

# HOUSE BILL NO. 5335

January 15, 2020, Introduced by Reps. Robinson, Brenda Carter, Kennedy, Tate, Yancey, Gay-Dagnogo, Byrd, Garrett, Love, Wittenberg, Tyrone Carter, Whitsett, Bolden, Haadsma, Peterson, Inman, Coleman, Cynthia Johnson and Jones and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 78g and 78h (MCL 211.78g and 211.78h), section  
78g as amended by 2014 PA 500 and section 78h as amended by 2014 PA  
499.

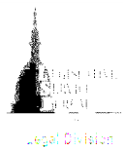
## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1       Sec. 78g. (1) Except as otherwise provided in this subsection,
- 2       on March 1 in each tax year, certified abandoned property and
- 3       property that is delinquent for taxes, interest, penalties, and
- 4       fees for the immediately preceding 12 months or more is forfeited



1 to the county treasurer for the total amount of those unpaid  
 2 delinquent taxes, interest, penalties, and fees. If property is  
 3 forfeited to a county treasurer under this subsection, the  
 4 foreclosing governmental unit does not have a right to possession  
 5 of the property until the April 1 immediately succeeding the entry  
 6 of a judgment foreclosing the property under section 78k or in a  
 7 contested case until 22 days after the entry of a judgment  
 8 foreclosing the property under section 78k. If property is  
 9 forfeited to a county treasurer under this subsection, the county  
 10 treasurer shall add a \$175.00 fee to each parcel of property for  
 11 which those delinquent taxes, interest, penalties, and fees remain  
 12 unpaid. A county treasurer shall withhold a parcel of property from  
 13 forfeiture for any reason determined by the state tax commission.  
 14 The **state tax commission shall determine the** procedure for  
 15 withholding a parcel of property from forfeiture under this  
 16 subsection. ~~shall be determined by the state tax commission.~~

17 (2) Not more than 45 days after property is forfeited under  
 18 subsection (1), the county treasurer shall record with the county  
 19 register of deeds a certificate in a form determined by the  
 20 department of treasury for each parcel of property forfeited to the  
 21 county treasurer, specifying that the property has been forfeited  
 22 to the county treasurer and not redeemed and that absolute title to  
 23 the property ~~shall~~**will** vest in the county treasurer on the March  
 24 31 immediately succeeding the entry of a judgment foreclosing the  
 25 property under section 78k or in a contested case 21 days after the  
 26 entry of a judgment foreclosing the property under section 78k. If  
 27 a certificate of forfeiture is recorded in error, the county  
 28 treasurer shall record with the county register of deeds a  
 29 certificate of error in a form prescribed by the department of



1 treasury. A certificate submitted to the county register of deeds  
2 for recording under this subsection need not be notarized and may  
3 be authenticated by a digital signature of the county treasurer or  
4 by other electronic means. If the county has elected under section  
5 78 to have this state foreclose property under this act forfeited  
6 to the county treasurer under this section, the county treasurer  
7 shall immediately transmit to the department of treasury a copy of  
8 each certificate recorded under this subsection. The county  
9 treasurer shall upon collection transmit to the department of  
10 treasury within 30 days the fee added to each parcel under  
11 subsection (1), which may be paid from the county's delinquent tax  
12 revolving fund and ~~shall~~**must** be deposited in the land  
13 reutilization fund created under section 78n.

14 (3) Property forfeited to the county treasurer under  
15 subsection (1) may be redeemed at any time on or before the March  
16 31 immediately succeeding the entry of a judgment foreclosing the  
17 property under section 78k or in a contested case within 21 days of  
18 the entry of a judgment foreclosing the property under section 78k  
19 upon payment to the county treasurer of all of the following:

20 (a) The total amount of unpaid delinquent taxes, interest,  
21 penalties, and fees for which the property was forfeited or the  
22 reduced amount of unpaid delinquent taxes, interest, penalties, and  
23 fees payable under subsection (8) **or (9)**, if applicable.

24 (b) Except as otherwise provided in this subdivision and  
25 subdivision (c), in addition to the interest calculated under  
26 sections 60a(1) or (2) and 78a(3), additional interest computed at  
27 a noncompounded rate of 1/2% per month or fraction of a month on  
28 the taxes that were originally returned as delinquent, computed  
29 from the March 1 preceding the forfeiture. The county treasurer may

1 waive the additional interest under this subdivision if the  
2 property is withheld from the petition for foreclosure under  
3 section 78h(3) (c).

4 (c) If the property is classified as residential real property  
5 under section 34c, the property is a principal residence exempt  
6 from the tax levied by a local school district for school operating  
7 purposes under section 7cc, and **either** a tax foreclosure avoidance  
8 agreement is in effect for the property under section 78q(5) **or a**  
9 **reduced redemption and stipulated payment agreement is in effect**  
10 **for the property under subsection (9)**, while the tax foreclosure  
11 avoidance agreement ~~either of those agreements~~ is effective, all of  
12 the following ~~shall~~ apply:

13 (i) The property ~~shall~~ **must** be withheld from the petition for  
14 foreclosure under section 78h.

