



HOUSE BILL No. 4620

April 20, 1993, Introduced by Reps. Profit, Varga and DeMars and referred to the Committee on Taxation.

A bill to amend Act No. 206 of the Public Acts of 1893,
entitled as amended

"The general property tax act,"

as amended, being sections 211.1 to 211.157 of the Michigan
Compiled Laws, by adding section 70b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 206 of the Public Acts of 1893, as
2 amended, being sections 211.1 to 211.157 of the Michigan Compiled
3 Laws, is amended by adding section 70b to read as follows:

4 SEC. 70B. (1) PROPERTY THAT IS THE HOMESTEAD OF A QUALIFIED
5 PERSON AND THAT IS OTHERWISE ELIGIBLE FOR THE SALE PROVIDED FOR
6 IN SECTIONS 60 AND 70 SHALL BE EXCLUDED FROM THE SALE BY THE
7 COUNTY TREASURER AS PROVIDED IN THIS SECTION. IF PROPERTY THAT
8 IS THE HOMESTEAD OF A QUALIFIED PERSON IS SOLD AT THE SALE
9 PROVIDED FOR IN SECTIONS 60 AND 70, IT IS NOT SUBJECT TO

1 SUBSEQUENT PROCEEDINGS TO ENFORCE ANY INTEREST BID OFF IN THE
2 NAME OF THE STATE OR ANY TAX DEED OR CERTIFICATE OF SALE ACQUIRED
3 BY ANY PERSON UNDER THIS ACT, EXCEPT AS PROVIDED IN THIS
4 SECTION.

5 (2) IF THE PROPERTY OF AN OWNER IS INCLUDED IN THE PETITION
6 PROVIDED FOR IN SECTION 61, THE OWNER MAY APPLY TO THE COUNTY
7 TREASURER TO WITHHOLD THE PROPERTY FROM THE SALE PROVIDED FOR IN
8 SECTIONS 60 AND 70. THE APPLICATION SHALL BE MADE UPON AN AFFI-
9 DAVIT PRESCRIBED BY THE DEPARTMENT OF TREASURY AND MADE AVAILABLE
10 TO COUNTY TREASURERS THROUGHOUT THE STATE. UPON RECEIPT OF AN
11 AFFIDAVIT, THE COUNTY TREASURER SHALL EXAMINE IT TO DETERMINE IF
12 THE OWNER MEETS THE REQUIREMENTS OF THIS ACT AND IS A QUALIFIED
13 PERSON AND, IF SO, SHALL WITHHOLD THE PROPERTY OF THE QUALIFIED
14 PERSON FROM SALE. NOT LATER THAN JUNE 15 FOLLOWING THE MAY TAX
15 SALE, THE COUNTY TREASURER SHALL PROVIDE THE DEPARTMENT OF TREA-
16 SURY WITH AFFIDAVITS FILED UNDER THIS SUBSECTION, TOGETHER WITH A
17 LIST OF PROPERTY WITHHELD FROM SALE UNDER THIS SUBSECTION.

18 (3) IF PROPERTY HAS BEEN SOLD OR BID OFF IN THE NAME OF THE
19 STATE AT A TAX SALE, AN OWNER MAY APPLY TO THE DEPARTMENT OF
20 TREASURY FOR A DETERMINATION THAT THE PROPERTY IS NOT SUBJECT TO
21 SUBSEQUENT PROCEEDINGS, AS PROVIDED IN SUBSECTION (1). THE
22 APPLICATION SHALL BE MADE ON THE AFFIDAVIT PROVIDED FOR IN
23 SUBSECTION (2). UPON A FINDING THAT THE OWNER MEETS THE REQUIRE-
24 MENTS OF THIS SECTION AND IS A QUALIFIED PERSON AND THAT THE
25 PROPERTY IS NOT SUBJECT TO THE SUBSEQUENT PROCEEDINGS AS PROVIDED
26 IN SUBSECTION (1), THE DEPARTMENT OF TREASURY SHALL NOTIFY THE

1 COUNTY TREASURER AND ANY HOLDER OF A TAX SALE CERTIFICATE OR TAX
2 DEED OF ITS FINDING.

3 (4) UPON A FINDING THAT THE OWNER MEETS THE REQUIREMENTS OF
4 THIS SECTION OR RECEIPT OF AN AFFIDAVIT FROM THE COUNTY TREASURER
5 UNDER SUBSECTION (2), THE DEPARTMENT OF TREASURY SHALL DO THE
6 FOLLOWING:

7 (A) ON AN ANNUAL BASIS, VERIFY THAT THE QUALIFIED PERSON
8 CONTINUES TO RESIDE IN THE PROPERTY AND CONTINUES TO BE A QUALI-
9 FIED PERSON.

