



# HOUSE BILL No. 4516

March 2, 1995, Introduced by Reps. Bullard and Law and referred to the Committee on Tax Policy.

A bill to amend sections 43 and 87b of Act No. 206 of the Public Acts of 1893, entitled as amended "The general property tax act," section 43 as amended by Act No. 253 of the Public Acts of 1994 and section 87b as amended by Act No. 189 of the Public Acts of 1994, being sections 211.43 and 211.87b of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 43 and 87b of Act No. 206 of the Public  
2 Acts of 1893, section 43 as amended by Act No. 253 of the Public  
3 Acts of 1994 and section 87b as amended by Act No. 189 of the  
4 Public Acts of 1994, being sections 211.43 and 211.87b of the  
5 Michigan Compiled Laws, are amended to read as follows:

6 Sec. 43. (1) The supervisor of each township, immediately  
7 upon authorization to raise money by taxation pursuant to an

1 election held under section 36 or on or before the November 5 in  
2 each year, shall notify the township treasurer of the amount of  
3 the state, county, school, and public transportation authority  
4 taxes as apportioned to his or her township.

5       (2) The treasurer, immediately upon authorization to raise  
6 money by taxation pursuant to an election held under section 36  
7 or on or before the third day immediately preceding the day the  
8 taxes to be collected become a lien, shall give to the county  
9 treasurer a bond running to the county in the actual amount of  
10 state, county, and school taxes, except school taxes collected  
11 through a city treasurer, with sufficient sureties to be approved  
12 by the supervisor of the township and the county treasurer, con-  
13 ditioned that he or she will pay over to the county treasurer as  
14 required by law all state and county taxes, pay over to the  
15 respective school treasurers all school taxes that he or she col-  
16 lects during each year of his or her term of office, and duly and  
17 faithfully perform all the other duties of the office of  
18 treasurer. If a corporate surety bond is provided, the bond  
19 shall be approved only by the county treasurer. If the bond is  
20 furnished by a surety company authorized to transact business  
21 under the laws of this state, it is sufficient that the bond is  
22 equal to 40% of the amount of state, county, and school taxes.  
23 If the bond is furnished by a surety company, the premium and  
24 cost of the bond given to the county shall be paid by the county  
25 treasurer from the general fund of the county against which the  
26 premium and cost is made a charge. However, the county treasurer  
27 having paid the premium may bill each district school board

1 afforded protection by the bond that portion of the premium  
2 charge as is allocated to the school taxes and the school dis-  
3 trict treasurers shall pay that allocated premium charge as  
4 determined by the county treasurer for the protection of school  
5 taxes from available school district funds. If the county trea-  
6 surer and township supervisor determine that the bond of the  
7 township treasurer recorded with the township clerk and on file  
8 with the township supervisor is adequate and sufficient to safe-  
9 guard the proper accounting of state, county, and school taxes as  
10 required by law, the township treasurer ~~shall~~ IS not ~~be~~  
11 required to file with the county treasurer the bond provided for  
12 in this section. The county treasurer shall deliver to the  
13 supervisor on or before the day the taxes to be collected become  
14 a lien a signed statement of approval of the bond. Upon the  
15 receipt of the signed statement and on or before the day the  
16 taxes to be collected become a lien, the supervisor shall deliver  
17 to the township treasurer the tax roll of this township. The  
18 county treasurer shall file and safely keep the bond in his or  
19 her office and shall give to the township treasurer a receipt  
20 stating that the required bond was received, which receipt the  
21 township treasurer shall deliver to the supervisor on or before  
22 the day the taxes to be collected become a lien. After the  
23 delivery of the receipt and on or before the day the taxes to be  
24 collected become a lien, the supervisor shall deliver to the  
25 township treasurer the tax roll of the township.

