

HOUSE BILL No. 6167

September 22, 1998, Introduced by Rep. Profit and referred to the Committee on Tax Policy.

A bill to allow for the identification of tax delinquent homestead property; to permit an accelerated quiet title process for tax delinquent homestead property; to require certain procedures of certain local units of government; to provide for the imposition of certain fees; and to provide for the disposition of certain tax delinquent homestead property.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan tax delinquent homestead property identification and
3 accelerated quiet title act".

4 Sec. 2. As used in this act:

5 (a) "Collecting unit" means a city, township, or county that
6 collects delinquent taxes on tax delinquent homestead property
7 under this act.

1 (b) "Delinquent taxes" means real property taxes that have
2 been returned as delinquent under the general property tax act.
3 Delinquent taxes include any interest, penalty, fee, or other
4 cost authorized under the general property tax act.

5 (c) "General property tax act" means the general property
6 tax act, 1893 PA 206, MCL 211.1 to 211.157.

7 (d) "Homestead" means property for which a homestead exemp-
8 tion is granted under section 7cc of the general property tax
9 act, MCL 211.7cc.

10 (e) "Lienholder" means a person who purchases a lien on tax
11 delinquent homestead property pursuant to this act.

12 (f) "Local tax collecting unit" means a city or township, or
13 a county if the county collects property taxes on behalf of a
14 city or township.

15 (g) "Local unit of government" means a city, village, or
16 township.

17 (h) "Occupant" means the person or persons residing in tax
18 delinquent homestead property.

19 (i) "Owner" means the person or persons who hold legal title
20 to tax delinquent homestead property.

21 (j) "Person" means an individual, partnership, corporation,
22 association, governmental entity, or other legal entity.

23 (k) "Tax delinquent homestead property" means a homestead on
24 which taxes have been returned as delinquent under the general
25 property tax act.

26 Sec. 3. (1) On or before March 1 in any tax year, a local
27 tax collecting unit may, by resolution approved at a meeting held

1 pursuant to the open meetings act, 1976 PA 267, MCL 15.261 to
2 15.275, elect to collect delinquent taxes and to bring an accel-
3 erated quiet title action on tax delinquent homestead property
4 under this act.

5 (2) If a local tax collecting unit does not elect to utilize
6 this act pursuant to subsection (1), the county in which the
7 local tax collecting unit is located shall collect delinquent
8 taxes on tax delinquent homestead property under this act.

9 Sec. 4. (1) Delinquent taxes on tax delinquent homestead
10 property may be collected under this act and the tax delinquent
11 homestead property is subject to an accelerated quiet title
12 action under this act if a representative of the collecting unit
13 made a personal inspection of the tax delinquent homestead prop-
14 erty under the Michigan abandoned property identification and
15 accelerated foreclosure act, determined that the occupant of the
16 tax delinquent homestead property is the owner of the tax delin-
17 quent homestead property, and determined that the tax delinquent
18 homestead property is the owner's homestead. The collecting unit
19 shall determine if the occupant of the tax delinquent homestead
20 property is the owner of the tax delinquent homestead property
21 and if the tax delinquent homestead property is the owner's home-
22 stead by reviewing all of the following:

23 (a) A list of rental properties maintained by the local unit
24 of government in which the tax delinquent homestead property is
25 located.

26 (b) Assessing records of the local tax collecting unit.

1 (c) Affidavits for homestead exemptions maintained by the
2 department of treasury pursuant to section 7cc of the general
3 property tax act, MCL 211.7cc.

4 (2) If delinquent taxes on tax delinquent homestead property
5 are not eligible to be collected under this act pursuant to
6 subsection (1), the delinquent taxes shall be collected under the
7 general property tax act.

8 Sec. 5. (1) The collecting unit shall provide written
9 notice to the owner of tax delinquent homestead property by cer-
10 tified mail, return receipt requested, of both of the following:

11 (a) That delinquent taxes levied on the tax delinquent home-
12 stead property are subject to collection under this act.

13 (b) Failure to pay the delinquent taxes within 1 year from
14 the immediately preceding March 1 may result in the sale of the
15 tax delinquent homestead property and an accelerated quiet title
16 action against the tax delinquent homestead property.

17 (2) If delinquent taxes levied on tax delinquent homestead
18 property are not paid within 6 months of the notice provided
19 under subsection (1), the collecting unit shall send a second
20 notice to the owner of the tax delinquent homestead property by
21 certified mail, return receipt requested, providing the same
22 information set forth in subsection (1).

23 (3) Thirty days prior to March 1, if delinquent taxes levied
24 on tax delinquent homestead property are not paid, the collecting
25 unit shall send a third notice to the owner of the tax delinquent
26 homestead property by certified mail, return receipt requested,

1 advising the owner that the tax delinquent homestead property is
2 subject to sale under this act on March 1.

