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**SFA****BILL ANALYSIS**

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Senate Bills 351 and 352 (as introduced 2-23-99)  
Sponsor: Senator Gary Peters (S.B. 351)  
Senator Virgil C. Smith, Jr. (S.B. 352)  
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 3-2-99

## **CONTENT**

**Senate Bill 351** would create the “Tax Delinquent Abandoned Property Identification and Accelerated Forfeiture Act” to provide for the accelerated forfeiture of tax delinquent abandoned property. The bill would establish criteria for accelerated forfeiture; require notice and hearing for property owners and persons with a legal interest in the tax delinquent abandoned property; provide procedures for a local tax collecting unit to bring a forfeiture action; allow a local tax collecting county to bring a quiet title action; and allow the redemption of tax delinquent abandoned property. If a judgment vesting absolute title were entered, the bill would allow the local unit in which the property was located to take certain actions with respect to the property, including making it available to a homestead program.

**Senate Bill 352** would amend the General Property Tax Act to provide that beginning December 31, 1998, if authorized under the proposed Act, a collecting county would have to use that Act to collect taxes returned as delinquent that were levied on tax delinquent abandoned property in the immediately preceding year. In addition, beginning December 31, 1998, a collecting county that used the Act would have to levy a \$25 special tax administration and collection fee, a \$25 certified mailing and notice requirement fee, and a \$150 title search fee on each parcel of tax delinquent property in the local tax collecting unit in which the tax delinquent abandoned property was located. Proceeds from the fees would have to be used for inspections, notice requirements, and title work required under the proposed Act.

(“Tax delinquent abandoned property” would mean property that was vacant or dilapidated and open to entrance or trespass, that had been determined to be abandoned under the proposed Act, and on which taxes had been returned as delinquent under the General Property Tax Act.)

The following is a detailed description of Senate Bill 351.

### Collection

Before January 1 and March 1 in any tax year, a local tax collecting unit could, by resolution approved at an open meeting, elect to have the county in which the local unit was located, use the proposed Act to collect delinquent taxes on, and to accelerate the forfeiture of, tax delinquent abandoned property in that tax year and all succeeding tax years. If a local unit made this election, the county in which the local unit was located would have to use the proposed Act to collect delinquent taxes on, and accelerate the forfeiture of, tax delinquent abandoned property located in that local unit.

If a local tax collecting unit did not elect to use the Act, the county in which the collecting unit was located could, by resolution, elect to do so. If a local collecting unit and county did not elect to use the proposed Act, the delinquent taxes on the abandoned property would have to be collected pursuant to the General Property Tax Act.

### Accelerated Forfeiture Criteria

Tax delinquent abandoned property would be subject to accelerated forfeiture if the following procedures were

complied with:

- A representative of the collecting county made a personal inspection of the property and determined that it was abandoned.
- The owner or a person claiming a legal interest in the property had not claimed that the property was not abandoned by filing an affidavit.
- A notice was posted on the property at the time of the personal inspection by a representative of the collecting county and a notice was sent by certified mail to each owner and person with a legal interest in the property according to the records of the treasurer of the local collecting unit.

The notice would have to include the following information about the abandoned property: the legal description and street address; a statement that it was abandoned; a statement that due to abandonment, it was subject to accelerated forfeiture for enforcement and collection of delinquent property taxes; and a statement that it would be presumed abandoned unless the owner or a person claiming a legal interest responded by May 1 in the year in which the taxes were delinquent, with an affidavit filed with or mailed to the treasurer of the collecting county stating that the owner or person with a legal interest in the property was occupying or intended to occupy it.

("Collecting county" would mean a county that used the proposed Act to collect delinquent taxes and accelerate the forfeiture of tax delinquent abandoned property.)

#### Property Claim

If the representative of the collecting county determined during the personal inspection that the tax delinquent abandoned property was occupied by a person with a legal interest in it, the representative would have to provide written notice to the occupant that taxes levied on that property were delinquent, and if not redeemed, could result in the forfeiture of the property and eviction; and notify the collecting county that the property was not abandoned and not eligible for accelerated forfeiture but could be eligible for disposition under the Tax Delinquent Residential Rental Property Identification and Accelerated Forfeiture Act (proposed by Senate Bill 355) or the Tax Delinquent Homestead Property Identification and Accelerated Forfeiture Act (proposed by Senate Bill 353).

