



**House
Legislative
Analysis
Section**

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TAX REVERSION AMENDMENTS

House Bill 4708

Sponsor: Rep. Artina Tinsley Hardman

House Bill 4718

Sponsor: Rep. Ruth Ann Jamnick

**Committee: Local Government and
Urban Policy**

Complete to 5-7-01

A SUMMARY OF HOUSE BILLS 4708 AND 4718 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 4708 and 4718 would address certain details of the new tax reversion process.

Under current law, a foreclosing governmental unit (i.e., the county treasurer or the state) is required to conduct a title search to identify any owner of a property interest in a tax delinquent property that has been forfeited and is to be foreclosed. The foreclosing governmental unit is then required, among other things, to serve notice of a show cause hearing and foreclosure hearing for each property that is to be foreclosed to each property owner. The foreclosing governmental unit must also visit personally each such property to determine whether or not it is occupied. The law also allows a foreclosing governmental unit to contract with a title insurance company or an agent licensed to conduct business in the state to perform the title search and the other functions set forth in section 78i.

House Bill 4718 would amend section 78i of the General Property Tax Act in several ways. It would specify that the title search must be initiated before, rather than completed by, May 1 immediately succeeding the date that the property was forfeited. The bill would also eliminate the restrictions on the agent that a foreclosing governmental unit may choose; the agent would not need to be a title insurance company or a licensed agent.

The law currently states that if the owner of a property interest's address cannot be ascertained or the property owner cannot be served notice, notice of the show cause hearing and the foreclosure hearing must be published and circulated in the county in which the forfeited property is located. If no paper is published in that county, publication must be made in a newspaper published and circulated in an adjoining county, and proof of publication, by affidavit of the printer or publisher of the newspaper, must be recorded with the register of deeds in the county in which the property is located. House Bill 4718 would eliminate the requirement that the foreclosing governmental unit record this proof of publication. It would also eliminate

House Bill 4708 and 4718 (5-7-01)

references to section 65, which establishes a maximum cost for publishing such notices and certain specifications that published notices must meet.

Currently section 78i states that the foreclosing governmental unit (or its authorized representative) must record certain documents with the register of deeds in which the property is located. Specifically, the foreclosing governmental unit must record with the register of deeds 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. House Bill 4718 would eliminate this subsection. (Note that House Bills 4711 and 4714 would require file proof of service of these documents with the circuit court as part of the foreclosure process.) Further, House Bill 4718 would eliminate the requirement that the foreclosing governmental unit also provide the title insurance company or agent with these proofs. In so doing, it would also eliminate the company's or agent's corresponding obligation to notify the foreclosing governmental unit in writing of any deficiency in service. Instead, it would require a foreclosing governmental unit (or the agent with which it has contracted) to attempt to correct any deficiency that it does discover at least 30 days before the show cause hearing.

House Bill 4708 would amend section 78o of the General Property Tax Act. Section 78i of the act requires the foreclosing governmental unit to attempt to ascertain the address of each owner of a property interest in a parcel of property forfeited to the county treasurer. Section 78o requires the state treasurer to prescribe the form in which the notice and proof of service of the show cause and foreclosure hearings are to be recorded with the register of deeds. Currently, this document is required to describe all steps taken to identify the addresses of the persons entitled to notices. The bill would eliminate the requirement that all steps taken to identify the addresses of persons entitled to notices be included on the required form.

Section 78i currently requires the foreclosing governmental unit to record with the register of deeds proof, by affidavit of the printer or publisher of the newspaper, that a newspaper notice has been published, in the event that a property owner cannot be located or contacted. House Bill 4718 would eliminate this requirement, and House Bill 4708 would relieve the state treasurer of the duty to prescribe the form of the affidavit of publication.

MCL 211.78i and 211.78o

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■ 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.