10 (B) SECURE AN ASSIGNMENT TO THE STATE OF THE NEXT HOMESTEAD
11 PROPERTY TAX CREDIT AND ANY SUBSEQUENT CREDIT PAYABLE DURING THE
12 PERIOD IN WHICH TAXES ARE DEFERRED ON THE PROPERTY AND NECESSARY
13 TO PAY ANY LIEN ON THE PROPERTY UNDER THIS SECTION.

14 (C) SECURE AN ASSIGNMENT TO THE STATE OF THE PROCEEDS OF THE
15 QUALIFIED PERSON'S INTEREST IN ANY PROPERTY AND CASUALTY INSUR-
16 ANCE ON THE PROPERTY SUFFICIENT TO PAY THE AMOUNT OF THE LIEN ON
17 THE PROPERTY. IF THE QUALIFIED PERSON DOES NOT PAY FOR SUFFI-
18 CIENT PROPERTY AND CASUALTY INSURANCE, THE STATE MAY PAY FOR IT
19 AND ADD THAT AMOUNT TO THE LIEN ON THE PROPERTY.

20 (5) IF THE DEPARTMENT MAKES A DETERMINATION THAT AN OWNER
21 MEETS THE REQUIREMENTS OF THIS ACT AND THE PROPERTY OF THE OWNER
22 HAS BEEN CONVEYED TO THE STATE BY A DEED ISSUED UNDER
23 SECTION 67A, THE STATE TREASURER SHALL ISSUE A CERTIFICATE
24 CANCELING THE DEED AND RECORD THE CERTIFICATE WITH THE REGISTER
25 OF DEEDS IN THE COUNTY WHERE THE PROPERTY IS LOCATED. TAXES AND
26 SPECIAL ASSESSMENTS THAT OTHERWISE WOULD BE CANCELED UNDER
27 SECTION 67A SHALL NOT BE CANCELED AND THE PROPERTY SHALL NOT BE

1 CANCELED OR OMITTED FROM THE TAX ROLL. HOWEVER, IF THE PROPERTY
2 HAS BEEN REMOVED FROM A PREVIOUS TAX ROLL, IT MAY BE PLACED ON
3 THE ROLL IN THE MANNER PROVIDED IN SECTION 154.

4 (6) TAXES ON PROPERTY THAT IS INCLUDED IN THE PETITION FOR
5 SALE UNDER SECTION 61 AND THAT HAS BEEN WITHHELD FROM SALE UNDER
6 SUBSECTION (2), OR TAXES ON PROPERTY THAT IS INCLUDED IN THE
7 PETITION FOR SALE UNDER SECTION 61 FOR WHICH A SALE HAS OCCURRED
8 AND FOR WHICH A DETERMINATION IS MADE THAT THE OWNER IS A QUALI-
9 FIED PERSON UNDER SUBSECTION (3) SHALL BE DEFERRED UNTIL THE
10 OWNER IS NO LONGER A QUALIFIED PERSON; UNTIL 1 YEAR AFTER THE
11 OWNER'S DEATH, SUBJECT TO FURTHER ORDER BY THE PROBATE COURT; OR
12 UNTIL ANY PART OF THE HOMESTEAD IS CONVEYED OR TRANSFERRED TO
13 ANOTHER PERSON OR THE OWNER ENTERS INTO A CONTRACT TO SELL THE
14 HOMESTEAD. THE DEATH OF A SPOUSE DOES NOT TERMINATE THE DEFER-
15 MENT OF TAXES ON THE HOMESTEAD OWNED BY THE HUSBAND AND WIFE
16 UNLESS THE SURVIVING SPOUSE REMARRIES. FAILURE TO PROVIDE THE
17 ASSIGNMENT REQUIRED BY SUBSECTION (4)(B) OR (C) TERMINATES THE
18 DEFERMENT. THE DEFERRED TAXES MAY BE PAID IN FULL BEFORE THE
19 TERMINATION OF THE DEFERMENT AT ANY TIME. TAXES ARE DEFERRED
20 UNDER THIS SECTION WITHOUT PENALTY AND BEAR INTEREST AT THE RATE
21 OF 3/4 OF 1% PER MONTH OR FRACTION OF A MONTH. THE DEPARTMENT OF
22 TREASURY SHALL NOTIFY EACH OWNER WHOSE TAXES ARE DEFERRED THAT IF
23 LEGAL OR EQUITABLE TITLE TO THE HOMESTEAD OR ANY PART OF THE
24 HOMESTEAD IS CONVEYED OR TRANSFERRED, OR IF THE OWNER ENTERS INTO
25 A CONTRACT TO SELL THE HOMESTEAD, THE DEFERMENT IS TERMINATED AND
26 THE AMOUNT DEFERRED IS IMMEDIATELY DUE AND PAYABLE WITH INTEREST
27 AS PROVIDED IN THIS SECTION, BUT WITHOUT PENALTY.

