

# SENATE BILL No. 85

January 28, 2003, Introduced by Senator THOMAS and referred to the Committee on Local, Urban and State Affairs.

A bill to provide for the creation of local land banks; to facilitate the use and development of certain property; to promote economic growth; to authorize the acquisition, maintenance, and disposal of interests in real and personal property; to authorize the enforcement of tax liens and the clearing or quieting of title; to prescribe powers and duties of certain public entities and state and local officers and agencies; to exempt property, income, and operations of a land bank from tax; and to extend protections against certain liabilities to the land bank.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "Michigan municipal land bank act".

3       Sec. 2. As used in this act:

4       (a) "Board of directors" means the governing body of a land

1 bank appointed under section 5.

2 (b) "Chief executive officer" means the mayor or city manager  
3 of a city, the president of a village, or the supervisor of a  
4 township.

5 (c) "Governing body" means the legislative body of the  
6 municipality.

7 (d) "Land bank" means a municipal land bank created under  
8 section 3 or 4.

9 (e) "Municipality" means all of the following:

10 (i) A city.

11 (ii) A village.

12 (iii) A township in those areas of the township that are  
13 outside of a village.

14 (iv) A township in those areas of the township that are in a  
15 village upon the concurrence by resolution of the village.

16 (f) "Overlapping taxing jurisdiction" means this state or any  
17 local unit of government levying general ad valorem taxes or  
18 specific taxes upon property located within the municipality.

19 (g) "Tax reverted property" means property that meets 1 or  
20 more of the following criteria:

21 (i) The property was conveyed to this state under section 67a  
22 of the general property tax act, 1893 PA 206, MCL 211.67a, and  
23 was subsequently either redeemed by a municipality under section  
24 74 or 131c of the general property tax act, 1893 PA 206, MCL  
25 211.74 and 211.131c, or was transferred to a municipality by this  
26 state under section 131 of the general property tax act, 1893 PA  
27 206, MCL 211.131, or section 2101 or 2102 of the natural

1 resources and environmental protection act, 1994 PA 451, MCL  
2 324.2101 and 324.2102.

3 (ii) The property subject to forfeiture, foreclosure, and  
4 sale for the collection of delinquent taxes as provided in  
5 sections 78 to 79a of the general property tax act, 1893 PA 206,  
6 MCL 211.78 to 211.79a.

7 Sec. 3. (1) Except as provided in subsection (2), a  
8 municipality may establish a land bank under section 4.

9 (2) In each municipality in which there exists, as of the  
10 date on which the board of directors is appointed, more than 500  
11 parcels of tax reverted property, a land bank may be created for  
12 the municipality upon the appointment of a board of directors  
13 under section 5(1).

14 (3) A land bank created by a municipality under subsection  
15 (1) or (2) is a public body corporate, which may sue and be sued  
16 in any court of this state. A land bank may exercise its powers  
17 under this act within the jurisdiction of the municipality that  
18 created it or for which it was created. A land bank possesses  
19 all of the powers necessary to carry out the purpose for which it  
20 was created. The enumeration of a power in this act shall not be  
21 construed as a limitation upon the general powers of a land  
22 bank.

23 Sec. 4. (1) If the governing body of a municipality  
24 determines that it is necessary and in the best interests of the  
25 municipality to assemble or dispose of tax reverted property in a  
26 coordinated manner to foster the development of that property and  
27 to promote economic growth, the governing body may, by

1 resolution, declare its intention to create and provide for the  
2 operation of a land bank.

3 (2) The resolution of intent under subsection (1) shall set a  
4 date for a public hearing on a proposed resolution to create the  
5 land bank. Notice of the public hearing shall be published twice  
6 in a newspaper of general circulation in the municipality, not  
7 less than 20 or more than 40 days before the date of the  
8 hearing. The notice shall state the date, time, and place of the  
9 hearing. A resident, taxpayer, or property owner of the  
10 municipality or an official from an overlapping taxing  
11 jurisdiction has the right to be heard at the public hearing in  
12 regard to the establishment of the land bank.

13 (3) After the public hearing under subsection (2), if the  
14 governing body of the municipality intends to establish a land  
15 bank, it shall adopt, by majority vote of its members, a  
16 resolution establishing the land bank. The resolution is subject  
17 to any applicable statutory or charter provisions in respect to  
18 the approval or disapproval by the chief executive officer or  
19 other officer of the municipality and the adoption of an  
20 ordinance over his or her veto. The resolution shall take effect  
21 when filed with the secretary of state.

