

# HOUSE BILL No. 4336

February 25, 1999, Introduced by Reps. Pestka, Basham, Minore, Neumann, Quarles, Schauer, Bovin, Reeves, Brewer, Rivet, Kelly, Bob Brown, Hardman, Sheltroun, Prusi, Gielegem, Frank, Martinez, Bogardus, Brater, DeHart, Jacobs, Dennis, Hale, LaForge, Woodward, O'Neil and Thomas and referred to the Committee on Tax Policy.

A bill to amend 1976 PA 225, entitled

"An act to defer the collection of special assessments on home-stead properties; to provide for conditions of eligibility for such a deferment; to prescribe the powers and duties of the department of treasury, local assessing officers, and local collecting officers; to provide for the advancement of moneys by the state to indemnify special assessment districts for losses from deferment of collections; to provide for the advancement of money by the state to an owner for the repayment of loans used by the owner to pay special assessments; to provide for the collection of deferred special assessments and interest thereon, and the disposition of these collections; to make an appropriation; and to prescribe penalties,"

by amending the title and sections 1, 2, 3, 4, 5, 6, 7, 8, 8a, 9, and 10 (MCL 211.761, 211.762, 211.763, 211.764, 211.765, 211.766, 211.767, 211.768, 211.768a, 211.769, and 211.770), the title and sections 2, 3, 4, and 10 as amended by 1980 PA 403 and section 8a as amended by 1981 PA 59, and by adding section 4a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

## TITLE

1  
2 An act to defer the collection of special assessments AND  
3 PROPERTY TAXES on homestead properties; to provide for conditions  
4 of eligibility for such a deferment; to prescribe the powers and  
5 duties of the department of treasury, local assessing officers,  
6 and local collecting officers; to provide for the advancement of  
7 ~~moneys~~ MONEY by the state to indemnify special assessment dis-  
8 tricts AND LOCAL TAX COLLECTING UNITS for losses from deferment  
9 of collections; to provide for the advancement of money by the  
10 state to an owner for the repayment of loans used by the owner to  
11 pay special assessments AND PROPERTY TAXES; to provide for the  
12 collection of deferred special assessments AND PROPERTY TAXES and  
13 interest thereon, and the disposition of these collections; to  
14 make an appropriation; and to prescribe penalties.

15 Sec. 1. As used in this act:

16 (a) "Department" means the department of treasury.

17 (B) "EQUITY" MEANS THE DIFFERENCE BETWEEN TWICE THE STATE  
18 EQUALIZED VALUATION OF A HOMESTEAD AND ANY OUTSTANDING MORTGAGE,  
19 LAND CONTRACT, LIEN, OR OTHER ENCUMBRANCE, INCLUDING A LIEN  
20 IMPOSED UNDER THIS ACT.

21 (C) ~~-(b)-~~ "Totally and permanently disabled" means a person  
22 ~~as defined~~ DESCRIBED in ~~42 U.S.C. section 416~~ SECTION 216(i)  
23 OF TITLE II OF THE SOCIAL SECURITY ACT, CHAPTER 531, 49 STAT.  
24 620, 42 U.S.C. 416.

25 (D) ~~-(c)-~~ "Homestead" means a dwelling or a unit in a  
26 multiple-unit dwelling, owned and occupied as a home by ~~the~~ AN  
27 owner, ~~thereof~~, including all contiguous unoccupied real

1 property owned by the ~~person~~ OWNER. Homestead includes a  
2 dwelling and an outbuilding used in connection with a dwelling,  
3 situated on the ~~lands~~ PROPERTY of another.

4 (E) ~~(d)~~ "Owner" includes a person eligible for the exemp-  
5 tion specified in this act, who is purchasing a homestead under a  
6 mortgage or land contract, ~~or~~ who owns a dwelling situated on  
7 the leased lands of another, or WHO is a tenant-stockholder of a  
8 cooperative housing corporation.