1 (3) Except as provided in subsections (4) and (5), tax  
2 collections shall be delivered pursuant to the following  
3 schedule:

4 (a) Within 10 business days after the first and fifteenth  
5 day of each month, the township or city treasurer shall account  
6 for and deliver to the county treasurer the total amount of state  
7 and county tax collections on hand on the first and fifteenth day  
8 of each month, EXCEPT TAXES COLLECTED UNDER THE STATE EDUCATION  
9 TAX ACT, ACT NO. 331 OF THE PUBLIC ACTS OF 1993, BEING SECTIONS  
10 211.901 TO 211.906 OF THE MICHIGAN COMPILED LAWS; to the school  
11 district treasurers the total amount of school tax collections on  
12 hand on the first and fifteenth day of each month; and to the  
13 public transportation authorities the total amount of public  
14 transportation authority tax collections on hand the first and  
15 fifteenth day of each month. If the intermediate school district  
16 and community college district provide for direct payment pursu-  
17 ant to subsection (9), the township or city treasurer shall also  
18 account for and deliver to the intermediate school district and  
19 the community college district the total respective amounts of  
20 school tax collections on hand the first and fifteenth day of  
21 each month. This subdivision ~~shall~~ DOES not apply to the month  
22 of March.

23 (b) Within 10 business days after the last day of February,  
24 the township or city treasurer shall account for and deliver to  
25 the county treasurer at least 90% of the total amount of state  
26 and county tax collections on hand on the last day of February,  
27 EXCEPT TAXES COLLECTED UNDER ACT NO. 331 OF THE PUBLIC ACTS OF

1 1993; to the school district treasurers at least 90% of the total  
2 amount of school tax collections on hand on the last day of  
3 February; and to the public transportation authorities at least  
4 90% of the total amount of public transportation authority tax  
5 collections on hand on the last day of February. If the interme-  
6 diate school district and community college district provide for  
7 direct payment pursuant to subsection (9), the township or city  
8 treasurer shall also account for and deliver to the intermediate  
9 school district and community college district at least 90% of  
10 the total respective amounts of school tax collections on hand on  
11 the last day of February.

12 (c) A final adjustment and delivery of the total amount of  
13 tax collections on hand for the county, community college dis-  
14 tricts, intermediate school districts, school districts, and  
15 public transportation authorities shall be made not later than  
16 April 1 of each year.

17 (4) Instead of following the schedule prescribed in subsec-  
18 tion (3), the township or city serving as the tax collecting unit  
19 and the local governmental unit for which the tax collections are  
20 made may enter into an agreement to establish an alternative  
21 schedule for delivering tax collections.

22 (5) A township that has a state equalized valuation of  
23 \$15,000,000.00 or less shall account for and deliver to the  
24 county treasurer, the school district treasurers, and the public  
25 transportation authorities and, if the intermediate school dis-  
26 trict and community college district provide for direct payment  
27 pursuant to subsection (9), the intermediate school district

1 treasurers and community college treasurers the taxes collected,  
2 EXCEPT TAXES COLLECTED UNDER ACT NO. 331 OF THE PUBLIC ACTS OF  
3 1993, up to and including January 10, within 10 business days  
4 after January 10. However, a township treasurer subject to this  
5 subsection shall at no time have on hand collections of state,  
6 county, community college, intermediate school district if appli-  
7 cable pursuant to subsection (9), school district, and public  
8 transportation authority taxes in excess of 25% of the amount of  
9 the taxes apportioned to the township and, when collections on  
10 hand reach ~~this percentage~~ 25% OF THE AMOUNT OF THE TAXES  
11 APPORTIONED TO THE TOWNSHIP, the township treasurer shall immedi-  
12 ately account for and turn over the total amount of TAXES COL-  
13 LECTED UNDER ACT NO. 331 OF THE PUBLIC ACTS OF 1993 ON HAND TO  
14 THE STATE, ALL OTHER state and county tax collections on hand to  
15 the county treasurer, the total respective amounts of school tax  
16 collections on hand to the respective treasurers, and the total  
17 respective amounts of public transportation authority tax collec-  
18 tions on hand to the respective public transportation  
19 authorities. The township treasurer shall notify the secretary  
20 or superintendent of each community college district, intermedi-  
21 ate school district, and school district applicable and each of  
22 the applicable public transportation authorities of the total  
23 amount of taxes paid to the respective treasurer or authority,  
24 which notification shall show the different funds for which the  
25 taxes were collected.

26 (6) Except as may be provided under section 1613 of THE  
27 SCHOOL CODE OF 1976, Act No. 451 of the Public Acts of 1976,

1 being section 380.1613 of the Michigan Compiled Laws, when a  
2 county treasurer is collecting the school district or intermedi-  
3 ate school district levy, the county treasurer shall account for  
4 and deliver to the appropriate local governmental unit treasurer  
5 the tax collections received by the county treasurer within 10  
6 business days after the county treasurer receives the funds.

