

**SUBSTITUTE FOR
SENATE BILL NO. 423**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending sections 78g and 78q (MCL 211.78g and 211.78q), section
78g as amended by 2020 PA 256 and section 78q as amended by 2020 PA
33.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 78g. (1) Except as otherwise provided in this subsection,
2 on March 1 in each tax year, certified abandoned property and
3 property that is delinquent for taxes, interest, penalties, and
4 fees for the immediately preceding 12 months or more is forfeited
5 to the county treasurer for the total amount of those unpaid
6 delinquent taxes, interest, penalties, and fees. If property is
7 forfeited to a county treasurer under this subsection, the



1 foreclosing governmental unit does not have a right to possession
2 of the property until the April 1 immediately succeeding the entry
3 of a judgment foreclosing the property under section 78k or in a
4 contested case until 22 days after the entry of a judgment
5 foreclosing the property under section 78k. If property is
6 forfeited to a county treasurer under this subsection, the county
7 treasurer shall add a \$175.00 fee to each property for which those
8 delinquent taxes, interest, penalties, and fees remain unpaid. The
9 fee added under this subsection must be used by the foreclosing
10 governmental unit and the fee added under section 78d must be used
11 by the county treasurer for the administration of sections 78 to
12 79a, including, but not limited to, costs associated with providing
13 required notices and with the forfeiture, foreclosure, sale,
14 maintenance, repair, and remediation of property. A county
15 treasurer shall withhold a property from forfeiture for any reason
16 determined by the state tax commission. The state tax commission
17 shall determine the procedure for withholding a property from
18 forfeiture under this subsection.

19 (2) Not more than 45 days after property is forfeited under
20 subsection (1), the county treasurer shall record with the county
21 register of deeds a certificate in a form determined by the
22 department of treasury for each property forfeited to the county
23 treasurer, specifying that the property has been forfeited to the
24 county treasurer and not redeemed and that absolute title to the
25 property and any equity associated with an interest in the property
26 will vest in the foreclosing governmental unit on the March 31
27 immediately succeeding the entry of a judgment foreclosing the
28 property under section 78k or in a contested case 21 days after the
29 entry of a judgment foreclosing the property under section 78k. The



1 certificate must include an explanation of the right of a person
 2 with an interest in the property at the time a judgment of
 3 foreclosure of the property is effective under section 78k to claim
 4 that person's interest in any remaining proceeds pursuant to
 5 section 78t after a sale or transfer of the property under section
 6 78m. If a certificate of forfeiture is recorded in error, the
 7 county treasurer shall record with the county register of deeds a
 8 certificate of error in a form prescribed by the department of
 9 treasury. A certificate submitted to the county register of deeds
 10 for recording under this subsection need not be notarized and may
 11 be authenticated by a digital signature of the county treasurer or
 12 by other electronic means. If the county has elected under section
 13 78 to have this state foreclose property under this act forfeited
 14 to the county treasurer under this section, the county treasurer
 15 shall immediately transmit to the department of treasury a copy of
 16 each certificate recorded under this subsection. The county
 17 treasurer shall upon collection transmit to the department of
 18 treasury within 30 days the fee added to each property under
 19 subsection (1), which may be paid from the county's delinquent tax
 20 revolving fund and upon receipt must be deposited by the department
 21 of treasury in the land reutilization fund created under section
 22 78n.

23 (3) Property forfeited to the county treasurer under
 24 subsection (1) may be redeemed at any time on or before the March
 25 31 immediately succeeding the entry of a judgment foreclosing the
 26 property under section 78k or in a contested case within 21 days ~~of~~
 27 **after** the entry of a judgment foreclosing the property under
 28 section 78k upon payment to the county treasurer of all of the
 29 following:



1 (a) The total amount of unpaid delinquent taxes, interest,
2 penalties, and fees for which the property was forfeited or the
3 reduced amount of unpaid delinquent taxes, interest, penalties, and
4 fees payable under subsection (8), if applicable.