1 (7) PROPERTY SHALL NOT BE EXCLUDED FROM A SALE UNDER
2 SECTIONS 60 AND 70 FOR NONPAYMENT OF TAXES AND A DEFERMENT SHALL
3 NOT BE GRANTED IN A YEAR IN WHICH, WITH THE INCLUSION OF ADDI-
4 TIONAL DEFERRED TAXES, THE TOTAL AMOUNT OF TAXES DEFERRED EXCEEDS
5 90% OF THE OWNER'S EQUITY IN THE PROPERTY. IN MAKING THIS DETER-
6 MINATION, THE DEPARTMENT OF TREASURY SHALL USE A MARKET VALUE
7 EQUAL TO THE STATE EQUALIZED VALUATION MULTIPLIED BY 2.

8 (8) TAXES DEFERRED IN A COUNTY FOR ANY YEAR SHALL NOT EXCEED
9 2% OF THE REAL PROPERTY TAXES RETURNED AS DELINQUENT FOR THAT
10 YEAR BY ALL TAXING UNITS IN THAT COUNTY.

11 (9) UPON TERMINATION OF THE DEFERMENT OF PROPERTY TAXES
12 UNDER THIS SECTION, THE PROCEDURES OF THIS ACT FOR THE COLLECTION
13 AND ENFORCEMENT OF TAX LIENS SUSPENDED BY THE TERMS OF THIS SEC-
14 TION AGAIN APPLY TO THE DEFERRED TAXES IN THE SAME MANNER THEY
15 WOULD HAVE APPLIED IF A DEFERMENT HAD NOT BEEN AUTHORIZED AND IF
16 ALL OF THE TAXES, INCLUDING ANY TAXES PURCHASED BY A PRIVATE PUR-
17 CHASER, HAD BEEN LEVIED IN THE THIRD YEAR PRECEDING THE CALENDAR
18 YEAR IN WHICH THE DEFERMENT WAS TERMINATED. HOWEVER, THE PROVI-
19 SIONS OF THIS ACT WITH RESPECT TO FEES, INTEREST, AND PENALTIES,
20 EXCEPT AS PROVIDED IN THIS SECTION, DO NOT APPLY TO THE PERIOD
21 DURING WHICH THE TAXES ARE DEFERRED.

22 (10) TAXES DEFERRED UNDER THIS SECTION ARE A LIEN AGAINST
23 THE PROPERTY AND TAKE PRECEDENCE OVER OTHER LIENS AGAINST THE
24 PROPERTY TO THE SAME EXTENT AS IF THE TAXES WERE NOT DEFERRED.

25 (11) A PURCHASE UNDER SECTION 70 OR ANY PURCHASE OF A CER-
26 TIFICATE OF TAX SALE OR TAX DEED IS SUBJECT TO THE PROVISIONS OF
27 THIS SECTION AND THE PURCHASER IS CONCLUSIVELY PRESUMED TO KNOW

1 WITHOUT NOTICE THAT SUCH A PURCHASE IS MADE SUBJECT TO THE
2 PROVISIONS OF THIS SECTION. HOWEVER, IF TAXES ARE DEFERRED UNDER
3 THIS SECTION THE PURCHASER MAY REDEEM THE TAX SALE CERTIFICATE OR
4 TAX DEED FROM THE COUNTY TREASURER FOR THE PURCHASE PRICE.