15 (ii) The additional interest under subdivision (b) ~~shall~~ **does**  
16 not apply and interest computed at a noncompounded rate of 1/2% per  
17 month or fraction of a month on the taxes that were originally  
18 returned as delinquent, computed from the date that the taxes  
19 originally were returned as delinquent, ~~shall~~ apply to the  
20 property.

21 (d) All recording fees and all fees for service of process or  
22 notice.

23 (4) If property is redeemed by a person with a legal interest  
24 as provided under subsection (3), any unpaid taxes not returned as  
25 delinquent to the county treasurer under section 78a are not  
26 extinguished.

27 (5) If property is redeemed by a person with a legal interest  
28 as provided under subsection (3), the person redeeming does not  
29 acquire a title or interest in the property greater than that

1 person would have had if the property had not been forfeited to the  
2 county treasurer, but the person redeeming, other than the owner,  
3 is entitled to a lien for the amount paid to redeem the property in  
4 addition to any other lien or interest the person may have, which  
5 ~~shall~~**must** be recorded within 30 days with the register of deeds by  
6 the person entitled to the lien. The lien acquired ~~shall have~~**has**  
7 the same priority as the existing lien, title, or interest.

8 (6) If property is redeemed as provided under subsection (3),  
9 the county treasurer shall issue a redemption certificate in  
10 quadruplicate in a form prescribed by the department of treasury.  
11 One of the quadruplicate certificates ~~shall~~**must** be delivered to  
12 the person making the redemption payment, 1 ~~shall~~**must** be filed in  
13 the office of the county treasurer, 1 ~~shall~~**must** be recorded in the  
14 office of the county register of deeds, and 1 ~~shall~~**must** be  
15 immediately transmitted to the department of treasury if this state  
16 is the foreclosing governmental unit. The county treasurer shall  
17 also make a note of the redemption certificate in the tax record  
18 kept in his or her office, with the name of the person making the  
19 final redemption payment, the date of the payment, and the amount  
20 paid. If the county treasurer accepts partial redemption payments,  
21 the county treasurer shall include in the tax record kept in his or  
22 her office the name of the person or persons making each partial  
23 redemption payment, the date of each partial redemption payment,  
24 the amount of each partial redemption payment, and the total amount  
25 of all redemption payments. A certificate and the entry of the  
26 certificate in the tax record by the county treasurer is prima  
27 facie evidence of a redemption payment in the courts of this state.  
28 A certificate submitted to the county register of deeds for  
29 recording under this subsection need not be notarized and may be

1 authenticated by a digital signature of the county treasurer or by  
2 other electronic means. If a redemption certificate is recorded in  
3 error, the county treasurer shall record with the county register  
4 of deeds a certificate of error in a form prescribed by the  
5 department of treasury. A copy of a certificate of error recorded  
6 under this section ~~shall~~**must** be immediately transmitted to the  
7 department of treasury if this state is the foreclosing  
8 governmental unit.

9 (7) If a foreclosing governmental unit has reason to believe  
10 that a property forfeited under this section may be the site of  
11 environmental contamination, the foreclosing governmental unit  
12 shall provide the department of environmental quality with any  
13 information in the possession of the foreclosing governmental unit  
14 that suggests the property may be the site of environmental  
15 contamination.

16 (8) Before July 1, 2016, if the amount of unpaid delinquent  
17 taxes, interest, penalties, and fees for which a property was  
18 forfeited is greater than 50% of the state equalized valuation of  
19 the property and the property is subject to and in compliance with  
20 a delinquent property tax installment payment plan under section  
21 78q(1) or a tax foreclosure avoidance agreement under section  
22 78q(5), or both, the foreclosing governmental unit may reduce the  
23 amount of taxes, interest, penalties, and fees required to be paid  
24 to redeem the property under ~~subdivision~~**subsection** (3)(a) to an  
25 amount equal to 50% of the state equalized valuation of the  
26 property. If a property is redeemed by payment of the reduced  
27 amount under this subsection, any remaining unpaid taxes, interest,  
28 penalties, and fees for which the property was forfeited and  
29 otherwise payable shall be canceled by the county treasurer. A



(a) The property is classified as residential real property under section 34c, the property is a principal residence exempt from the tax levied by a local school district for school operating purposes under section 7cc, and the owner makes an initial payment of at least 10% of the reduced redemption amount described in subdivision (c).

(c) Under the reduced redemption and stipulated payment agreement, the reduced amount of taxes, interest, penalties, and fees required to be paid to redeem the property under subsection (3) (a) is equal to 50% of the state equalized valuation of the property.

(d) While the reduced redemption and stipulated payment agreement is effective, the property is withheld or removed from the petition for foreclosure as provided under section 78h(3)(c), interest at the rate provided in subsection (3)(c)(ii) applies, and the owner makes timely payments as provided under the agreement,



1 including timely payment of all nondelinquent taxes on the  
2 property.

3 (e) The reduced redemption and stipulated payment agreement  
4 requires regular periodic installment payments, with a final  
5 payment that is not disproportionately larger than a regular  
6 periodic installment payment and regular periodic installment  
7 payments in the final year that are not disproportionately larger  
8 than regular periodic installment payments in prior years.

