HOUSE SUBSTITUTE FOR

SENATE BILL NO. 562

A bill to amend 1893 PA 206, entitled

"The general property tax act,"

by amending section 87b (MCL 211.87b), as amended by 2014 PA 33.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 87b. (1) The county board of commissioners of any county may create a delinquent tax revolving fund that, at the option of the county treasurer, may be designated as the "100% tax payment fund". Upon the establishment of the fund, all delinquent taxes, except taxes on personal property, due and payable to the taxing units in the county, except those units that collect their own delinquent taxes after March 1 by charter or otherwise, are due and payable to the county. The primary obligation to pay to the county the amount of taxes and the interest on the taxes shall rest with the local taxing units and the state for the state education tax under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906. If the delinquent taxes that are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit or to the state for the state education tax under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, to recover the amount of the delinquent taxes and interest at the rate of ~~up to~~ 1% per month or fraction of a month **OR A LOWER RATE AS ESTABLISHED BY RESOLUTION OF THE BOARD OF COMMISSIONERS** until repaid to the county by the taxing unit. However, if the county borrows to provide funds for those payments, the interest rate shall not exceed the highest interest rate paid on that borrowing. **IF THE BOARD OF COMMISSIONERS REDUCES THE INTEREST RATE ON THE RECOVERY OF UNCOLLECTED DELINQUENT TAXES AS PROVIDED IN THIS SUBSECTION, THAT DECREASE SHALL NOT APPLY TO ANY YEAR'S DELINQUENT TAXES WHEN BORROWING AGAINST THAT YEAR'S DELINQUENT TAXES OCCURRED BEFORE THE BOARD OF COMMISSIONERS ADOPTED A RESOLUTION TO REDUCE THE INTEREST RATE ON THE RECOVERY OF UNCOLLECTED DELINQUENT TAXES. ANY AMOUNT THAT IS DUE FROM A LOCAL TAXING UNIT OR THE STATE FOR A PRIOR YEAR'S UNCOLLECTED DELINQUENT TAX IS A LIEN AGAINST ANY FUTURE DELINQUENT TAX PAYMENTS THAT MAY BE PAYABLE TO A LOCAL TAXING UNIT OR THE STATE AND THE LIEN SHALL BE SATISFIED BY OFFSETTING THE AMOUNT DUE TO THE COUNTY FROM THE LOCAL TAXING UNIT OR THE STATE WHEN DISTRIBUTIONS FROM THE DELINQUENT TAX REVOLVING FUND ARE MADE BY THE COUNTY TO THE LOCAL TAXING UNIT OR THE STATE IN A SUBSEQUENT YEAR.** A resolution or agreement previously executed or adopted to this effect is validated and confirmed. For delinquent state education taxes under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, the county may offset uncollectible delinquent taxes against collections of the state education tax under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, received by the county and owed to this state under this act. The fund shall be segregated into separate funds or accounts for each year's delinquent taxes.

(2) If a delinquent tax revolving fund is established, the county treasurer shall be the agent for the county and, without further action by the county board of commissioners, may enter into contracts with other municipalities, this state, or private persons, firms, or corporations in connection with any transaction relating to the fund or any borrowing made by the county pursuant to section 87c or 87d, including all services necessary to complete this borrowing.

(3) The county treasurer shall pay from the fund any or all delinquent taxes that are due and payable to the county and any school district, intermediate school district, community college district, city, township, special assessment district, this state, or any other political unit for which delinquent tax payments are due within 20 days after sufficient funds are deposited within the delinquent tax revolving fund or, if the county treasurer is treasurer for a county with a population greater than 1,500,000 persons, within 30 days after sufficient funds are deposited within the delinquent tax revolving fund. In a county with a delinquent tax revolving fund where the county does not borrow pursuant to

section 87c or 87d, if the county treasurer does not make payment of the delinquent taxes to the local units within 10 days after the completion of county settlement with all local units under section 55, the county shall pay interest on the unpaid delinquent taxes from the date of actual county settlement at the rate of 12% per annum for the number of days involved.

(4) Except as provided in subsection (5), the county treasurer shall pay from the fund directly to a school district its share of the fund when a single school district exists within a political unit.

(5) If a local taxing unit has borrowed money in anticipation of collecting taxes for any school district or other municipality and the county treasurer has been so notified in writing, the county treasurer shall pay to the local taxing unit the shares of the fund for that school district or municipality. For purposes of this subsection, "local taxing unit" means a city, village, or township.

(6) The interest charges, penalties, and county property tax administration fee rates established under this act shall remain in effect and shall be payable to the county delinquent tax revolving fund.

(7) Any surplus in the fund may be transferred to the county general fund by appropriate action of the county board of commissioners.

(8) A county board of commissioners may borrow money to create a delinquent tax revolving fund as provided in section 87c or 87d, or both.

(9) This section shall not supersede section 87 but is an alternative method for paying delinquent taxes to local units. However, where this section is used by a county, section 87 shall not be used.