

MICHIGAN ASSOCIATION OF COUNTY TREASURERS

House Bill No. 4039

(Publication of Delinquent Tax Notices)

The Michigan Association of County Treasurers (MACT) supports House Bill 4039.

Why do County Treasurers care?

County treasurers are responsible for collecting unpaid real property taxes. They also advance funds to local tax collecting units to help assure that cities, townships, school districts, counties, libraries, the State of Michigan, and other taxing units receive 100% of property taxes owed in a timely manner.

In 74 counties, county treasurers act as the foreclosing governmental unit (FGU) in the delinquent tax collection process. As the FGU, county treasurers identify persons with a legal interest in tax-delinquent property, notify the owners, and then, if necessary, initiate foreclosure proceedings in court and sell the foreclosed property. Proceeds from property redemptions and sales reimburse money previously advanced to local tax collecting units.

County treasurers use a number of measures to identify and notify owners of tax-delinquent property, including: certified mail; personal visits; posting on the property; and publication. With responsibility to fully reimburse local tax units county treasurers have a financial incentive to:

- (1) notify property owners, encourage redemption, and avoid foreclosure; and
- (2) control the cost of providing notice.

HB 4039 updates the tools that county treasurers use to more effectively and efficiently serve taxpayers.

What is the problem?

Current notice requirements have not been updated since 1999. Since then:

1. Fewer newspapers are eligible to print notices. Notices must be placed in a newspaper "published and circulated" in the county in which tax-delinquent property is located, often resulting in a single eligible publication in a county.
2. Publication costs have increased greatly, sometimes with no apparent justification and often with wide disparities among FGUs;
3. There are fewer newspapers, delivered on fewer days, with fewer people reading print editions. Competition has been reduced or is non-existent in many communities.
4. These issues disproportionately impact smaller and rural communities.
5. Notification under the tax foreclosure process is different from the notice of a mortgage foreclosure by a bank. General notice requirements under

Michigan law have never applied to the tax foreclosure process. Notices under the tax foreclosure process are more robust. Publication is just one of the forms of notice required. And proof of notice must be filed with a court.

How does HB 4039 address the problem?

Objective: Provide the best notice at the lowest price.

The bill would:

- Allow notices to be placed in an authorized “notice publication” for a county, rather than a “newspaper published and circulated in the county” in which tax-delinquent property is located.
- Define “notice publication” as a print publication for the dissemination of news or other information, including a print publication, that:
 - is published and distributed at least weekly;
 - includes at least 50% or more of the words in English;
 - has a good faith list of subscribers in 1 or more counties or is available at retail in 1 or more counties, or both;
 - accepts and publishes official and other notices;
 - regularly contains information of a public character or of interest or value to residents, property owners, and the general public; and
 - has been published or distributed for at least 1 year.
- Allow the notice requirement to be satisfied by including a separate insert within a notice publication rather than publishing the notice in the body of the publication.
- Reduce the mandated times a notice must be published from 3 to 2, but allow FGUs to publish additional times. (Note that publication is addition to notice by mail, personal visit to property, and posting). If additional notices are productive in generating additional redemptions, FGUs have a financial incentive to provide additional notices beyond the minimum statutory requirements (some FGUs already do).
- Allow optional additional notices of delinquent taxes to be posted on an publicly-accessible internet website, in addition to publication. HB 4039 effectively encourages use of the internet to provide notice without mandating internet notice or replacing published notices with Internet notices.
- When publication is required and no notice publication is circulated in the county in which the property is located, the FGU would be able to publish notice in a notice publication circulated in an adjoining county, or on a website, or both.

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