9 (f) The reduced redemption and stipulated payment agreement  
10 provides that if the property is redeemed by payment of the reduced  
11 amount, any remaining unpaid taxes, interest, penalties, and fees  
12 for which the property was forfeited and otherwise payable will be  
13 canceled by the county treasurer.

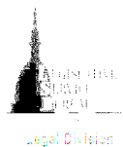
14 (g) The reduced redemption and stipulated payment agreement  
15 provides that if the owner fails to comply with the agreement or if  
16 the agreement is no longer effective, all of the following apply:

17 (i) Interest under subsection (3) (b) and any additional  
18 interest otherwise applicable will apply to any unpaid taxes on the  
19 property.

20 (ii) The property will be included in the immediately  
21 succeeding petition for foreclosure under section 78h.

22 (iii) The owner shall not bid on property subject to sale under  
23 section 78m, if that property was subject to the reduced redemption  
24 and stipulated payment agreement.

25 (10) A county treasurer may refuse to enter into a reduced  
26 redemption and stipulated payment agreement with an owner under  
27 subsection (9) if that owner is not in compliance with another  
28 reduced redemption and stipulated payment agreement with the county  
29 treasurer, or with a tax foreclosure avoidance agreement or a





1 delinquent property tax installment plan with the county treasurer  
2 under section 78q.

3 (11) A reduced redemption and stipulated payment agreement may  
4 not be approved under subsection (9) if the agreement would cause  
5 noncompliance with section 87c(7) or otherwise impermissibly impair  
6 an outstanding debt of the county.

7 Sec. 78h. (1) Not later than June 15 in each tax year, the  
8 foreclosing governmental unit shall file a single petition with the  
9 clerk of the circuit court of that county listing all property  
10 forfeited and not redeemed to the county treasurer under section  
11 78g to be foreclosed under section 78k for the total of the  
12 forfeited unpaid delinquent taxes, interest, penalties, and fees.  
13 If available to the foreclosing governmental unit, the petition  
14 ~~shall~~**must** include the street address of each parcel of property  
15 set forth in the petition. The petition ~~shall~~**must** seek a judgment  
16 in favor of the foreclosing governmental unit for the forfeited  
17 unpaid delinquent taxes, interest, penalties, and fees listed  
18 against each parcel of property. The petition ~~shall~~**must** request  
19 that a judgment be entered vesting absolute title to each parcel of  
20 property in the foreclosing governmental unit, without right of  
21 redemption.

22 (2) If property is redeemed after the petition for foreclosure  
23 is filed under this section, the foreclosing governmental unit  
24 shall request that the circuit court remove that property from the  
25 petition for foreclosure before entry of judgment foreclosing the  
26 property under section 78k.

27 (3) The foreclosing governmental unit may withhold the  
28 following property from the petition for foreclosure filed under  
29 this section:



1 (a) Property the title to which is held by minor heirs or  
 2 persons who are incompetent, persons without means of support, or  
 3 persons unable to manage their affairs due to age or infirmity,  
 4 until a guardian is appointed to protect that person's rights and  
 5 interests.

6 (b) Property the title to which is held by a person undergoing  
 7 substantial financial hardship, as determined under a written  
 8 policy developed and adopted by the foreclosing governmental unit.  
 9 The foreclosing governmental unit shall make available to the  
 10 public the written policy adopted under this subdivision. The  
 11 written policy adopted under this subdivision ~~shall~~**must** include,  
 12 but is not limited to, all of the following:

13 (i) The person requesting that the property be withheld from  
 14 the petition for foreclosure holds the title to the property.

15 (ii) The total household resources of the person requesting  
 16 that the property be withheld from the petition for foreclosure  
 17 meets the federal poverty income standards as defined and  
 18 determined annually by the United States ~~office of management and~~  
 19 ~~budget~~**Office of Management and Budget** or alternative guidelines  
 20 adopted by the foreclosing governmental unit, provided that the  
 21 alternative guidelines include all persons who would otherwise meet  
 22 the federal poverty income standards under this subparagraph. As  
 23 used in this subparagraph, "total household resources" means that  
 24 term as defined in section 508 of the income tax act of 1967, 1967  
 25 PA 281, MCL 206.508.

26 (c) Property the title to which is held by a person subject to  
 27 a **reduced redemption and stipulated payment agreement under section**  
 28 **78g(9), or to a** delinquent property tax installment payment plan or  
 29 tax foreclosure avoidance agreement under section 78q.



1 (4) If a foreclosing governmental unit withholds property from  
2 the petition for foreclosure under subsection (3), a taxing unit's  
3 lien for taxes due or the foreclosing governmental unit's right to  
4 include the property in a subsequent petition for foreclosure is  
5 not prejudiced.

6 (5) The clerk of the circuit court in which the petition is  
7 filed shall immediately set the date, time, and place for a hearing  
8 on the petition for foreclosure, which hearing ~~shall~~**must** be held  
9 not more than 30 days before the March 1 immediately succeeding the  
10 date the petition for foreclosure is filed.

