

**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 2002 PA 198.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 87b. (1) The county board of commissioners of any county
2 may create a delinquent tax revolving fund that, at the option of
3 the county treasurer, may be designated as the "100% tax payment
4 fund". Upon the establishment of the fund, all delinquent taxes,
5 except taxes on personal property, due and payable to the taxing
6 units in the county, except those units that collect their own
7 delinquent taxes after March 1 by charter or otherwise, are due and
8 payable to the county. The primary obligation to pay to the county
9 the amount of taxes and the interest on the taxes shall rest with

1 the local taxing units and the state for the state education tax
2 under the state education tax act, 1993 PA 331, MCL 211.901 to
3 211.906. If the delinquent taxes that are due and payable to the
4 county are not received by the county for any reason, the county
5 has full right of recourse against the taxing unit or to the state
6 for the state education tax under the state education tax act, 1993
7 PA 331, MCL 211.901 to 211.906, to recover the amount of the
8 delinquent taxes and interest at the rate of 1% per month or
9 fraction of a month until repaid to the county by the taxing unit.
10 However, if the county borrows to provide funds for those payments,
11 the interest rate shall not exceed the highest interest rate paid
12 on that borrowing. **ANY AMOUNT THAT IS DUE FROM A LOCAL TAXING UNIT**
13 **OR THE STATE FOR A PRIOR YEAR'S UNCOLLECTED DELINQUENT TAX IS A**
14 **LIEN AGAINST ANY FUTURE DELINQUENT TAX PAYMENTS THAT MAY BE PAYABLE**
15 **TO A LOCAL TAXING UNIT OR THE STATE AND THE LIEN SHALL BE SATISFIED**
16 **BY OFFSETTING THE AMOUNT DUE TO THE COUNTY FROM THE LOCAL TAXING**
17 **UNIT OR THE STATE WHEN DISTRIBUTIONS FROM THE DELINQUENT TAX**
18 **REVOLVING FUND ARE MADE BY THE COUNTY TO THE LOCAL TAXING UNIT OR**
19 **THE STATE IN A SUBSEQUENT YEAR.** A resolution or agreement
20 previously executed or adopted to this effect is validated and
21 confirmed. For delinquent state education taxes under the state
22 education tax act, 1993 PA 331, MCL 211.901 to 211.906, the county
23 may offset uncollectible delinquent taxes against collections of
24 the state education tax under the state education tax act, 1993 PA
25 331, MCL 211.901 to 211.906, received by the county and owed to
26 this state under this act. The fund shall be segregated into
27 separate funds or accounts for each year's delinquent taxes.

1 (2) If a delinquent tax revolving fund is established, the
2 county treasurer shall be the agent for the county and, without
3 further action by the county board of commissioners, may enter into
4 contracts with other municipalities, ~~this state,~~ **STATES**, or private
5 persons, firms, or corporations in connection with any transaction
6 relating to the fund or any borrowing made by the county pursuant
7 to section 87c or 87d, including all services necessary to complete
8 this borrowing. **NOTWITHSTANDING A CHARTER PROVISION OR OTHER LAW TO**
9 **THE CONTRARY, THE POWERS, DUTIES, FUNCTIONS, AND RESPONSIBILITIES**
10 **OF A COUNTY TREASURER UNDER THIS SECTION OR AS A FORECLOSING**
11 **GOVERNMENTAL UNIT UNDER THIS ACT MAY NOT BE TRANSFERRED TO OR BY AN**
12 **OFFICER EXERCISING THE POWERS, DUTIES, FUNCTIONS, OR**
13 **RESPONSIBILITIES OF ANOTHER COUNTY OFFICE OR COUNTY BOARD. AN**
14 **OFFICER EXERCISING THE POWERS, DUTIES, FUNCTIONS, OR**
15 **RESPONSIBILITIES OF A COUNTY OFFICE OR COUNTY BOARD OTHER THAN THE**
16 **COUNTY TREASURER SHALL NOT ISSUE AN ORDER RESTRAINING OR**
17 **CONTRAVENING THE POWERS, DUTIES, FUNCTIONS, RESPONSIBILITIES, OR**
18 **ACTIONS OF A COUNTY TREASURER UNDER THIS SECTION OR AS A**
19 **FORECLOSING GOVERNMENTAL UNIT UNDER THIS ACT.**

20 (3) The county treasurer shall pay from the fund any or all
21 delinquent taxes that are due and payable to the county and any
22 school district, intermediate school district, community college
23 district, city, township, special assessment district, this state,
24 or any other political unit for which delinquent tax payments are
25 due within 20 days after sufficient funds are deposited within the
26 delinquent tax revolving fund or, if the county treasurer is
27 treasurer for a county with a population greater than 1,500,000

1 persons, within 30 days after sufficient funds are deposited within
2 the delinquent tax revolving fund. In a county with a delinquent
3 tax revolving fund where the county does not borrow pursuant to
4 section 87c or 87d, if the county treasurer does not make payment
5 of the delinquent taxes to the local units within 10 days after the
6 completion of county settlement with all local units under section
7 55, the county shall pay interest on the unpaid delinquent taxes
8 from the date of actual county settlement at the rate of 12% per
9 annum for the number of days involved.

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

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

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

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

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

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