3 Sec. 6. (1) On March 1 in each tax year, the collecting
4 unit or a private vendor under contract with the collecting unit
5 shall submit for sale to the highest bidder liens on tax delin-
6 quent homestead property delinquent for taxes assessed in the
7 immediately preceding tax year and for which notice has been sent
8 to the owner of the tax delinquent homestead property as required
9 under section 5.

10 (2) The minimum acceptable bid for a lien on tax delinquent
11 homestead property is the amount of delinquent taxes due on that
12 tax delinquent homestead property. A person bidding for a lien
13 on tax delinquent homestead property may bid more than the amount
14 of delinquent taxes due on that tax delinquent homestead
15 property. If a lien on tax delinquent homestead property is sold
16 for more than the amount of delinquent taxes due, the amount
17 received greater than the amount of delinquent taxes due shall be
18 applied as follows:

19 (a) First, to cover the administrative costs of the sale.

20 (b) Any remaining balance shall be applied to other adminis-
21 trative costs of tax collection under this act.

22 (3) The highest bidder for a lien on tax delinquent home-
23 stead property shall receive a lien on that tax delinquent home-
24 stead property that conveys a 100% interest in that tax delin-
25 quent homestead property if not redeemed as provided in this
26 act.

1 (4) If no minimum acceptable bid is offered for a lien on
2 tax delinquent homestead property, the lien for that tax
3 delinquent homestead property shall be considered bid off to the
4 collecting unit for the amount of delinquent taxes due on that
5 tax delinquent homestead property.

6 Sec. 7. After the sale provided for in section 6, the col-
7 lecting unit shall send a fourth notice to the owner of the tax
8 delinquent homestead property by certified mail, return receipt
9 requested, informing the owner that a lien on the tax delinquent
10 homestead property was either sold to a lienholder pursuant to
11 section 6(3) or was bid off to the collecting unit pursuant to
12 section 6(4), and that the tax delinquent homestead property is
13 subject to an accelerated quiet title action as provided in this
14 act if not redeemed.

15 Sec. 8. (1) Unless redeemed, 1 year after the notice pro-
16 vided for in section 7, the collecting unit shall issue a tax
17 deed to the lienholder or to the collecting unit if the lien on
18 that tax delinquent homestead property was bid off to the col-
19 lecting unit.

20 (2) A tax deed issued to a lienholder under subsection (1)
21 is valid for 1 year after it is issued. If the lien on the tax
22 delinquent homestead property is not redeemed as provided under
23 this act, the lienholder shall perfect title to the tax delin-
24 quent homestead property as provided under this act or surrender
25 the tax deed to the collecting unit without refund of the pur-
26 chase amount.

1 (3) After the collecting unit issues a tax deed pursuant to
2 subsection (1), the lienholder or the collecting unit if the lien
3 on the tax delinquent homestead property was bid off to the col-
4 lecting unit shall perform a title search on the tax delinquent
5 homestead property. If the title search required under this sub-
6 section is performed by the lienholder, the lienholder shall pro-
7 vide the results of the title search to the collecting unit.

8 Sec. 9. (1) After the title search required under section 8
9 is performed, the collecting unit shall send a fifth notice by
10 certified mail, return receipt requested, to the owner and to all
11 persons with a legal interest in each parcel of tax delinquent
12 homestead property subject to the collection of delinquent taxes
13 under this act. If the collecting unit is unable to ascertain
14 the whereabouts or the post office address of the owner or any
15 person with a legal interest in the tax delinquent homestead
16 property subject to the collection of delinquent taxes under this
17 act, service of the notice shall be made by publication. The
18 notice shall be published for 4 successive weeks, once each week,
19 in a newspaper published and circulated in the county in which
20 the tax delinquent homestead property is located, if there is
21 one. If no newspaper is published in that county, publication
22 shall be made in a newspaper published and circulated in an
23 adjoining county. Proof of publication, by affidavit of the
24 printer or publisher of the newspaper, shall be filed with the
25 register of deeds in the county in which the tax delinquent home-
26 stead property is located. This publication shall be instead of
27 personal service on the owner or any person with a legal interest

1 in the tax delinquent homestead property whose whereabouts cannot
2 be ascertained.

3 (2) The notice required under subsection (1) shall include,
4 but is not limited to, all of the following:

5 (a) A statement that a tax deed to the tax delinquent home-
6 stead property was issued to either the lienholder or the col-
7 lecting unit.

8 (b) A statement that the lienholder or the collecting unit
9 may bring an action in the circuit court in the county in which
10 the tax delinquent homestead property is located to quiet title
11 to that tax delinquent homestead property.

12 (c) Instructions for redemption, including a statement of
13 all delinquent taxes, costs, and fees due.

14 (d) If the lien on the tax delinquent homestead property was
15 bid off to the collecting unit, the time, date, and location of
16 the hearing required under section 11 at which the owner or a
17 person with a legal interest in the tax delinquent homestead
18 property may object to absolute title to the tax delinquent home-
19 stead property vesting in the local unit of government in which
20 the tax delinquent homestead property is located for any of the
21 reasons set forth in section 98 of the general property tax act,
22 MCL 211.98.

