

HOUSE BILL NO. 5764

February 17, 2022, Introduced by Reps. Brenda Carter, Weiss, Thanedar, Scott, Hope, Cavanagh, LaGrand, Tyrone Carter, Neeley, Haadsma, Jones and Yancey 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
256.

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

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~~**must** be returned as
 11 delinquent for collection. However, if the last day in a year that
 12 taxes are due and payable before being returned as delinquent is on
 13 a Saturday, Sunday, or legal holiday, the last day taxes are due
 14 and payable before being returned as delinquent is on the next
 15 business day and taxes levied in the immediately preceding year
 16 that remain unpaid ~~shall~~**must** be returned as delinquent on the
 17 immediately succeeding business day. Except as otherwise provided
 18 in section 79 for certified abandoned property, property delinquent
 19 for taxes levied in the second year preceding the forfeiture under
 20 section 78g or in a prior year to which this section applies ~~shall~~
 21 ~~be~~**is** 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~~**must** 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~~**must** 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~~**must** 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~~**must** 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 **must** not be considered delinquent if payments are not delinquent
29 under 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 property for which those
15 delinquent taxes, interest, penalties, and fees remain unpaid. The
16 fee added under this subsection must be used by the foreclosing
17 governmental unit and the fee added under section 78d must be used
18 by the county treasurer for the administration of sections 78 to
19 79a, including, but not limited to, costs associated with providing
20 required notices and with the forfeiture, foreclosure, sale,
21 maintenance, repair, and remediation of property. A county
22 treasurer shall withhold a property from forfeiture for any reason
23 determined by the state tax commission. The state tax commission
24 shall determine the procedure for withholding a property from
25 forfeiture under this subsection.

26 (2) Not more than 45 days after property is forfeited under
27 subsection (1), the county treasurer shall record with the county
28 register of deeds a certificate in a form determined by the
29 department of treasury for each property forfeited to the county

1 treasurer, specifying that the property has been forfeited to the
2 county treasurer and not redeemed and that absolute title to the
3 property and any equity associated with an interest in the property
4 will vest in the foreclosing governmental unit on the March 31
5 immediately succeeding the entry of a judgment foreclosing the
6 property under section 78k or in a contested case 21 days after the
7 entry of a judgment foreclosing the property under section 78k. The
8 certificate must include an explanation of the right of a person
9 with an interest in the property at the time a judgment of
10 foreclosure of the property is effective under section 78k to claim
11 that person's interest in any remaining proceeds pursuant to
12 section 78t after a sale or transfer of the property under section
13 78m. If a certificate of forfeiture is recorded in error, the
14 county treasurer shall record with the county register of deeds a
15 certificate of error in a form prescribed by the department of
16 treasury. A certificate submitted to the county register of deeds
17 for recording under this subsection need not be notarized and may
18 be authenticated by a digital signature of the county treasurer or
19 by other electronic means. If the county has elected under section
20 78 to have this state foreclose property under this act forfeited
21 to the county treasurer under this section, the county treasurer
22 shall immediately transmit to the department of treasury a copy of
23 each certificate recorded under this subsection. The county
24 treasurer shall upon collection transmit to the department of
25 treasury within 30 days the fee added to each property under
26 subsection (1), which may be paid from the county's delinquent tax
27 revolving fund and upon receipt must be deposited by the department
28 of treasury in the land reutilization fund created under section
29 78n.

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

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

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

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

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

(c) If the property is classified as residential real property

1 under section 34c, the property is a principal residence exempt
2 from the tax levied by a local school district for school operating
3 purposes under section 7cc, and a tax foreclosure avoidance
4 agreement is in effect for the property under section 78q(5), while
5 the tax foreclosure avoidance agreement is effective, all of the
6 following apply:

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

9 (ii) The additional interest under subdivision (b) does not
10 apply and, **except as otherwise provided in this subparagraph,**
11 interest computed at a noncompounded rate of 1/2% per month or
12 fraction of a month on the taxes that were originally returned as
13 delinquent, computed from the date that the taxes originally were
14 returned as delinquent, applies to the property. **If the conditions**
15 **described in section 78a(3)(a) to (d) were met at the time the**
16 **unpaid delinquent taxes for which the property was forfeited under**
17 **this section were originally returned as delinquent under section**
18 **78a, the county treasurer may waive up to 75% of the interest**
19 **provided for under this subparagraph.**

