

HOUSE BILL NO. 5936

July 21, 2020, Introduced by Rep. Wittenberg 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 78a and 78g (MCL 211.78a and 211.78g), section 78a as amended by 2014 PA 499 and section 78g as amended by 2020 PA 33.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 78a. (1) For taxes levied after December 31, 1998, all
2 property returned for delinquent taxes, and upon which taxes,
3 interest, penalties, and fees remain unpaid after the property is
4 returned as delinquent to the county treasurers of this state under



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1 this act, is subject to forfeiture, foreclosure, and sale for the
2 enforcement and collection of the delinquent taxes as provided in
3 section 78, this section, and sections 78b to 79a. As used in
4 section 78, this section, and sections 78b to 79a, "taxes" includes
5 interest, penalties, and fees imposed before the taxes become
6 delinquent and unpaid special assessments or other assessments that
7 are due and payable up to and including the date of the foreclosure
8 hearing under section 78k.

9 (2) On March 1 in each year, taxes levied in the immediately
10 preceding year that remain unpaid shall be returned as delinquent
11 for collection. However, if the last day in a year that taxes are
12 due and payable before being returned as delinquent is on a
13 Saturday, Sunday, or legal holiday, the last day taxes are due and
14 payable before being returned as delinquent is on the next business
15 day and taxes levied in the immediately preceding year that remain
16 unpaid shall be returned as delinquent on the immediately
17 succeeding business day. Except as otherwise provided in section 79
18 for certified abandoned property, property delinquent for taxes
19 levied in the second year preceding the forfeiture under section
20 78g or in a prior year to which this section applies shall be
21 forfeited to the county treasurer for the total of the unpaid
22 taxes, interest, penalties, and fees for those years as provided
23 under section 78g.

24 (3) ~~A-Except as otherwise provided in this subsection and~~
25 ~~section 78g(3)(c), a~~ county property tax administration fee of 4%
26 and ~~, except as provided in section 78g(3)(c),~~ interest computed at
27 a noncompounded rate of 1% per month or fraction of a month on the
28 taxes that were originally returned as delinquent, computed from
29 the date that the taxes originally became delinquent, shall be



1 added to property returned as delinquent under this section. A
2 county property tax administration fee provided for under this
3 subsection shall not be less than \$1.00. **Notwithstanding any**
4 **provision of this act to the contrary, a county treasurer may waive**
5 **up to the full amount of the fees provided for in this subsection,**
6 **and may waive up to 75% of the interest charges provided for in**
7 **this subsection, if all of the following conditions are met:**

8 (a) During the year in which the taxes originally returned as
9 delinquent under this section were levied, the owner of the
10 property was unemployed for not less than 2 consecutive weeks
11 during a period when the unemployment rate reported for this state,
12 as determined by the Bureau of Labor Statistics, United States
13 Department of Labor, was 8.5% or greater.

14 (b) During the year in which the taxes originally returned as
15 delinquent under this section were levied, the total household
16 resources of the owner of the property was not greater than 200% of
17 the federal poverty income standards as defined and determined
18 annually by the United States Office of Management and Budget. As
19 used in this subdivision, "total household resources" means that
20 term as defined in section 508 of the income tax act of 1967, 1967
21 PA 281, MCL 206.508.

22 (c) During the year in which the taxes originally returned as
23 delinquent under this section were levied, the property was the
24 owner's principal residence exempt from the tax levied by a local
25 school district for school operating purposes under section 7cc.

26 (d) Continuously since December 31 of the year in which the
27 taxes originally returned as delinquent under this section were
28 levied, the property has been the owner's principal residence
29 exempt from the tax levied by a local school district for school



1 **operating purposes under section 7cc.**

2 (4) Any person with an unrecorded property interest or any
3 other person who wishes at any time to receive notice of the return
4 of delinquent taxes on a parcel of property may pay an annual fee
5 not to exceed \$5.00 by February 1 to the county treasurer and
6 specify the parcel identification number, the address of the
7 property, and the address to which the notice shall be sent.
8 Holders of any undischarged mortgages wishing to receive notice of
9 the return of delinquent taxes on a parcel or parcels of property
10 may provide a list of such parcels in a form prescribed by the
11 county treasurer and pay an annual fee not to exceed \$1.00 per
12 parcel to the county treasurer and specify for each parcel the
13 parcel identification number, the address of the property, and the
14 address to which the notice should be sent. The county treasurer
15 shall notify the person or holders of undischarged mortgages if
16 delinquent taxes on the property or properties are returned within
17 that year.