23 (3) The collecting unit may utilize the qualified voter file
24 established under section 509o of the Michigan election law, 1954
25 PA 116, MCL 168.509o, to confirm the address of the owner and any
26 person with a legal interest in each parcel of tax delinquent

1 homestead property subject to the collection of delinquent taxes
2 under this act.

3 Sec. 10. (1) If a tax deed is issued to a lienholder pursu-
4 ant to section 8, 6 months after the fifth notice required under
5 section 9 is sent the lienholder may bring an action in the cir-
6 cuit court in the county in which the tax delinquent homestead
7 property is located to quiet title to that tax delinquent home-
8 stead property in the lienholder.

9 (2) If the tax delinquent homestead property is occupied by
10 the owner, not less than 60 days before the circuit court enters
11 an order quieting title to tax delinquent homestead property the
12 lienholder shall notify the family independence agency that an
13 action to quiet title to that tax delinquent homestead property
14 is pending. The family independence agency shall not take any
15 action to diminish the lienholder's interest in the tax delin-
16 quent homestead property, but the family independence agency may
17 assist the owner in redeeming the tax delinquent homestead
18 property.

19 (3) If a lienholder brings a quiet title action under sub-
20 section (1) and the circuit court enters a judgment vesting abso-
21 lute title to the tax delinquent homestead property in the lien-
22 holder, all prior interests in the tax delinquent homestead prop-
23 erty are terminated.

24 Sec. 11. (1) If a tax deed is issued to a collecting unit
25 pursuant to section 8, 90 days after the fifth notice required
26 under section 9 is sent the collecting unit may schedule a
27 hearing to show cause why absolute title to the tax delinquent

1 homestead property should not vest in the local unit of
2 government in which the tax delinquent homestead property is
3 located.

4 (2) A hearing under subsection (1) may be conducted by an
5 existing department within the collecting unit, an entity created
6 by the collecting unit for that purpose, or a private vendor
7 under contract with the collecting unit or entity created by the
8 collecting unit.

9 (3) The owner or any person with a legal interest in the tax
10 delinquent homestead property may appear at the hearing held
11 under this section and redeem the tax delinquent homestead prop-
12 erty or show cause why title to the tax delinquent homestead
13 property should not vest in the local unit of government in which
14 the tax delinquent homestead property is located for any of the
15 reasons set forth in section 98 of the general property tax act,
16 MCL 211.98.

17 (4) Any determination made at the hearing conducted under
18 this section is prima facie evidence in a quiet title action
19 brought pursuant to section 12.

20 Sec. 12. (1) After the hearing required under section 11, a
21 collecting unit may bring a quiet title action in the circuit
22 court in the county in which the tax delinquent homestead prop-
23 erty is located. A quiet title action under this section shall
24 determine title for all parcels of tax delinquent homestead prop-
25 erty set forth on a separate attachment to the complaint and
26 incorporated into the complaint by reference.

1 (2) If the tax delinquent homestead property is occupied by
2 the owner, not less than 60 days before the circuit court enters
3 an order quieting title to tax delinquent homestead property the
4 collecting unit shall notify the family independence agency that
5 an action to quiet title to that tax delinquent homestead prop-
6 erty is pending. The family independence agency shall not take
7 any action to diminish the collecting unit's interest in the tax
8 delinquent homestead property, but the family independence agency
9 may assist the owner in redeeming the tax delinquent homestead
10 property.

11 (3) If a collecting unit brings a quiet title action under
12 subsection (1) and the circuit court enters a judgment vesting
13 absolute title to the tax delinquent homestead property in the
14 local unit of government in which the tax delinquent homestead
15 property is located, all prior interests in the tax delinquent
16 homestead property are canceled.

17 Sec. 13. If a circuit court enters a judgment quieting
18 title to the tax delinquent homestead property in the local unit
19 of government in which the tax delinquent homestead property is
20 located pursuant to section 12, the local unit of government may
21 do 1 or more of the following with the tax delinquent homestead
22 property:

23 (a) Demolish any unsafe structure located on the tax delin-
24 quent homestead property.

25 (b) Remediate any environmental contamination found on the
26 tax delinquent homestead property or notify the department of
27 environmental quality or other appropriate organization regarding

1 the existence of environmental contamination on the tax
2 delinquent homestead property.

3 (c) Sell the tax delinquent homestead property to a private
4 purchaser by auction or direct marketing.

5 (d) Transfer the tax delinquent homestead property to a
6 homestead program if a homestead program exists and the tax
7 delinquent homestead property meets the specifications of the
8 homestead program.

9 (e) Transfer the tax delinquent homestead property to a non-
10 profit organization for rehabilitation and reuse.

11 (f) Retain the tax delinquent homestead property for a spe-
12 cific public purpose, including, but not limited to, a park, zoo,
13 or university, or as part of an existing project with an antici-
14 pated completion date of not more than 2 years after the date
15 title to the tax delinquent homestead property vests in the local
16 unit of government.