5 (b) Except as otherwise provided in this subdivision and
6 subdivision (c), in addition to the interest calculated under
7 sections 60a(1) or (2) and 78a(3), additional interest computed at
8 a noncompounded rate of 1/2% per month or fraction of a month on
9 the taxes that were originally returned as delinquent, computed
10 from the March 1 preceding the forfeiture. The county treasurer may
11 waive the additional interest under this subdivision if the
12 property is withheld from the petition for foreclosure under
13 section 78h(3)(c).

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

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

23 (ii) The additional interest under subdivision (b) does not
24 apply and interest computed at a noncompounded rate of 1/2% per
25 month or fraction of a month on the taxes that were originally
26 returned as delinquent, computed from the date that the taxes
27 originally were returned as delinquent, applies to the property.

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



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

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

16 (6) If property is redeemed as provided under subsection (3),
 17 the county treasurer shall issue a redemption certificate in
 18 quadruplicate in a form prescribed by the department of treasury.
 19 One of the quadruplicate certificates must be delivered to the
 20 person making the redemption payment, 1 must be filed in the office
 21 of the county treasurer, 1 must be recorded in the office of the
 22 county register of deeds, and 1 must be immediately transmitted to
 23 the department of treasury if this state is the foreclosing
 24 governmental unit. The county treasurer shall also make a note of
 25 the redemption certificate in the tax record kept in ~~his or her~~ **the**
 26 **county treasurer's** office, with the name of the person making the
 27 final redemption payment, the date of the payment, and the amount
 28 paid. If the county treasurer accepts partial redemption payments,
 29 the county treasurer shall include in the tax record kept in ~~his or~~



1 ~~her~~ **the county treasurer's** office the name of the person or persons
 2 making each partial redemption payment, the date of each partial
 3 redemption payment, the amount of each partial redemption payment,
 4 and the total amount of all redemption payments. A certificate and
 5 the entry of the certificate in the tax record by the county
 6 treasurer is evidence of a redemption payment in the courts of this
 7 state. A certificate submitted to the county register of deeds for
 8 recording under this subsection need not be notarized and may be
 9 authenticated by a digital signature of the county treasurer or by
 10 other electronic means. If a redemption certificate is recorded in
 11 error, the county treasurer shall record with the county register
 12 of deeds a certificate of error in a form prescribed by the
 13 department of treasury. A copy of a certificate of error recorded
 14 under this section must be immediately transmitted to the
 15 department of treasury if this state is the foreclosing
 16 governmental unit.

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

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



1 subsection:

2 (a) If the property is subject to an exemption under section
3 7u and the property's owner has not previously received a payment
4 reduction under this subsection, the foreclosing governmental unit
5 may do 1 or more of the following:

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

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

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

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



1 within a period to be determined by the foreclosing governmental
2 unit.

3 (c) A foreclosing governmental unit may apply the provisions
4 of this subsection to property subject to a delinquent property tax
5 installment payment plan under section 78q(1) or a tax foreclosure
6 avoidance agreement under section 78q(5). Except as provided in
7 this subdivision, the terms and conditions of a payment reduction
8 applied to property under this subsection must be consistent with
9 the terms and conditions of a delinquent property tax installment
10 payment plan under section 78q(1) or tax foreclosure agreement
11 under section 78q(5) for the property. If the owner of property
12 subject to a delinquent property tax installment payment plan under
13 section 78q(1) or a tax foreclosure avoidance agreement under
14 section 78q(5) has failed to pay any amounts owed under the plan or
15 agreement, that nonpayment does not prohibit the property owner
16 from receiving a payment reduction under this subsection.
17 Notwithstanding any provision of this act to the contrary, the full
18 amount owed by an owner of property as reduced by this subsection
19 must be payable in not more than 3 years after the date the
20 reduction is established by the foreclosing governmental unit.