5 (12) AN AMOUNT EQUAL TO 50% OF THE EARNINGS OF THE DELIN-
6 QUENT TAX REVOLVING FUND ESTABLISHED UNDER THIS ACT, AS CALCU-
7 LATED BY A METHOD DETERMINED BY THE STATE TREASURER FOR EACH
8 APPLICABLE YEAR'S DELINQUENT TAXES, SHALL BE USED TO OFFSET ANY
9 CHARGEBACKS UNDER SECTION 87B THAT RESULT FROM DEFERMENTS OR
10 REDEMPTIONS UNDER THIS SECTION. CHARGEBACKS UNDER THIS SECTION
11 FROM PROPERTY DEEDED TO THE STATE ARE CONSIDERED CHARGEBACKS
12 UNDER SECTION 121 OF THE STATE SCHOOL AID ACT OF 1979, ACT NO. 94
13 OF THE PUBLIC ACTS OF 1979, BEING SECTION 388.1721 OF THE
14 MICHIGAN COMPILED LAWS. TO THE EXTENT THAT THE PORTION OF EARN-
15 INGS DEDICATED UNDER THIS SUBSECTION ARE LESS THAN THE AMOUNT OF
16 TAXES DEFERRED UNDER THIS SECTION, THE STATE TREASURER SHALL
17 REIMBURSE THE COUNTY TREASURER OR THE DELINQUENT TAX REVOLVING
18 FUND WHERE APPLICABLE FOR ANY ADDITIONAL DEFERRED TAXES IN A
19 TIMELY MANNER. THE PROCEEDS OF REIMBURSEMENT PAYMENTS SHALL BE
20 DISTRIBUTED BY THE COUNTY TREASURER ON A PRO RATA BASIS TO EACH
21 LOCAL TAXING UNIT.

22 (13) AS USED IN THIS SECTION:

23 (A) "QUALIFIED PERSON" MEANS A SENIOR CITIZEN WITH AN INCOME
24 IN THE IMMEDIATELY PRECEDING CALENDAR YEAR THAT IS LESS THAN
25 187.5% OF THE FEDERAL POVERTY LEVEL FOR 2 PERSONS OR THE NUMBER
26 OF PERSONS IN THE HOUSEHOLD, WHICHEVER IS GREATER, OR AN ADULT IN
27 NEED OF PROTECTIVE SERVICES AS THAT TERM IS DEFINED IN SECTION 11

1 OF THE SOCIAL WELFARE ACT, ACT NO. 280 OF THE PUBLIC ACTS OF
2 1939, BEING SECTION 400.11 OF THE MICHIGAN COMPILED LAWS.

3 (B) "SENIOR CITIZEN" MEANS A PERSON WHO IS 65 YEARS OF AGE
4 OR OLDER AND INCLUDES THE UNREMARIED SURVIVING SPOUSE OF A
5 PERSON WHO WAS 65 YEARS OF AGE OR OLDER AT THE TIME OF DEATH.

6 (C) "HOMESTEAD" MEANS A DWELLING OR UNIT IN A MULTIPLE-UNIT
7 DWELLING THAT IS SUBJECT TO AD VALOREM PROPERTY TAXES, OWNED AND
8 OCCUPIED AS A PRINCIPAL RESIDENCE BY THE OWNER OF THE DWELLING OR
9 UNIT, INCLUDING ALL UNOCCUPIED CONTIGUOUS PROPERTY NOT CLASSIFIED
10 FOR AD VALOREM TAX PURPOSES AS COMMERCIAL, INDUSTRIAL, RESIDEN-
11 TIAL, OR TIMBER CUTOVER, OWNED BY THE OWNER OF THE HOMESTEAD.

12 (14) THIS SECTION DOES NOT APPLY TO TAXES RETURNED DELIN-
13 QUENT BEFORE MARCH 1, 1993 OR AFTER FEBRUARY 28, 1998.