19 property.

20 (c) The department of environmental quality determines that  
21 the sale, retention, or transfer of the property other than under  
22 this subsection would interfere with response activities by the  
23 department of environmental quality.