21 (d) If a property owner has paid a reduced amount under this
22 subsection in accordance with the terms, conditions, and time
23 period established by the county treasurer, **the county treasurer**
24 **shall cancel** any remaining unpaid taxes, interest, penalties, and
25 fees otherwise payable, ~~shall be canceled by the county treasurer,~~
26 including, but not limited to, any interest, fee, or penalty
27 payment requirements set forth in a delinquent property tax
28 installment payment plan under section 78q(1) or a tax foreclosure
29 avoidance agreement under section 78q(5) with respect to the



1 property. A county treasurer shall not impose any additional
2 interest, penalties, fees, or other charges of any kind in
3 connection with a payment reduction program under this subsection.

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

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

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

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

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

20 (f) A foreclosing governmental unit may not approve a
21 reduction in the amount required to redeem property under this
22 subsection if the reduction would cause noncompliance with section
23 87c(7) or otherwise impermissibly impair an outstanding debt of the
24 county or any taxing unit.

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



1 bear to the total amount of unpaid delinquent taxes certified to
2 the county treasurer in connection with the property.

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

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

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

25 (a) A foreclosing governmental unit that seeks to implement a
26 program under subsection (8) shall provide written notice to the
27 treasurer of each affected local unit of government ~~within~~**in** the
28 county in which the property is located of the foreclosing
29 governmental unit's intent to implement the program and state that



1 the local unit of government has the option of participating in the
2 program. The notice must contain all of the terms and conditions to
3 be offered under the program, in addition to any other information
4 that the foreclosing governmental unit considers necessary or
5 appropriate.

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

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

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



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

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

8 Sec. 78q. (1) Notwithstanding any provision of this act or
9 charter to the contrary, a foreclosing governmental unit may create
10 a delinquent property tax installment payment plan for eligible
11 property, the title to which is held by a financially distressed
12 person. A delinquent property tax installment payment plan created
13 under this subsection may be combined with and made subject to a
14 delinquent property tax payment reduction under section 78g(8)(c).
15 Any payment under that delinquent property tax installment payment
16 plan made during a calendar year in which an owner of property is
17 subject to a payment reduction under section 78g(8) must be
18 credited to the amount owed under section 78g(8) and the credit
19 must not exceed the amount owed under section 78g(8).

20 (2) If a financially distressed person agrees to participate
21 in a delinquent property tax installment payment plan created under
22 subsection (1) and makes the initial payment required under that
23 delinquent property tax installment payment plan, the foreclosing
24 governmental unit may remove eligible property the title to which
25 is held by that financially distressed person from the petition for
26 foreclosure as provided in section 78h(3)(c).

27 (3) If a financially distressed person successfully completes
28 a delinquent property tax installment payment plan created under
29 subsection (1), interest under section 78g(3)(b) and any additional



1 interest otherwise applicable must be waived.

2 (4) If a financially distressed person does not successfully
3 complete a delinquent property tax installment payment plan created
4 under subsection (1), both of the following apply:

5 (a) Interest under section 78g(3)(b) and any additional
6 interest otherwise applicable apply to any unpaid taxes on the
7 property.

8 (b) The eligible property must be included in the immediately
9 succeeding petition for foreclosure under section 78h.

10 (5) Notwithstanding any provision of this act or charter to
11 the contrary, ~~until June 30, 2026,~~ a county treasurer may enter
12 into a tax foreclosure avoidance agreement for a term of up to 5
13 years with an owner of property returned as delinquent to the
14 county treasurer under this act or forfeited to the county
15 treasurer under section 78g if the property is classified as
16 residential real property under section 34c, if the property is
17 eligible property, and if the owner makes an initial payment of the
18 delinquent taxes owed on the property in an amount determined by
19 the county treasurer. A tax foreclosure avoidance agreement entered
20 into under this subsection may be combined with and made subject to
21 a delinquent property tax payment reduction under section
22 78g(8)(c). Any payment under that tax foreclosure avoidance
23 agreement made during a calendar year in which an owner of property
24 is subject to a payment reduction under section 78g(8) must be
25 credited to the amount owed under section 78g(8) and the credit
26 must not exceed the amount owed under section 78g(8). While a tax
27 foreclosure avoidance agreement is effective, the property must be
28 withheld or removed from the petition for foreclosure as provided
29 under section 78h(3)(c), interest at the rate provided in section