22 (4) This section shall not apply to a land bank authorized to  
23 be created under section 3(2).

24 Sec. 5. (1) A land bank shall be under the supervision and  
25 control of a board of directors consisting of not less than 3 or  
26 more than 9 members, as determined by the governing body of the  
27 municipality for a land bank created under section 3(1) and by

1 the chief executive officer of the municipality for a land bank  
2 created under section 3(2). Members shall be appointed by the  
3 chief executive officer of the municipality. Of the members  
4 first appointed, an equal number of the members, as near as is  
5 practicable, shall be appointed for 1 year, 2 years, 3 years, and  
6 4 years. After the initial appointment, each member shall serve  
7 for a term of 4 years. An appointment to fill a vacancy shall be  
8 made by the chief executive officer of the municipality for the  
9 unexpired term only. A member shall hold office until the  
10 member's successor is appointed. Members of the board of  
11 directors shall serve without compensation, but shall be  
12 reimbursed for actual and necessary expenses. The board of  
13 directors shall elect the chairperson of the board of directors.  
14 A member of the board of directors may be removed for cause by  
15 the chief executive officer as provided in subsection (4).

16 (2) The chief executive officer of the municipality may  
17 appoint employees of the municipality as members of the board of  
18 directors. Members of the governing body or any other elected  
19 official of the municipality shall not be appointed as members of  
20 the board of directors. Before assuming the duties of office, a  
21 member shall take and subscribe to the constitutional oath of  
22 office provided in section 1 of article XI of the state  
23 constitution of 1963.

24 (3) The business that the board of directors may perform  
25 shall be conducted at a public meeting of the board of directors  
26 held in compliance with the open meetings act, 1976 PA 267, MCL  
27 15.261 to 15.275. Public notice of the time, date, and place of

1 the meeting shall be given in the manner required by the open  
2 meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board of  
3 directors shall adopt rules consistent with the open meetings  
4 act, 1976 PA 267, MCL 15.261 to 15.275, governing its procedure  
5 and the holding of regular meetings. A special meeting may be  
6 held if called in the manner provided in the bylaws of the board  
7 of directors.

8 (4) After notice and an opportunity to be heard, a member of  
9 the board may be removed for cause by the chief executive officer  
10 of the municipality. Removal of a member is subject to review by  
11 the circuit court of the county in which the municipality that  
12 created the land bank is located.

13 (5) A writing prepared, owned, used, in the possession of, or  
14 retained by the board of directors in the performance of an  
15 official function shall be made available to the public in  
16 compliance with the freedom of information act, 1976 PA 442, MCL  
17 15.231 to 15.246.

18 Sec. 6. (1) The board of directors may employ and fix the  
19 compensation of a director and other employees considered  
20 necessary by the board of directors. The board of directors  
21 shall prescribe the duties of the director and its employees.

22 (2) The director shall serve at the pleasure of the board of  
23 directors. A member of the board of directors is not eligible to  
24 hold the position of director. Before entering upon the duties  
25 of his or her office, the director shall take and subscribe to  
26 the constitutional oath of office provided in section 1 of  
27 article XI of the state constitution of 1963 and shall post a

1 bond in an amount determined by the board of directors. The bond  
2 shall be payable to the authority for the use and benefit of the  
3 land bank, approved by the board, and filed with the clerk of the  
4 municipality. The premium on the bond is an operating expense of  
5 the land bank, payable from funds available to the land bank for  
6 expenses of operation. The director is the chief executive  
7 officer of the land bank. Subject to the approval of the board  
8 of directors, the director shall supervise, and be responsible  
9 for, the performance of the functions of the land bank under this  
10 act. The director shall attend the meetings of the board of  
11 directors, and shall provide the board of directors and the  
12 governing body of the municipality a regular report describing  
13 the activities and financial condition of the land bank. If the  
14 director is absent or disabled, the board of directors may  
15 designate a qualified person as acting director to perform the  
16 duties of the office. Before entering upon the duties of his or  
17 her office, the acting director shall take and subscribe to the  
18 constitutional oath of office provided in section 1 of article XI  
19 of the state constitution of 1963, and furnish a bond as provided  
20 in this subsection. The director shall furnish the board of  
21 directors with information or reports governing the operation of  
22 the land bank as the board of directors require.