18 (5) Notwithstanding any charter provision to the contrary, the
19 governing body of a local governmental unit that collects
20 delinquent taxes may establish for any property, by ordinance,
21 procedures for the collection of delinquent taxes and the
22 enforcement of tax liens and the schedule for the forfeiture or
23 foreclosure of delinquent tax liens. The procedures and schedule
24 established by ordinance shall conform at a minimum to those
25 procedures and schedules established under sections 78a to 78l,
26 except that those taxes subject to a payment plan approved by the
27 treasurer of the local governmental unit as of July 1, 1999 shall
28 not be considered delinquent if payments are not delinquent under
29 that payment plan.



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

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



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

18 (3) Property forfeited to the county treasurer under
19 subsection (1) may be redeemed at any time on or before the March
20 31 immediately succeeding the entry of a judgment foreclosing the
21 property under section 78k or in a contested case within 21 days of
22 the entry of a judgment foreclosing the property under section 78k
23 upon payment to the county treasurer of all of the following:

24 (a) The total amount of unpaid delinquent taxes, interest,
25 penalties, and fees for which the property was forfeited or the
26 reduced amount of unpaid delinquent taxes, interest, penalties, and
27 fees payable under subsection (8), if applicable.

28 (b) Except as otherwise provided in this subdivision and
29 subdivision (c), in addition to the interest calculated under



1 sections 60a(1) or (2) and 78a(3), additional interest computed at
2 a noncompounded rate of 1/2% per month or fraction of a month on
3 the taxes that were originally returned as delinquent, computed
4 from the March 1 preceding the forfeiture. The county treasurer may
5 waive the additional interest under this subdivision ~~if~~**in the**
6 **following circumstances, as applicable:**

7 (i) **If** the property is withheld from the petition for
8 foreclosure under section 78h(3)(c), **the county treasurer may waive**
9 **100% of the additional interest provided for under this**
10 **subdivision.**

11 (ii) **If** the conditions described in section 78a(3)(a) to (d)
12 **were met at the time the unpaid delinquent taxes for which the**
13 **property was forfeited under this section were originally returned**
14 **as delinquent under section 78a, the county treasurer may waive up**
15 **to 75% of the additional interest provided for under this**
16 **subdivision.**

17 (c) If the property is classified as residential real property
18 under section 34c, the property is a principal residence exempt
19 from the tax levied by a local school district for school operating
20 purposes under section 7cc, and a tax foreclosure avoidance
21 agreement is in effect for the property under section 78q(5), while
22 the tax foreclosure avoidance agreement is effective, all of the
23 following apply:

24 (i) The property must be withheld from the petition for
25 foreclosure under section 78h.

26 (ii) The additional interest under subdivision (b) does not
27 apply and, **except as otherwise provided in this subparagraph,**
28 interest computed at a noncompounded rate of 1/2% per month or
29 fraction of a month on the taxes that were originally returned as



1 delinquent, computed from the date that the taxes originally were
2 returned as delinquent, applies to the property. **If the conditions**
3 **described in section 78a(3) (a) to (d) were met at the time the**
4 **unpaid delinquent taxes for which the property was forfeited under**
5 **this section were originally returned as delinquent under section**
6 **78a, the county treasurer may waive up to 75% of the interest**
7 **provided for under this subparagraph.**

8 (d) All recording fees and all fees for service of process or
9 notice.

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

14 (5) If property is redeemed by a person with a legal interest
15 as provided under subsection (3), the person redeeming does not
16 acquire a title or interest in the property greater than that
17 person would have had if the property had not been forfeited to the
18 county treasurer, but the person redeeming, other than the owner,
19 is entitled to a lien for the amount paid to redeem the property in
20 addition to any other lien or interest the person may have, which
21 must be recorded within 30 days with the register of deeds by the
22 person entitled to the lien. The lien acquired has the same
23 priority as the existing lien, title, or interest.

24 (6) If property is redeemed as provided under subsection (3),
25 the county treasurer shall issue a redemption certificate in
26 quadruplicate in a form prescribed by the department of treasury.
27 One of the quadruplicate certificates must be delivered to the
28 person making the redemption payment, 1 must be filed in the office
29 of the county treasurer, 1 must be recorded in the office of the