If the owner or a person claiming a legal interest in the property had not claimed that the property was not abandoned by filing an affidavit, the collecting county would be required to conduct, or contract with a private vendor to conduct, a title search for each parcel of tax delinquent abandoned property subject to accelerated forfeiture. The collecting county would have to pay the costs of the title search from the special administration and collection fee authorized under the General Property Tax Act.

#### Notice

After conducting the title search, and at least 14 days before conducting a hearing, the collecting county, or a private vendor under contract with the collecting county, would have to send notice by certified mail to the owner and to all persons with a legal interest in each parcel of tax delinquent abandoned property subject to accelerated forfeiture. If the collecting county or private vendor were unable to ascertain the whereabouts or the address of the owner or any person with a legal interest in the abandoned property, or if notice by mail were refused, service of the notice would have to be made by publication. The notice would have to be published for four successive weeks, once each week, in a newspaper published and circulated in the collecting county, or, if no paper were published in that county, in an adjoining county; and proof of publication would have to be filed with the register of deeds in the collecting county. The publication would be instead of personal service on the person or persons with a legal property interest whose whereabouts could not be ascertained or who refused service by mail.

The collecting county or private vendor could use the qualified voter file under the Michigan Election Law to confirm the address of the owner and any person with a legal interest in each parcel of tax delinquent abandoned property subject to accelerated forfeiture.

The notice would have to include a statement that the property was subject to accelerated forfeiture because

it had been determined to be abandoned; instructions for redemption, including a statement of all delinquent taxes due; and the time, date, and location of the hearing at which the owner or a person with a legal interest in the property could object to the accelerated forfeiture.

### Forfeiture

Between September 1 in the year in which the taxes became delinquent and September 1 in the immediately succeeding year, the collecting county could petition the circuit court for the collecting county to enter a judgment forfeiting the tax delinquent abandoned property to the local unit. A judgment forfeiting the title to property would forfeit title to all parcels of property set forth on a separate attachment to the complaint and incorporated into the complaint by reference.

In a forfeiture action, the delinquent property taxes and the notice would be prima facie evidence in support of a judgment forfeiting title to the local unit in which the property was located.

The owner and any person with a legal interest in the abandoned property could appear at the hearing and redeem the abandoned property or show cause why the property was not abandoned or why title to the abandoned property should not vest in the local unit for any of the reasons set forth in the General Property Tax Act.

If the court entered a judgment forfeiting the title to the property to the local unit, the court would have to issue a tax deed for the property to the local unit.

### Quiet Title Action

At least 90 days after the hearing, a collecting county could bring a quiet title action in the circuit court for the collecting county. A quiet title action would have to determine title for all parcels of tax delinquent abandoned property set forth on a separate attachment to the complaint and incorporated into the complaint by reference. If a collecting county brought a quiet title action the court entered a judgment vesting absolute title to the abandoned property in the local unit, all prior interests in the abandoned property would be canceled.

## Redemption

Tax delinquent abandoned property could be redeemed at any time before a judgment vesting absolute title to the property was entered, by payment to the collecting county of all the following: all delinquent taxes due; costs incurred for notice, publication, and title work under the proposed Act; and court costs.

## Local Unit

If absolute title were vested in the local unit, the local unit could demolish any unsafe structure located on the abandoned property; remediate any environmental contamination found on the abandoned property or notify the Department of Environmental Quality or other appropriate organization regarding the existence of environmental contamination on the property; sell the abandoned property to a private purchaser by auction or direct marketing; make the abandoned property available to qualified buyers under the Urban Homestead Act (proposed by Senate Bill 343); transfer the abandoned property to a nonprofit organization for rehabilitation and reuse; and/or retain the property for a specific public purpose, including a park, zoo, or university, or as part of an existing project with an anticipated completion date of up to two years after the date title to the abandoned property vested in the local unit of government.

MCL 211.60 (S.B. 352)

Legislative Analyst: N. Nagata

## **FISCAL IMPACT**

### **Senate Bill 351**

Data are not available to determine the fiscal impact.

### **Senate Bill 352**

This bill would allow authorized counties to collect delinquent taxes levied on delinquent abandoned property on an accelerated time line. In addition, counties that used the Tax Delinquent Abandoned Property Identification and Accelerated Forfeiture Act would have to levy additional fees, which would be used for inspections, notice requirements, and title- related expenses.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.