23 (3) The board of directors may employ and fix the  
24 compensation of a treasurer, who shall keep the financial records  
25 of the land bank and who, together with the director, shall  
26 approve all expenditures of funds of the land bank. The  
27 treasurer shall perform any other duties delegated by the board

1 of directors and shall furnish a bond in an amount prescribed by  
2 the board of directors.

3 (4) The board of directors may employ and fix the  
4 compensation of a secretary, who shall maintain custody of the  
5 official seal of the land bank and of records, books, documents,  
6 or other papers not required to be maintained by the treasurer.  
7 The secretary shall attend meetings of the board of directors and  
8 keep a record of its proceedings, and shall perform any other  
9 duties delegated by the board of directors.

10 (5) The board of directors may retain legal counsel to advise  
11 the board of directors in the performance of its duties and to  
12 represent the land bank in actions brought by or against the land  
13 bank.

14 (6) The employees of a land bank may be eligible to  
15 participate in retirement and insurance programs of the  
16 municipality as if they were employees of the municipality on the  
17 same basis as employees of the municipality.

18 Sec. 7. (1) A land bank may acquire by gift, devise,  
19 transfer, exchange, foreclosure, purchase, or otherwise on terms  
20 and conditions and in a manner the land bank considers proper,  
21 own, lease as lessor, convey, demolish, relocate, or rehabilitate  
22 real or personal property, or rights or interests in real or  
23 personal property.

24 (2) Real property acquired by purchase may be by purchase  
25 contract, lease purchase agreement, installment sales contract,  
26 land contract, or otherwise. The land bank may purchase real  
27 property or rights or interests in real property for any purpose



1 the land bank considers necessary to carry out the purposes of  
2 its creation, including, but not limited to, 1 or more of the  
3 following purposes:

4 (a) The use or development of property the land bank has  
5 otherwise acquired.

6 (b) To protect or prevent the extinguishing of any lien,  
7 including a tax lien, held by the municipality or imposed upon  
8 property by the municipality or by any taxing unit for which the  
9 municipality collects taxes.

10 (c) To facilitate the assembly of property for sale or lease  
11 to any public or private person.

12 (3) A land bank may also acquire by purchase, on terms and  
13 conditions and in a manner the land bank considers proper,  
14 property or rights or interest in property from 1 or more of the  
15 following sources:

16 (a) The department of natural resources under section 2101 of  
17 the natural resources and environmental protection act, 1994 PA  
18 451, MCL 324.2101.

19 (b) The county treasurer or this state in the exercise of any  
20 right of redemption under section 74, 78g, or 131c of the general  
21 property tax act, 1893 PA 206, MCL 211.74, 211.78g, and 211.131c,  
22 or in the exercise of any right of purchase assigned to the land  
23 bank under section 8.

24 (c) The Michigan state housing development authority under  
25 the state housing development authority act of 1966, 1966 PA 346,  
26 MCL 125.1401 to 125.1499c.

27 (4) A land bank may hold and own in its name any property

1 acquired by it or conveyed to it by the municipality, a county or  
2 county treasurer, this state, or any other public or private  
3 person, including property that is tax reverted property or  
4 property without clear title.

5 (5) All deeds, mortgages, contracts, leases, purchases, or  
6 other agreements regarding property, including agreements to  
7 acquire or dispose of real property, may be approved by and  
8 executed in the name of the land bank.

9 Sec. 8. (1) The chief executive officer of a municipality  
10 that has created a land bank under this act may assign to the  
11 land bank, and the land bank may exercise, any right to purchase  
12 property or an interest in property held by the municipality  
13 under the general property tax act, 1893 PA 206, MCL 211.1 to  
14 211.157, or any right to redeem any property granted to the  
15 municipality with respect to property subject to forfeiture,  
16 foreclosure, and sale under the general property tax act, 1893  
17 PA 206, MCL 211.1 to 211.157.

18 (2) The chief executive officer may convey to the land bank,  
19 on terms, provisions, and conditions the chief executive officer  
20 considers necessary or desirable 1 or more of the following:

21 (a) Upon recommendation of the chief executive officer and  
22 approval of the governing body of the municipality, any real or  
23 personal property or any interest in real or personal property  
24 owned or held by the municipality.

