

THE GENERAL PROPERTY TAX ACT (EXCERPT)
Act 206 of 1893

211.78g Property delinquent for preceding 12 months or forfeited for total amount; right to possession by foreclosing governmental unit; limitation; recording certificate with county register of deeds; redemption; property as site of environmental contamination; payment reduction program; requirements; "local unit of government" defined.

Sec. 78g.

(1) Except as otherwise provided in this subsection, on March 1 in each tax year, certified abandoned property and property that is delinquent for taxes, interest, penalties, and fees for the immediately preceding 12 months or more is forfeited to the county treasurer for the total amount of those unpaid delinquent taxes, interest, penalties, and fees. If property is forfeited to a county treasurer under this subsection, the foreclosing governmental unit does not have a right to possession of the property until the April 1 immediately succeeding the entry of a judgment foreclosing the property under section 78k or in a contested case until 22 days after the entry of a judgment foreclosing the property under section 78k. If property is forfeited to a county treasurer under this subsection, the county treasurer shall add a \$175.00 fee to each property for which those delinquent taxes, interest, penalties, and fees remain unpaid. The fee added under this subsection must be used by the foreclosing governmental unit and the fee added under section 78d must be used by the county treasurer for the administration of sections 78 to 79a, including, but not limited to, costs associated with providing required notices and with the forfeiture, foreclosure, sale, maintenance, repair, and remediation of property. A county treasurer shall withhold a property from forfeiture for any reason determined by the state tax commission. The state tax commission shall determine the procedure for withholding a property from forfeiture under this subsection.

(2) Not more than 45 days after property is forfeited under subsection (1), the county treasurer shall record with the county register of deeds a certificate in a form determined by the department of treasury for each property forfeited to the county treasurer, specifying that the property has been forfeited to the county treasurer and not redeemed and that absolute title to the property and any equity associated with an interest in the property will vest in the foreclosing governmental unit on the March 31 immediately succeeding the entry of a judgment foreclosing the property under section 78k or in a contested case 21 days after the entry of a judgment foreclosing the property under section 78k. The certificate must include an explanation of the right of a person with an interest in the property at the time a judgment of foreclosure of the property is effective under section 78k to claim that person's interest in any remaining proceeds pursuant to section 78t after a sale or transfer of the property under section 78m. If a certificate of forfeiture is recorded in error, the county treasurer shall record with the county register of deeds a certificate of error in a form prescribed by the department of treasury. A certificate submitted to the county register of deeds for recording under this subsection need not be notarized and may be authenticated by a digital signature of the county treasurer or by other electronic means. If the county has elected under section 78 to have this state foreclose property under this act forfeited to the county treasurer under this section, the county treasurer shall immediately transmit to the department of treasury a copy of each certificate recorded under this subsection. The county treasurer shall upon collection transmit to the department of treasury within 30 days the fee added to each property under subsection (1), which may be paid from the county's delinquent tax revolving fund and upon receipt must be deposited by the department of treasury in the land reutilization fund created under section 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 the property is withheld from the petition for foreclosure under section 78h(3)(c).

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

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

(ii) The additional interest under subdivision (b) does not apply and 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 date that the taxes originally were returned as delinquent, applies to the property.

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

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

(5) If property is redeemed by a person with a legal interest in the property as provided under subsection (3), the person redeeming does not acquire a title or interest in the property greater than that person would have had if the property had not been forfeited to the county treasurer, but a person redeeming, other than the owner, is entitled to a lien for the amount paid to redeem the property in addition to any other lien or interest the person may have, which must be recorded within 30 days with the register of deeds by the person entitled to the lien. The lien acquired has the same priority as the existing lien, title, or interest.

(6) If property is redeemed as provided under subsection (3), the county treasurer shall issue a redemption certificate in quadruplicate in a form prescribed by the department of treasury. One of the quadruplicate certificates must be delivered to the person making the redemption payment, 1 must be filed in the office of the county treasurer, 1 must be recorded in the office of the county register of deeds, and 1 must be immediately transmitted to the department of treasury if this state is the foreclosing governmental unit. The county treasurer shall also make a note of the redemption certificate in the tax record kept in his or her office, with the name of the person making the final redemption payment, the date of the payment, and the amount paid. If the county treasurer accepts partial redemption payments, the county treasurer shall include in the tax record kept in his or her office the name of the person or persons making each partial redemption payment, the date of each partial redemption payment, the amount of each partial redemption payment, and the total amount of all redemption payments. A certificate and the entry of the certificate in the tax record by the county treasurer is evidence of a redemption payment in the courts of this state. A certificate submitted to the county register of deeds for recording under this subsection need not be notarized and may be authenticated by a digital signature of the county treasurer or by other electronic means. If a redemption certificate is recorded in error, the county treasurer shall record with the county register of deeds a certificate of error in a form prescribed by the department of treasury. A copy of a certificate of error recorded under this section must be immediately transmitted to the department of treasury if this state is the foreclosing governmental unit.

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

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

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

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

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

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

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

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

78q(1) or a tax foreclosure avoidance agreement under section 78q(5) has failed to pay any amounts owed under the plan or agreement, that nonpayment does not prohibit the property owner from receiving a payment reduction under this subsection. Notwithstanding any provision of this act to the contrary, the full amount owed by an owner of property as reduced by this subsection must be payable in not more than 3 years after the date the reduction is established by the foreclosing governmental unit.

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

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

(i) The amount required to be paid to redeem the property is the sum of both of the following:

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

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

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

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

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

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

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

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

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

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

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

(ii) Written notice of participation in the program, if the local unit of government is located in a county other than one described in subparagraph (i) and the governing body of the local unit of government has approved a resolution to participate in the program. All property within a local unit of government that provides written notice of participation under this subparagraph will be included in the program. Any affected local unit of government

whose treasurer does not provide written notice of participation under this subparagraph is conclusively presumed to have declined to participate in the program, and all property within that local unit of government will be excluded from the program.

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

History: Add. 1999, Act 123, Eff. Oct. 1, 1999 ;-- Am. 2001, Act 94, Imd. Eff. July 30, 2001 ;-- Am. 2003, Act 263, Imd. Eff. Jan. 5, 2004 ;-- Am. 2014, Act 500, Imd. Eff. Jan. 14, 2015 ;-- Am. 2020, Act 33, Imd. Eff. Mar. 2, 2020 ;-- Am. 2020, Act 256, Eff. Jan. 1, 2021

Compiler's Notes: Enacting section 3 of Act 263 of 2003 provides: "Enacting section 3. This amendatory act is not intended to and shall not be construed to modify or alter the ruling of the Michigan supreme court in *Smith v Cliffs on the Bay Condominium Association*, docket no. 111587." For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see E.R.O. No. 2009-31, compiled at MCL 324.99919. Enacting section 3 of Act 256 of 2020 provides: "Enacting section 3. This amendatory act is curative and is intended to codify and give full effect to the right of a former holder of a legal interest in property to any remaining proceeds resulting from the foreclosure and sale of the property to satisfy delinquent real property taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, as recognized by the Michigan supreme court in *Rafaeli, LLC v Oakland County*, docket no. 156849, consistent with the legislative findings and intent under section 78 of the general property tax act, 1893 PA 206, MCL 211.78."

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