

SENATE BILL NO. 901

April 30, 2020, Introduced by Senator STAMAS and referred to the Committee on Government Operations.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 78g (MCL 211.78g), as amended by 2020 PA 33,
and by adding section 78t.

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
5 to the county treasurer for the total amount of those unpaid

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

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

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

13 (3) ~~Property~~ **Subject to section 78t, property** forfeited to the
14 county treasurer under subsection (1) may be redeemed at any time
15 on or before the March 31 immediately succeeding the entry of a
16 judgment foreclosing the property under section 78k or in a
17 contested case within 21 days of the entry of a judgment
18 foreclosing the property under section 78k upon payment to the
19 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), 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 a tax foreclosure avoidance
8 agreement is in effect for the property under section 78q(5), while
9 the tax foreclosure avoidance agreement is effective, all of the
10 following apply:

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

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

18 (d) All recording fees and all fees for service of process or
19 notice.

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

24 (5) If property is redeemed by a person with a legal interest
25 as provided under subsection (3), the person redeeming does not
26 acquire a title or interest in the property greater than that
27 person would have had if the property had not been forfeited to the
28 county treasurer, but the person redeeming, other than the owner,
29 is entitled to a lien for the amount paid to redeem the property in

1 addition to any other lien or interest the person may have, which
2 must be recorded within 30 days with the register of deeds by the
3 person entitled to the lien. The lien acquired has the same
4 priority as the existing lien, title, or interest.

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

1 certificate of error in a form prescribed by the department of
2 treasury. A copy of a certificate of error recorded under this
3 section must be immediately transmitted to the department of
4 treasury if this state is the foreclosing governmental unit.

5 (7) If a foreclosing governmental unit has reason to believe
6 that a property forfeited under this section may be the site of
7 environmental contamination, the foreclosing governmental unit
8 shall provide the department of ~~environmental quality~~ **environment,**
9 **Great Lakes, and energy** with any information in the possession of
10 the foreclosing governmental unit that suggests the property may be
11 the site of environmental contamination.

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

19 (a) If the property is subject to an exemption under section
20 7u and the property's owner has not previously received a payment
21 reduction under this subsection, the foreclosing governmental unit
22 may do 1 or more of the following:

23 (i) If the total amount of unpaid delinquent taxes is greater
24 than 10% of the property's taxable value for the calendar year
25 preceding the year the property was exempt from the collection of
26 taxes under section 7u, reduce the amount required to be paid under
27 section 78a(1) or required to be paid to redeem the property under
28 subsection (3) (a) to 10% of the property's taxable value for the
29 calendar year preceding the year the property was exempt from the

1 collection of taxes under section 7u. A reduction under this
2 subparagraph must be allocated to each taxing unit based on the
3 proportion that its unpaid delinquent taxes certified to the county
4 treasurer bear to the total amount of unpaid delinquent taxes
5 certified to the county treasurer in connection with the property.

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

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

13 (b) If the amount required to be paid under this act is
14 reduced under subdivision (a), the foreclosing governmental unit
15 may further reduce the amount by an amount not to exceed 10% of the
16 unpaid delinquent taxes required to be paid to redeem the property
17 if the property is redeemed by a single lump-sum payment made
18 within a period to be determined by the foreclosing governmental
19 unit.

20 (c) A foreclosing governmental unit may apply the provisions
21 of this subsection to property subject to a delinquent property tax
22 installment payment plan under section 78q(1) or a tax foreclosure
23 avoidance agreement under section 78q(5). Except as provided in
24 this subdivision, the terms and conditions of a payment reduction
25 applied to property under this subsection must be consistent with
26 the terms and conditions of a delinquent property tax installment
27 payment plan under section 78q(1) or tax foreclosure agreement
28 under section 78q(5) for the property. If the owner of property
29 subject to a delinquent property tax installment payment plan under

1 section 78q(1) or a tax foreclosure avoidance agreement under
2 section 78q(5) has failed to pay any amounts owed under the plan or
3 agreement, that nonpayment does not prohibit the property owner
4 from receiving a payment reduction under this subsection.

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

9 (d) If a property owner has paid a reduced amount under this
10 subsection in accordance with the terms, conditions, and time
11 period established by the county treasurer, any remaining unpaid
12 taxes, interest, penalties, and fees otherwise payable shall be
13 canceled by the county treasurer, including, but not limited to,
14 any interest, fee, or penalty payment requirements set forth in a
15 delinquent property tax installment payment plan under section
16 78q(1) or a tax foreclosure avoidance agreement under section
17 78q(5) with respect to the property. A county treasurer shall not
18 impose any additional interest, penalties, fees, or other charges
19 of any kind in connection with a payment reduction program under
20 this subsection.

