



**House  
Legislative  
Analysis  
Section**

House Office Building, 9 South  
Lansing, Michigan 48909  
Phone: 517/373-6466

**TAX REVERSION AMENDMENTS**

**House Bill 4707**

**Sponsor: Rep. Patricia Birkholz**

**House Bill 4709**

**Sponsor: Rep. Randy Richardville**

**House Bill 4710**

**Sponsor: Rep. Robert Gosselin**

**House Bill 4711**

**Sponsor: Rep. Lauren Hager**

**House Bill 4714**

**Sponsor: Rep. Leon Drolet**

**Committee: Local Government and  
Urban Policy**

**Complete to 5-4-01**

**House Bills 4707, 4709-4711 and 4714 (5-4-01)**

**A SUMMARY OF HOUSE BILLS 4707, 4709, 4710, 4711 AND 4714 AS INTRODUCED  
5-3-01**

Public Act 123 of 1999 amended the General Property Tax Act to provide that property that is delinquent for taxes levied after December 31, 1998 is subject to forfeiture, foreclosure, and sale over a three-year period. Under the law, the "old tax reversion process" takes up to six years and is being phased out as the "new tax reversion process," (i.e., the provisions of Public Act 123), takes full effect. The old tax reversion process will fully expire on December 31, 2003. House Bills 4707, 4709, 4710, 4711 and 4714 would address certain details of the new tax reversion process.

House Bill 4709 would amend section 78f of the General Property Tax Act to eliminate references to section 65. Section 78f requires a county treasurer to serve notice to the owner of tax delinquent property that the property will be forfeited if the unpaid taxes, interest, penalties, and fees are not paid. Further, it authorizes the county treasurer to publish a newspaper notice concerning the tax delinquent property that is to be forfeited. Section 65 establishes a maximum cost for publishing such notices and certain specifications that published notices must meet.

House Bill 4710 would amend section 78g of the General Property Tax Act in three ways. First, it would permit a county treasurer to withhold from forfeiture property that has been denied a homestead exemption under section 7cc, if the property is the subject of an appeal of the denial on the March 1 forfeiture date. The bill would authorize the state tax commission to determine the procedures for withholding such a property from forfeiture. Second, the bill would clarify certain procedures for a county treasurer accepting partial redemption payments. Third, the bill

would specify that certificates of forfeiture and redemption payment, which are required by section 78g, need not be notarized or otherwise authenticated.

House Bill 4711 would amend section 78h of the General Property Tax Act in three ways. First, it would clarify that, on or before June 15 of each tax year, a foreclosing governmental unit (i.e., the county treasurer or the state) would file a *single* petition of foreclosure with the clerk of the circuit court listing *all* property forfeited and not redeemed to the county treasurer.

Second, the bill would reduce the number of documents that must be filed with the clerk of the circuit court prior to the date of the foreclosure hearing. Currently, section 78h requires the foreclosing governmental unit to submit proof of any notice, service, or publication that is required by the act to the circuit court. The bill would require the foreclosing governmental unit to file the following documents only: proof of service of the notice of the show cause hearing; proof of service of the notice of the foreclosure hearing; and proof of the personal visit to the property and publication.

Third, the law contains a provision that allows the foreclosing governmental unit to exclude from the petition of foreclosure property that is owned by a person undergoing substantial financial hardship. The bill would apply the existing standards set forth in section 7u (which allows local officials to grant a poverty exemption to homestead property tax payers who meet certain criteria) to determine whether a property owner is undergoing “substantial financial hardship.”

House Bill 4707 would amend section 7u of the property tax act to authorize the supervisor and board of review to review and rescind any property taxes, fees, penalties, and interest due on a homestead under certain circumstances. To qualify, the homestead would have to have been withheld from a petition of foreclosure because the owner is undergoing substantial financial hardship or it would have to have been exempted from foreclosure because the owner is a minor heir, is incompetent, or is without means of support. Further, the following conditions would have to be met: (1) the homestead owner would have to meet the federal poverty income standards as defined and determined by the United States Office of Management and Budget or local poverty income standards, as long as those standards are not less than the federal guidelines; and (2) the homestead was forfeited to the county treasurer, and the homestead owner could not have filed a claim for a poverty exemption in the year for which the taxes were returned as delinquent.

House Bill 4714 would amend section 78k of the General Property Tax Act in several ways. First, it would reduce the number of documents that the foreclosing governmental unit must file with the circuit court prior the date of the foreclosure hearing. Currently, the law states that if a petition for foreclosure is filed, the foreclosing governmental unit must file proof of any notice, service, or publication required under the act. The bill would require the foreclosing governmental unit to file the following documents only: proof of service of the notice of the show cause hearing; proof of service of the notice of the foreclosure hearing; and proof of the personal visit to the property and publication.

Second, the law states that a property owner has the right to appeal a judgment of foreclosure. The appellant must file a notice of appeal with the county treasurer and pay the

amount that the circuit court determined to be due to the county treasurer in the judgment of foreclosure. The law currently states that if the circuit court's judgment foreclosing property is upheld on appeal—that is, if the person who appealed the judgment loses the appeal—the amount determined to be due is to be refunded to the appellant. House Bill 4714 would provide that if the judgment foreclosing the property was affirmed on appeal, the amount that the appellant paid to the county treasurer when filing the notice of appeal would be applied automatically to the outstanding delinquent taxes, interest, penalties, and fees due on the property.

Third, the bill would require that the foreclosing governmental unit record with the register of deeds in the county in which the property is located a notice of judgment—rather than the judgment itself—for each parcel of property. It would authorize the Department of Treasury to determine how the notice of judgment is to be recorded.

MCL 211.7u et al.

Analyst: J. Caver

---

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.