7 (7) The county treasurer shall account for and deposit in  
8 the county library fund for the use of the county library board,  
9 county tax collections received pursuant to a tax levied under  
10 section 1 of Act No. 138 of the Public Acts of 1917, being sec-  
11 tion 397.301 of the Michigan Compiled Laws, within 10 business  
12 days after the county treasurer receives the funds.

13 (8) The county treasurer shall account for and deliver to  
14 the boards of each metropolitan transportation authority the  
15 county tax collections for transportation authority purposes  
16 received by the county treasurer within 10 business days after  
17 the county treasurer receives the funds.

18 (9) For taxes that become a lien in December 1984 or after  
19 1984, an intermediate school district board or the board of  
20 trustees of a community college may provide that a local tax col-  
21 lecting treasurer shall account for and deliver tax collections  
22 directly to the respective intermediate school district or commu-  
23 nity college treasurer pursuant to the schedule contained in  
24 subsections (3), (4), and (5) for delivery of the respective  
25 taxes to the county treasurer. A resolution shall be adopted at  
26 least 60 days before the day taxes to be collected become a lien  
27 and shall specify the period for which the resolution is

1 effective. Copies of the resolution shall be transmitted to each  
2 local tax collecting treasurer and county treasurer within the  
3 intermediate school district or community college district.

4 (10) By the fifteenth day of each month, the ~~county~~  
5 TOWNSHIP OR CITY treasurer shall account for and deliver to the  
6 state the collections under ~~the state education tax act,~~ Act  
7 No. 331 of the Public Acts of 1993 ~~, being sections 211.901 to~~  
8 ~~211.906 of the Michigan Compiled Laws,~~ on hand on the last day  
9 of the preceding month. By the first day of each month, the  
10 ~~county~~ TOWNSHIP OR CITY treasurer shall account for and deliver  
11 to the state the collections under ~~the state education tax act,~~  
12 Act No. 331 of the Public Acts of 1993 ~~,~~ on hand on or before  
13 the fifteenth day of the immediately preceding month. The  
14 ~~county~~ TOWNSHIP OR CITY treasurer may retain the interest  
15 earned on the money collected under Act No. 331 of the Public  
16 Acts of 1993 while held by the ~~county~~ TOWNSHIP OR CITY treasur-  
17 er, as reimbursement for the cost incurred by the ~~county~~  
18 TOWNSHIP OR CITY in collecting and transmitting the tax imposed  
19 by that act. The money retained by the ~~county~~ TOWNSHIP OR CITY  
20 treasurer under this section shall be deposited in the treasury  
21 of the ~~county~~ TOWNSHIP OR CITY in which the tax is collected to  
22 the credit of the general fund.

23 (11) A treasurer who willfully neglects or refuses to per-  
24 form a duty required by subsections (3) to (8) is subject to the  
25 penalty prescribed in section 119(1).

26 (12) Except as otherwise provided by subsection (10),  
27 interest earned by a city, township, or county on collections of



1 taxes levied on or after November 5, 1985 before the tax  
 2 collections are accounted for and delivered to the respective  
 3 taxing units pursuant to this section shall also be accounted for  
 4 and delivered to the respective taxing units on a pro rata  
 5 basis. Interest earned by a city, township, or county on collec-  
 6 tions of taxes levied before November 5, 1985 before those col-  
 7 lections were accounted for and delivered to the respective  
 8 taxing units in compliance with the requirements of this section  
 9 is not subject to claim and retroactive collection by those  
 10 taxing units. However, interest earned on collections of taxes  
 11 levied on or after November 5, 1985 and before December 1, 1987  
 12 are not subject to claim and retroactive collection unless a  
 13 claim has been filed in a court of competent jurisdiction before  
 14 March 1, 1988. This subsection does not apply to interest or  
 15 penalties imposed by law or charter and does not nullify or pro-  
 16 hibit any agreements made between a collecting unit and a taxing  
 17 unit regarding the earned interest.

18 (13) If there is an agreement for an alternative schedule  
 19 for delivering tax collections or for interest earned under sub-  
 20 sections (4) and (12), the collection of the state education tax  
 21 is subject to those provisions of that agreement.