1 county register of deeds, and 1 must be immediately transmitted to
2 the department of treasury if this state is the foreclosing
3 governmental unit. The county treasurer shall also make a note of
4 the redemption certificate in the tax record kept in his or her
5 office, with the name of the person making the final redemption
6 payment, the date of the payment, and the amount paid. If the
7 county treasurer accepts partial redemption payments, the county
8 treasurer shall include in the tax record kept in his or her office
9 the name of the person or persons making each partial redemption
10 payment, the date of each partial redemption payment, the amount of
11 each partial redemption payment, and the total amount of all
12 redemption payments. A certificate and the entry of the certificate
13 in the tax record by the county treasurer is prima facie evidence
14 of a redemption payment in the courts of this state. A certificate
15 submitted to the county register of deeds for recording under this
16 subsection need not be notarized and may be authenticated by a
17 digital signature of the county treasurer or by other electronic
18 means. If a redemption certificate is recorded in error, the county
19 treasurer shall record with the county register of deeds a
20 certificate of error in a form prescribed by the department of
21 treasury. A copy of a certificate of error recorded under this
22 section must be immediately transmitted to the department of
23 treasury if this state is the foreclosing governmental unit.

24 (7) If a foreclosing governmental unit has reason to believe
25 that a property forfeited under this section may be the site of
26 environmental contamination, the foreclosing governmental unit
27 shall provide the department of ~~environmental quality~~ **environment,**
28 **Great Lakes, and energy** with any information in the possession of
29 the foreclosing governmental unit that suggests the property may be



1 the site of environmental contamination.

2 (8) Notwithstanding any provision of this act or charter to
3 the contrary, until July 1, 2023, all of the following apply to
4 property for which delinquent property taxes remain unpaid,
5 including property forfeited under this section, located in a local
6 unit of government that, pursuant to subsection (10) (b) (i) or (ii),
7 is participating in a payment reduction program authorized by this
8 subsection:

9 (a) If the property is subject to an exemption under section
10 7u and the property's owner has not previously received a payment
11 reduction under this subsection, the foreclosing governmental unit
12 may do 1 or more of the following:

13 (i) If the total amount of unpaid delinquent taxes is greater
14 than 10% of the property's taxable value for the calendar year
15 preceding the year the property was exempt from the collection of
16 taxes under section 7u, reduce the amount required to be paid under
17 section 78a(1) or required to be paid to redeem the property under
18 subsection (3) (a) to 10% of the property's taxable value for the
19 calendar year preceding the year the property was exempt from the
20 collection of taxes under section 7u. A reduction under this
21 subparagraph must be allocated to each taxing unit based on the
22 proportion that its unpaid delinquent taxes certified to the county
23 treasurer bear to the total amount of unpaid delinquent taxes
24 certified to the county treasurer in connection with the property.

25 (ii) Cancel some or all of any unpaid delinquent taxes that
26 represent charges for services that have become delinquent and have
27 been certified to the county treasurer for collection of taxes and
28 enforcement of the lien for the taxes under section 21(3) of the
29 revenue bond act of 1933, 1933 PA 94, MCL 141.121.



1 (iii) Cancel all of the interest, penalties, and fees required
2 to be paid under this act.

3 (b) If the amount required to be paid under this act is
4 reduced under subdivision (a), the foreclosing governmental unit
5 may further reduce the amount by an amount not to exceed 10% of the
6 unpaid delinquent taxes required to be paid to redeem the property
7 if the property is redeemed by a single lump-sum payment made
8 within a period to be determined by the foreclosing governmental
9 unit.

10 (c) A foreclosing governmental unit may apply the provisions
11 of this subsection to property subject to a delinquent property tax
12 installment payment plan under section 78q(1) or a tax foreclosure
13 avoidance agreement under section 78q(5). Except as provided in
14 this subdivision, the terms and conditions of a payment reduction
15 applied to property under this subsection must be consistent with
16 the terms and conditions of a delinquent property tax installment
17 payment plan under section 78q(1) or tax foreclosure agreement
18 under section 78q(5) for the property. If the owner of property
19 subject to a delinquent property tax installment payment plan under
20 section 78q(1) or a tax foreclosure avoidance agreement under
21 section 78q(5) has failed to pay any amounts owed under the plan or
22 agreement, that nonpayment does not prohibit the property owner
23 from receiving a payment reduction under this subsection.

24 Notwithstanding any provision of this act to the contrary, the full
25 amount owed by an owner of property as reduced by this subsection
26 must be payable in not more than 3 years after the date the
27 reduction is established by the foreclosing governmental unit.

28 (d) If a property owner has paid a reduced amount under this
29 subsection in accordance with the terms, conditions, and time



1 period established by the county treasurer, any remaining unpaid
 2 taxes, interest, penalties, and fees otherwise payable shall be
 3 canceled by the county treasurer, including, but not limited to,
 4 any interest, fee, or penalty payment requirements set forth in a
 5 delinquent property tax installment payment plan under section
 6 78q(1) or a tax foreclosure avoidance agreement under section
 7 78q(5) with respect to the property. A county treasurer shall not
 8 impose any additional interest, penalties, fees, or other charges
 9 of any kind in connection with a payment reduction program under
 10 this subsection.