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

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

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

1 been forfeited to the county treasurer, but a person redeeming,
2 other than the owner, is entitled to a lien for the amount paid to
3 redeem the property in addition to any other lien or interest the
4 person may have, which must be recorded within 30 days with the
5 register of deeds by the person entitled to the lien. The lien
6 acquired has the same priority as the existing lien, title, or
7 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 must be delivered to the
12 person making the redemption payment, 1 must be filed in the office
13 of the county treasurer, 1 must be recorded in the office of the
14 county register of deeds, and 1 must be immediately transmitted to
15 the department of treasury if this state is the foreclosing
16 governmental unit. The county treasurer shall also make a note of
17 the redemption certificate in the tax record kept in his or her
18 office, with the name of the person making the final redemption
19 payment, the date of the payment, and the amount paid. If the
20 county treasurer accepts partial redemption payments, the county
21 treasurer shall include in the tax record kept in his or her office
22 the name of the person or persons making each partial redemption
23 payment, the date of each partial redemption payment, the amount of
24 each partial redemption payment, and the total amount of all
25 redemption payments. A certificate and the entry of the certificate
26 in the tax record by the county treasurer is evidence of a
27 redemption payment in the courts of this state. A certificate
28 submitted to the county register of deeds for recording under this
29 subsection need not be notarized and may be authenticated by a

1 digital signature of the county treasurer or by other electronic
2 means. If a redemption certificate 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 copy of a certificate of error recorded under this
6 section must be immediately transmitted to the department of
7 treasury if this state is the foreclosing governmental unit.

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

15 (8) Notwithstanding any provision of this act or charter to
16 the contrary, until July 1, 2025, all of the following apply to
17 property for which delinquent property taxes remain unpaid,
18 including property forfeited under this section, located in a local
19 unit of government that, pursuant to subsection (10) (b) (i) or (ii) ,
20 is participating in a payment reduction program authorized by this
21 subsection:

22 (a) If the property is subject to an exemption under section
23 7u and the property's owner has not previously received a payment
24 reduction under this subsection, the foreclosing governmental unit
25 may do 1 or more of the following:

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

1 section 78a(1) or required to be paid to redeem the property under
2 subsection (3) (a) to 10% of the property's taxable value for the
3 calendar year preceding the year the property was exempt from the
4 collection of taxes under section 7u. A reduction under this
5 subparagraph must be allocated to each taxing unit based on the
6 proportion that its unpaid delinquent taxes certified to the county
7 treasurer bear to the total amount of unpaid delinquent taxes
8 certified to the county treasurer in connection with the property.

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

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

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

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

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

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

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

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

29 (i) The amount required to be paid to redeem the property is

1 the sum of both of the following:

2 (A) The full amount of any unpaid delinquent taxes on the
3 property.

4 (B) Interest under subsection (3)(b) and any additional
5 interest, fees, charges, and penalties otherwise applicable to any
6 unpaid taxes on the property, including, but not limited to,
7 interest, fees, charges, and penalties canceled under subdivision
8 (d).

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

11 (f) A foreclosing governmental unit may not approve a
12 reduction in the amount required to redeem property under this
13 subsection if the reduction would cause noncompliance with section
14 87c(7) or otherwise impermissibly impair an outstanding debt of the
15 county or any taxing unit.

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

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

1 (9) If a payment reduction under subsection (8) is in effect
2 for property for which a county has issued notes under this act
3 that are secured by the delinquent taxes and interest on that
4 property, at any time within 2 years after the date that those
5 taxes were returned as delinquent, the county treasurer may charge
6 back to any taxing unit the face amount of the delinquent taxes
7 that were owed to that taxing unit on the date those taxes were
8 returned as delinquent, less the amount of any payments received by
9 the county treasurer on that property. All subsequent payments of
10 delinquent taxes and interest on that property must be retained by
11 the county treasurer in a separate account and either paid to or
12 credited to the account of that taxing unit.

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

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

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

1 applicable:

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

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

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