22 (14) As used in this section:

23 (a) "Metropolitan transportation authority" means an author-  
 24 ity created under the metropolitan transportation authorities act  
 25 of 1967, Act No. 204 of the Public Acts of 1967, being sections  
 26 124.401 to ~~124.425~~ 124.426 of the Michigan Compiled Laws.

1 (b) "Public transportation authority" means an authority  
 2 created under Act No. 55 of the Public Acts of 1963, being  
 3 sections 124.351 to 124.359 of the Michigan Compiled Laws.

4 Sec. 87b. (1) The county board of commissioners of ~~any~~ A  
 5 county may create a delinquent tax revolving fund that, at the  
 6 option of the county treasurer, may be designated as the "100%  
 7 tax payment fund". Upon the establishment of the fund, all  
 8 delinquent taxes, except taxes on personal property, due and pay-  
 9 able to the taxing units in the county, except those units that  
 10 collect their own delinquent taxes after March 1 by charter or  
 11 otherwise, are due and payable to the county. The primary obli-  
 12 gation to pay to the county the amount of taxes and the interest  
 13 on the taxes ~~shall rest~~ RESTS with the local taxing units and  
 14 the state for the state education tax under the state education  
 15 tax act, Act No. 331 of the Public Acts of 1993, being sections  
 16 211.901 to 211.906 of the Michigan Compiled Laws. If the delin-  
 17 quent taxes that are due and payable to the county are not  
 18 received by the county for any reason, the county ~~has full right~~  
 19 ~~of recourse against~~ MAY RECOVER FROM the taxing unit or ~~to~~  
 20 FROM the state ~~for~~ IN THE CASE OF the state education tax ~~to~~  
 21 ~~recover~~ the amount of the delinquent taxes and interest at the  
 22 rate of 1% per month or fraction of a month until repaid to the  
 23 county by the taxing unit. However, if the county borrows to  
 24 provide funds for those payments, the interest rate shall not  
 25 exceed the highest interest rate paid on that borrowing. A reso-  
 26 lution or agreement previously executed or adopted to this effect  
 27 is validated and confirmed. ~~For delinquent state education~~

1 ~~taxes, the county may offset uncollectible delinquent taxes~~  
2 ~~against collections of the state education tax received by the~~  
3 ~~county and owed to the state under this act.~~ The fund shall be  
4 segregated into separate funds or accounts for each year's delin-  
5 quent taxes.

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

14 (3) The county treasurer shall pay from the fund any or all  
15 delinquent taxes that are due and payable to the county and any  
16 school district, intermediate school district, community college  
17 district, city, township, special assessment district, the state,  
18 or any other political unit for which delinquent tax payments are  
19 due within 20 days after sufficient funds are deposited within  
20 the delinquent tax revolving fund or, if the county treasurer is  
21 treasurer for a county with a population greater than 1,500,000  
22 persons, within 30 days after sufficient funds are deposited  
23 within the delinquent tax revolving fund. ~~In~~ IF a county with  
24 a delinquent tax revolving fund ~~where the county~~ does not  
25 borrow pursuant to section 87c, 87d, or 89 ~~, if~~ AND the county  
26 treasurer does not make payment of the delinquent taxes to the  
27 local units within 10 days after the completion of county

1 settlement with all local units pursuant to section 55, the  
2 county shall pay interest on the unpaid delinquent taxes from the  
3 date of actual county settlement at the rate of 12% per annum for  
4 the number of days involved.

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

9 (5) If a local taxing unit has borrowed money in anticipa-  
10 tion of collecting taxes for any school district or other munici-  
11 pality and the county treasurer has been so notified in writing,  
12 the county treasurer shall pay to the local taxing unit the  
13 shares of the fund for that school district or municipality. For  
14 purposes of this subsection, "local taxing unit" means a city,  
15 village, or township.

16 (6) The interest charges, penalties, and county property tax  
17 administration fee rates established under this act ~~shall~~  
18 remain in effect and ~~shall be~~ ARE payable to the county delin-  
19 quent tax revolving fund.

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

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

26 (9) This section ~~shall~~ DOES not supersede section 87 but  
27 is an alternative method for paying delinquent taxes to local

1 units. However, ~~where~~ IF this section is used by a county,  
2 section 87 shall not be used.