25 (b) At the discretion of the chief executive officer, any  
26 lien held by the municipality or imposed upon property by the  
27 municipality or by any taxing unit for which the municipality

1 collects taxes.

2 (3) Any amount received by the land bank as payment of taxes,  
3 penalties, or interest or from the redemption or sale of property  
4 subject to a tax lien of any taxing unit for which the  
5 municipality collects taxes shall be returned to the municipality  
6 for distribution to the appropriate taxing unit.

7 (4) A land bank has all of the rights provided by law or  
8 charter to the municipality to enforce and collect amounts  
9 secured by a lien conveyed to or acquired by the land bank under  
10 this act. A tax lien held by a land bank is a preferred or first  
11 claim upon the property in the same manner as if the tax lien  
12 were held by the municipality. The conveyance or acquisition of  
13 a tax lien under subsection (2) that is imposed upon property by  
14 the municipality or by any taxing unit for which the municipality  
15 collects taxes shall not suspend or eliminate the accrual or  
16 imposition of any interest, fee, or penalties imposed upon the  
17 property, which shall continue to accrue as if the tax lien had  
18 not been conveyed.

19 Sec. 9. A municipality may transfer private property taken  
20 under the uniform condemnation procedures act, 1980 PA 87,  
21 MCL 213.51 to 213.75, to the land bank, on terms and conditions  
22 the municipality considers appropriate, which the municipality  
23 considers necessary to allow for the use or redevelopment of  
24 property that the land bank has otherwise acquired under  
25 section 7(1). The taking, transfer, and use shall be considered  
26 necessary for public purposes and for the benefit of the public.

27 Sec. 10. (1) A land bank may control, hold, manage,

1 maintain, operate, repair, lease as lessor, secure, prevent the  
2 waste or deterioration of, and take all other actions to preserve  
3 the value of the property held by the land bank. A land bank may  
4 also take or perform any of the following actions with respect to  
5 property held or owned by the land bank:

6 (a) Grant or acquire a license, easement, or option with  
7 respect to the property as the board of directors determines is  
8 reasonably necessary to achieve the purposes of this act.

9 (b) Fix, charge, and collect rents, fees, and charges for use  
10 of property under the land bank's control.

11 (c) Pay any tax or special assessment due on property  
12 acquired by the land bank.

13 (d) Take any action, provide any notice, or institute any  
14 proceeding required to clear or quiet title to property held by  
15 the land bank in order to establish ownership by and vest title  
16 to the property in the land bank.

17 (2) In the exercise of its authority under this act and its  
18 powers relating to property held by the land bank, the board of  
19 directors shall have complete control as fully and completely as  
20 if it represented private owners and shall not be subject to  
21 restrictions imposed by the charter, ordinances, or resolutions  
22 of the municipality. All powers and authority granted by this  
23 act to a chief executive officer, governing body, or the board of  
24 directors, including the authority to convey, transfer, or  
25 dispose of property, may be exercised notwithstanding any local  
26 charter provision to the contrary.

27 Sec. 11. (1) On terms and conditions and in a manner and

1 for consideration the land bank considers proper or for no  
2 monetary consideration, the land bank may convey, sell, transfer,  
3 exchange, lease as lessor, or otherwise dispose of real or  
4 personal property, or rights or interests in real or personal  
5 property, in which the land bank holds a legal interest to any  
6 public or private person. The transfer and use of property under  
7 this section shall be considered a necessary public purpose and  
8 for the benefit of the public.

9 (2) This section shall not authorize the land bank to sell  
10 or convey any tax lien held by the land bank.

11 (3) Except as provided by section 8(3) or as otherwise  
12 required by the terms of any conveyance to the land bank, any  
13 proceeds received by the land bank may be retained by the land  
14 bank for the purposes of this act or may be transferred to the  
15 municipality.

16 Sec. 12. (1) In addition to the powers granted to a land  
17 bank under this act, a land bank may also do 1 or more of the  
18 following:

19 (a) Adopt, amend, and repeal bylaws for the regulation of its  
20 affairs and the conduct of its business.

21 (b) Accept grants and donations of labor, or other things of  
22 value, from a public or private source.

23 (c) Incur costs in connection with the performance of its  
24 authorized functions, including, but not limited to,  
25 administrative costs and architectural, engineering, legal, or  
26 accounting fees.