1 78g(3) (c) (ii) applies, and the owner shall make timely payments as
2 provided under the tax foreclosure avoidance agreement, including
3 timely payment of all nondelinquent taxes on the property. A tax
4 foreclosure avoidance agreement must require regular periodic
5 installment payments. The final payment must not be
6 disproportionately larger than a regular periodic installment
7 payment and regular periodic installment payments in the final year
8 must not be disproportionately larger than regular periodic
9 installment payments in prior years. A county treasurer may refuse
10 to enter into a tax foreclosure avoidance agreement with an owner
11 under this subsection if that owner is not in compliance with
12 another tax foreclosure avoidance agreement with the county
13 treasurer or with a delinquent property tax installment plan with
14 the county treasurer under this section. A county treasurer may not
15 enter into more than 2 tax foreclosure avoidance agreements with an
16 owner. If an owner fails to comply with a tax foreclosure avoidance
17 agreement or if the tax foreclosure avoidance agreement is no
18 longer effective, all of the following apply:

19 (a) Interest under section 78g(3) (b) and any additional
20 interest otherwise applicable apply to any unpaid taxes on the
21 property.

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

24 (c) The owner shall not bid on property subject to sale under
25 section 78m, if that property was subject to the tax foreclosure
26 avoidance agreement.

27 (6) A delinquent property tax installment payment plan or a
28 tax foreclosure avoidance agreement may not be approved under this
29 section if the delinquent property tax installment payment plan or



1 tax foreclosure avoidance agreement would impermissibly impair an
2 outstanding debt of the county.

3 (7) If a foreclosing governmental unit has created a
4 delinquent property tax installment payment plan under this
5 section, the department of treasury may audit the books and records
6 of that foreclosing governmental unit concerning the details of
7 that delinquent property tax installment payment plan.

8 (8) Property classified as industrial real property under
9 section 34c that is occupied at less than 10% of its facility
10 capacity for more than 3 years and that is located in a county with
11 a population of more than 1,500,000 according to the most recent
12 federal decennial census is not eligible to participate in a
13 delinquent property tax installment payment plan and is subject to
14 section 78m, including sale under section 78m(2) to the person
15 bidding the highest amount above the minimum bid.

16 (9) If a delinquent property tax installment payment plan is
17 in effect for property for which a county has issued notes under
18 this act that are secured by the delinquent taxes and interest on
19 that property, at any time 2 years after the date that those taxes
20 were returned as delinquent, the county treasurer may charge back
21 to any taxing unit the face amount of the delinquent taxes that
22 were owed to that taxing unit on the date those taxes were returned
23 as delinquent, less the amount of any principal installments
24 received by the county treasurer on that property under the
25 delinquent property tax installment payment plan. All subsequent
26 payments of delinquent taxes and interest on that property must be
27 retained by the county treasurer in a separate account and either
28 paid to or credited to the account of that taxing unit.

29 (10) As used in this section:



1 (a) "Eligible property" means property that is a principal
2 residence exempt from the tax levied by a local school district for
3 school operating purposes under section 7cc.

4 (b) "Financially distressed person" means a person who meets
5 all of the following conditions:

6 (i) Is eligible to have property to which ~~he or she~~ **the person**
7 holds title withheld from a petition for foreclosure under section
8 78h(3) (b) .

9 (ii) Is not delinquent in satisfying a delinquent property tax
10 installment payment plan or tax foreclosure avoidance agreement
11 under this section for any other property ~~within~~ **in** the foreclosing
12 governmental unit.