

## **General Information**

### **August 1999**

Tax reversion is the process by which delinquent property taxes are collected, or in lieu of collection, the process which governs the disposition of real and tangible personal property upon which property taxes remain unpaid. On July 22, 1999, Governor Engler signed into law significant changes to the Michigan tax-reversion process.

The former process had often been criticized as both cumbersome and detrimental to economic development, due to the amount of time taken to return tax-reverted property to productive use. The new legislation will greatly simplify and expedite the tax-reversion process, ensure that the process produces marketable title to tax-reverted property, and permit counties to exercise significant control over the handling of tax-reverted property within their boundaries with minimal involvement by the State.

The new legislation establishes a three-year tax-reversion process compared to the former six-year process. Annual tax-liens sales were eliminated in favor of an annual forfeiture and judicial foreclosure process. Due process and notification procedures were significantly strengthened. In addition, changes were made to expedite the handling of abandoned tax-reverted property.

As under the former process, county treasurers will be responsible for collecting delinquent taxes and for sending notices prior to forfeiture. County treasurers also will be responsible for the foreclosure and sale of tax-reverted property unless a county elects to "opt out" of those portions of the tax-reversion process. Non-participation by a county will require a resolution to that effect adopted by the county board of commissioners, together with the written concurrence of the county treasurer, and of the county executive if any, by December 1, 1999. If a county elects not to participate in the foreclosure and sale of tax-reverted property, the State will be responsible for those portions of the tax-reversion in that county.

The new legislation will take effect on October 1. The repeal of certain obsolete statutory provisions will take effect in 2003 and 2006. The new process will apply to property taxes levied after December 31, 1998. For transitional purposes, the former system will remain in effect through December 2006 for property taxes levied before January 1, 1999.