

HOUSE BILL No. 6181

September 23, 1998, Introduced by Rep. Byl and referred to the Committee on Tax Policy.

A bill to allow local units of government to obtain clear title to property previously acquired through the tax reversion process; to provide due process to those persons with a prior interest in that property; to allow local units of government to reduce the backlog of tax reverted property; and to facilitate the return of tax reverted property to productive use.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "tax reverted property emergency disposal act".

3 Sec. 2. As used in this act:

4 (a) "Declaration of emergency backlog" means the declaration
5 made pursuant to section 3.

6 (b) "Local unit of government" means a city, village,
7 township, or county.

1 (c) "Tax reverted property" means property the title to
2 which has vested in a local unit of government pursuant to the
3 general property tax act, 1893 PA 206, MCL 211.1 to 211.157, as a
4 result of the nonpayment of delinquent taxes and nonredemption
5 within the statutory period.

6 Sec. 3. (1) A local unit of government may obtain clear
7 title to tax reverted property and dispose of that tax reverted
8 property as provided in this act if a declaration of emergency
9 backlog is made and approved as provided in this section.

10 (2) A local unit of government may make a declaration that
11 an emergency backlog of tax reverted property exists within that
12 local unit of government if all of the following procedures are
13 complied with:

14 (a) The legislative body of the local unit of government
15 approves a resolution at a meeting held pursuant to the open
16 meetings act, 1976 PA 267, MCL 15.261 to 15.275, that states that
17 the existing inventory of tax reverted property within the local
18 unit of government is too large and of uncertain title, impairing
19 the local unit of government's ability to market that tax
20 reverted property by conventional means and contributing to the
21 spread of neighborhood blight and deterioration.

22 (b) The legislative body of the local unit of government
23 submits that resolution to the state treasurer for approval.

24 (3) If a local unit of government makes a declaration that
25 an emergency backlog of tax reverted property exists within that
26 local unit of government and submits that declaration to the
27 state treasurer for approval as provided in subsection (2), the

1 state treasurer shall approve or disapprove that declaration
2 within 30 days. If the state treasurer does not approve or dis-
3 approve the declaration that an emergency backlog of tax reverted
4 property exists within that local unit of government within 30
5 days, the declaration shall be considered approved.

6 (4) A declaration of emergency backlog under this section is
7 valid for not more than 2 years from the date that the state
8 treasurer approves that declaration as provided in subsection
9 (2). A declaration of emergency backlog may be rescinded earlier
10 in 1 or more of the following ways:

11 (a) The legislative body of the local unit of government
12 approves a resolution at a meeting held pursuant to the open
13 meetings act, 1976 PA 267, MCL 15.261 to 15.275, rescinding the
14 declaration of emergency backlog.

15 (b) The state treasurer rescinds his or her approval of the
16 declaration of emergency backlog at his or her discretion.

17 Sec. 4. (1) If a declaration of emergency backlog is
18 approved as provided in section 3, the local unit of government
19 shall conduct, or contract with a private vendor to conduct, a
20 title search for each parcel of tax reverted property located
21 within the local unit of government.

22 (2) Not less than 14 days before conducting a hearing pursu-
23 ant to section 5, the local unit of government, or a private
24 vendor under contract with the local unit of government, shall
25 send notice by certified mail return receipt requested to all
26 persons with a recorded interest in each parcel of tax reverted
27 property. If the local unit of government or private vendor

1 under contract with the local unit of government is unable to
2 ascertain the whereabouts or the post office address of a person
3 with a recorded property interest in the tax reverted property,
4 service of the notice shall be made by publication. The notice
5 shall be published for 4 successive weeks, once each week, in a
6 newspaper published and circulated in the county in which the tax
7 reverted property is located, if there is one. If no paper is
8 published in that county, publication shall be made in a newspa-
9 per published and circulated in an adjoining county, and proof of
10 publication, by affidavit of the printer or publisher of the
11 newspaper, shall be filed with the register of deeds in the
12 county in which the tax reverted property is located. This pub-
13 lication shall be instead of personal service on the person or
14 persons with a recorded property interest whose whereabouts
15 cannot be ascertained.

16 Sec. 5. (1) If notice is provided to all persons with a
17 recorded interest in each parcel of tax reverted property as pro-
18 vided in section 4, the local unit of government may schedule a
19 hearing to show cause why absolute title to the tax reverted
20 property should not vest in the local unit of government.

21 (2) A hearing under subsection (1) may be conducted by an
22 existing department within the local unit of government, an
23 entity created by the local unit of government for that purpose,
24 or a private vendor under contract with the local unit of govern-
25 ment or entity created by the local unit of government.

26 (3) Any person with a recorded interest in the tax reverted
27 property may appear at the hearing held pursuant to this section

1 and show cause why the title to the tax reverted property should
2 not vest in the local unit of government for any of the reasons
3 set forth in section 98 of the general property tax act, 1893 PA
4 206, MCL 211.98.

5 (4) Any determination made at the hearing conducted under
6 this section is prima facie evidence in a quiet title action
7 brought pursuant to section 6.

8 Sec. 6. (1) After the hearing provided for in section 5, a
9 local unit of government may bring a quiet title action in the
10 county in which the tax reverted property is located. A quiet
11 title action under this section shall determine title for all
12 parcels of tax reverted property set forth on a separate attach-
13 ment to the complaint and incorporated into the complaint by
14 reference.

15 (2) If a local unit of government brings a quiet title
16 action pursuant to subsection (1) and the circuit court enters a
17 judgment vesting absolute title to the tax reverted property in
18 the local unit of government, the local unit of government shall
19 do 1 of the following with the tax reverted property:

20 (a) Sell the tax reverted property to a private purchaser.

21 (b) Transfer the tax reverted property to or make the tax
22 reverted property available to qualified buyers under the
23 Michigan urban homestead act.

24 (c) Transfer the tax reverted property to a nonprofit organ-
25 ization that presents a plan to return the tax reverted property
26 to productive use within 2 years.

1 (d) Transfer the tax reverted property to another local unit
2 of government for a specific public purpose, including, but not
3 limited to, a park, zoo, or university.

4 (e) Retain the tax reverted property for a specific municipi-
5 pal use.