11 (e) If the owner of property subject to a payment reduction
 12 under this subsection fails to pay the full reduced amount of
 13 delinquent taxes, penalties, and fees under this subsection in
 14 accordance with the terms, conditions, and time period established
 15 by the county treasurer, all of the following apply:

16 (i) The amount required to be paid to redeem the property is
 17 the sum of both of the following:

18 (A) The full amount of any unpaid delinquent taxes on the
 19 property.

20 (B) Interest under ~~section 78g(3)(b)~~ **subsection (3)(b)** and any
 21 additional interest, fees, charges, and penalties otherwise
 22 applicable to any unpaid taxes on the property, including, but not
 23 limited to, interest, fees, charges, and penalties canceled under
 24 subdivision (d).

25 (ii) The property must be included in the immediately
 26 succeeding petition for foreclosure under section 78h.

27 (f) A foreclosing governmental unit may not approve a
 28 reduction in the amount required to redeem property under this
 29 subsection if the reduction would cause noncompliance with section



1 87c(7) or otherwise impermissibly impair an outstanding debt of the
2 county or any taxing unit.

3 (g) All payments collected in connection with property under
4 this subsection must be distributed to each taxing unit that has
5 certified to the county treasurer unpaid delinquent taxes for the
6 property in an amount based on the proportion that the taxing
7 unit's unpaid delinquent taxes certified to the county treasurer
8 bear to the total amount of unpaid delinquent taxes certified to
9 the county treasurer in connection with the property.

10 (h) A county treasurer shall set forth the terms and benefits
11 of a payment reduction program available under this subsection in a
12 plan available upon request to the department of treasury. The plan
13 must set forth which of the reductions described in subdivisions
14 (a) and (b) are available under the program and must include any
15 other information determined to be necessary or appropriate in the
16 discretion of the county treasurer.

17 (9) If a payment reduction under subsection (8) is in effect
18 for property for which a county has issued notes under this act
19 that are secured by the delinquent taxes and interest on that
20 property, at any time within 2 years after the date that those
21 taxes were returned as delinquent, the county treasurer may charge
22 back to any taxing unit the face amount of the delinquent taxes
23 that were owed to that taxing unit on the date those taxes were
24 returned as delinquent, less the amount of any payments received by
25 the county treasurer on that property. All subsequent payments of
26 delinquent taxes and interest on that property must be retained by
27 the county treasurer in a separate account and either paid to or
28 credited to the account of that taxing unit.

29 (10) A foreclosing governmental unit's authority to apply any



1 of the payment-reduction measures otherwise available under
2 subsection (8) is subject to all of the following:

3 (a) A foreclosing governmental unit that seeks to implement a
4 program under subsection (8) shall provide written notice to the
5 treasurer of each affected local unit of government within the
6 county in which the property is located of the foreclosing
7 governmental unit's intent to implement the program and state that
8 the local unit of government has the option of participating in the
9 program. The notice must contain all of the terms and conditions to
10 be offered under the program, in addition to any other information
11 that the foreclosing governmental unit considers necessary or
12 appropriate.

13 (b) Not later than 21 days after the foreclosing governmental
14 unit provides the written notice described in subdivision (a), the
15 treasurer of any affected local unit of government may provide the
16 foreclosing governmental unit with 1 of the following, as
17 applicable:

18 (i) Written notice of nonparticipation in the program, if the
19 local unit of government is located in a county with a population
20 of more than 1,500,000 according to the most recent population
21 estimate produced by the United States Census Bureau's Population
22 Estimates Program (PEP). All property within a local unit of
23 government that provides written notice of nonparticipation under
24 this subparagraph will be excluded from the program. Any affected
25 local unit of government whose treasurer does not provide written
26 notice of nonparticipation under this subparagraph is conclusively
27 presumed to have consented to participation in the program, and all
28 property within that local unit of government will be included in
29 the program.



1 (ii) Written notice of participation in the program, if the
2 local unit of government is located in a county other than one
3 described in subparagraph (i) and the governing body of the local
4 unit of government has approved a resolution to participate in the
5 program. All property within a local unit of government that
6 provides written notice of participation under this subparagraph
7 will be included in the program. Any affected local unit of
8 government whose treasurer does not provide written notice of
9 participation under this subparagraph is conclusively presumed to
10 have declined to participate in the program, and all property
11 within that local unit of government will be excluded from the
12 program.

13 (11) As used in this section, "local unit of government" means
14 a city, township, or village.