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

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

28 (A) The full amount of any unpaid delinquent taxes on the
29 property.

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

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

8 (f) A foreclosing governmental unit may not approve a
9 reduction in the amount required to redeem property under this
10 subsection if the reduction would cause noncompliance with section
11 87c(7) or otherwise impermissibly impair an outstanding debt of the
12 county or any taxing unit.

13 (g) All payments collected in connection with property under
14 this subsection must be distributed to each taxing unit that has
15 certified to the county treasurer unpaid delinquent taxes for the
16 property in an amount based on the proportion that the taxing
17 unit's unpaid delinquent taxes certified to the county treasurer
18 bear to the total amount of unpaid delinquent taxes certified to
19 the county treasurer in connection with the property.

20 (h) A county treasurer shall set forth the terms and benefits
21 of a payment reduction program available under this subsection in a
22 plan available upon request to the department of treasury. The plan
23 must set forth which of the reductions described in subdivisions
24 (a) and (b) are available under the program and must include any
25 other information determined to be necessary or appropriate in the
26 discretion of the county treasurer.

27 (9) If a payment reduction under subsection (8) is in effect
28 for property for which a county has issued notes under this act
29 that are secured by the delinquent taxes and interest on that

1 property, at any time within 2 years after the date that those
2 taxes were returned as delinquent, the county treasurer may charge
3 back to any taxing unit the face amount of the delinquent taxes
4 that were owed to that taxing unit on the date those taxes were
5 returned as delinquent, less the amount of any payments received by
6 the county treasurer on that property. All subsequent payments of
7 delinquent taxes and interest on that property must be retained by
8 the county treasurer in a separate account and either paid to or
9 credited to the account of that taxing unit.

10 (10) A foreclosing governmental unit's authority to apply any
11 of the payment-reduction measures otherwise available under
12 subsection (8) is subject to all of the following:

13 (a) A foreclosing governmental unit that seeks to implement a
14 program under subsection (8) shall provide written notice to the
15 treasurer of each affected local unit of government within the
16 county in which the property is located of the foreclosing
17 governmental unit's intent to implement the program and state that
18 the local unit of government has the option of participating in the
19 program. The notice must contain all of the terms and conditions to
20 be offered under the program, in addition to any other information
21 that the foreclosing governmental unit considers necessary or
22 appropriate.

23 (b) Not later than 21 days after the foreclosing governmental
24 unit provides the written notice described in subdivision (a), the
25 treasurer of any affected local unit of government may provide the
26 foreclosing governmental unit with 1 of the following, as
27 applicable:

28 (i) Written notice of nonparticipation in the program, if the
29 local unit of government is located in a county with a population

1 of more than 1,500,000 according to the most recent population
2 estimate produced by the United States Census Bureau's Population
3 Estimates Program (PEP). All property within a local unit of
4 government that provides written notice of nonparticipation under
5 this subparagraph will be excluded from the program. Any affected
6 local unit of government whose treasurer does not provide written
7 notice of nonparticipation under this subparagraph is conclusively
8 presumed to have consented to participation in the program, and all
9 property within that local unit of government will be included in
10 the program.

11 (ii) Written notice of participation in the program, if the
12 local unit of government is located in a county other than one
13 described in subparagraph (i) and the governing body of the local
14 unit of government has approved a resolution to participate in the
15 program. All property within a local unit of government that
16 provides written notice of participation under this subparagraph
17 will be included in the program. Any affected local unit of
18 government whose treasurer does not provide written notice of
19 participation under this subparagraph is conclusively presumed to
20 have declined to participate in the program, and all property
21 within that local unit of government will be excluded from the
22 program.

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

25 **Sec. 78t. Notwithstanding any provision of this act to the**
26 **contrary, both of the following relief measures apply in response**
27 **to the state of emergency described in Executive Order No. 2020-14:**

28 (a) A foreclosing governmental unit may temporarily suspend
29 strict compliance with section 78g(3) and extend the deadline by

1 which property forfeited to a county treasurer must be redeemed
2 until the later of May 29, 2020 or 30 days after the termination of
3 the state of emergency.

4 (b) Upon the motion of a foreclosing governmental unit made
5 during a deadline extension under subdivision (a), a court may, in
6 a manner consistent with the deadline extension, amend orders of
7 foreclosure that it issued under section 78k(5).