27 (d) Study, develop, and prepare the reports or plans the land

1 bank considers necessary to assist it in the exercise of its  
2 powers under this act and to monitor and evaluate the progress  
3 under this act.

4 (e) Procure insurance against loss in connection with the  
5 land bank's property, assets, or activities.

6 (f) Invest the money of the land bank at the land bank's  
7 discretion in obligations determined proper by the land bank, and  
8 name and use depositories for its money.

9 (g) Enter into agreements with the municipality or any other  
10 local unit of government, this state or any department or agency  
11 of this state, or an interlocal entity that the land bank  
12 determines to be necessary or convenient to fulfill the purposes  
13 of this act.

14 (2) A municipality and any agency or department of a  
15 municipality, or any other official public body, may do 1 or more  
16 of the following:

17 (a) Anything necessary or convenient to aid the land bank in  
18 fulfilling its purposes under this act.

19 (b) Lend, grant, transfer, appropriate, or contribute funds  
20 to the land bank in furtherance of its purposes.

21 (c) Lend, grant, transfer, or convey funds to the land bank  
22 that are received from the federal government or this state or  
23 from any nongovernmental entity in aid of the purposes of this  
24 act.

25 Sec. 13. (1) Subject to subsection (2), the land bank may  
26 accept from a person with an interest in a parcel of property  
27 located within the municipality a deed conveying that person's

1 interest in the property in lieu of foreclosure or sale of the  
2 property for delinquent general ad valorem property taxes or  
3 delinquent specific taxes levied against the property by the  
4 municipality or an overlapping taxing unit.

5 (2) The land bank may not accept a deed in lieu of  
6 foreclosure or sale of the tax lien attributable to taxes levied  
7 by the municipality or an overlapping tax unit unless the  
8 municipality or the overlapping taxing unit has adopted a  
9 resolution approving the release of their tax lien. Upon  
10 approval of the release of a tax lien, all of the unpaid general  
11 ad valorem taxes and specific taxes levied on the property by the  
12 municipality or the overlapping taxing unit, and the liens  
13 securing those levies, shall be extinguished, whether or not  
14 recorded.

15 (3) Conveyance of a deed in lieu of foreclosure under this  
16 section shall not affect or impair any other lien against that  
17 property or any existing recorded or unrecorded interest in that  
18 property, including future installments of special assessments,  
19 liens recorded by this state, or restrictions imposed under the  
20 natural resources and environmental protection act, 1994 PA 451,  
21 MCL 324.101 to 324.90106, easements or right-of-ways, and private  
22 deed restrictions, security interests and mortgages, or tax liens  
23 of taxing units that have not approved a release of their tax  
24 liens.

25 (4) Approval of the release of a tax lien against any  
26 property held by the land bank may be granted at any time by the  
27 governing body of the municipality with respect to the

1 municipality's tax lien, the legislative body of any overlapping  
2 taxing jurisdiction other than this state with respect to a tax  
3 lien securing the levy imposed by the overlapping taxing  
4 jurisdiction, or the state treasurer with respect to a tax lien  
5 securing the state education tax under the state education tax  
6 act, 1993 PA 331, MCL 211.901 to 211.906.

7       Sec. 14. All property, income, and operations of a land  
8 bank are exempt from taxation by this state or any political  
9 subdivision of this state.

10       Sec. 15. For purposes of part 201 of the natural resources  
11 and environmental protection act, 1994 PA 451, MCL 324.20101 to  
12 324.20142, a land bank shall be considered a local unit of  
13 government. The acquisition or control of property through  
14 bankruptcy, tax delinquent forfeiture, foreclosure, or sale,  
15 abandonment, transfer from a lender, court order, foreclosure,  
16 forfeiture, circumstances in which the land bank has  
17 involuntarily acquired title or control by virtue of the  
18 performance of any function permitted by the land bank under this  
19 act, or by transfer of the property to the land bank by this  
20 state, an agency or department of this state, or any political  
21 subdivision of this state shall not subject the land bank to  
22 liability under the natural resources and environmental  
23 protection act, 1994 PA 451, MCL 324.101 to 324.90106, unless the  
24 land bank is responsible for an activity causing a release on the  
25 property. This section shall not be considered to restrict or  
26 diminish any protection from liability under the natural  
27 resources and environmental protection act, 1994 PA 451,



1 MCL 324.101 to 324.90106, that is otherwise available under law  
2 to the land bank.