9 (F) ~~(e)~~ "Special assessment" means an assessment against  
10 real property calculated on a benefit or ad valorem basis for  
11 curb and gutter, sidewalk, sewer, water, or street paving; a  
12 drain; a connection fee or similar charge for a sewer or water  
13 system; or the land contract on a parcel of property acquired  
14 under the circumstances set forth in section ~~3(2)~~ 3(3).  
15 Special assessment does not include charges for current service.

16 Sec. 2. (1) The payment of special assessments ~~assessed~~  
17 AND PROPERTY TAXES LEVIED and due and payable on a homestead in  
18 any year in which the owner meets all of the terms and conditions  
19 of this act shall be deferred until 1 year after the owner's  
20 death, subject to further order by the probate court or until the  
21 homestead or any part of the homestead is conveyed or transferred  
22 to another or a contract to sell THE HOMESTEAD is entered into.  
23 The death of a spouse ~~shall~~ DOES not terminate the deferment of  
24 special assessments OR PROPERTY TAXES for a homestead owned by  
25 husband and wife under tenancy by the entirety as long as the  
26 surviving spouse does not remarry. Special assessments AND

1 PROPERTY TAXES deferred under this act may be paid in full at any  
2 time.

3 (2) If the collecting officer or the department determines  
4 that legal or equitable title to a homestead or any part of a  
5 homestead for which special assessments OR PROPERTY TAXES are  
6 deferred under this act is conveyed or transferred or a contract  
7 to sell the homestead or part of a homestead is entered into, and  
8 the deferment is not terminated, the owner or owner's estate  
9 ~~shall be~~ IS subject to an interest rate of 1% per month or  
10 fraction of a month, on the amount deferred, computed from the  
11 date of conveyance, transfer, or contractual agreement. The  
12 amount of interest shall be payable to the collecting officer and  
13 transmitted by that office pursuant to section 9.

14 (3) The department shall notify each owner whose special  
15 assessments OR PROPERTY TAXES are authorized to be deferred under  
16 this act that if legal or equitable title to the homestead or any  
17 part of the homestead is conveyed or transferred or a contract to  
18 sell the homestead or part of the homestead is entered into, the  
19 deferment is terminated and the amount deferred is immediately  
20 due and payable, plus interest as provided in subsection (2).

21 Sec. 3. (1) An owner of a homestead who is 65 years of age  
22 or older, ~~or~~ who is totally and permanently disabled, WHO  
23 CLAIMS A DEPENDENCY EXEMPTION UNDER SECTION 30(2) OF THE INCOME  
24 TAX ACT OF 1967, 1967 PA 281, MCL 206.30, FOR A CHILD WHO IS LESS  
25 THAN 18 YEARS OLD, OR WHO IS AN ADULT IN NEED OF PROTECTIVE SERV-  
26 ICES AS DEFINED IN SECTION 11 OF THE SOCIAL WELFARE ACT, 1939  
27 PA 280, MCL 400.11, AND WHO IS a citizen of the United States, a

1 resident of this state for 5 or more years, and the sole owner of  
2 the homestead for ~~5~~ 3 or more years is eligible for the defer-  
3 ment of special assessments AND PROPERTY TAXES LEVIED on that  
4 homestead pursuant to this act, IF THE EQUITY IN THAT OWNER'S  
5 HOMESTEAD IS NOT LESS THAN 25% OF TWICE THE STATE EQUALIZED VALU-  
6 ATION OF THAT HOMESTEAD. The owner and the owner's spouse shall  
7 not have received during the last calendar year household income  
8 as defined in section 508 of ~~Act No. 281 of the Public Acts of~~  
9 ~~1967, as amended, being section 206.508 of the Michigan Compiled~~  
10 ~~Laws,~~ THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.508, in  
11 excess of ~~\$8,000.00; this amount shall be increased to~~  
12 ~~\$10,000.00. for the determination of eligibility for a defer-~~  
13 ~~ment after December 31, 1982.~~ The gross amount of ~~the~~ A spe-  
14 cial assessment DEFERRED UNDER THIS ACT, exclusive of interest,  
15 shall not be less than \$300.00.

16 (2) The maximum dollar amount of household income required  
17 by subsection (1) to be eligible for the deferment of special  
18 assessments OR PROPERTY TAXES under this act shall be adjusted  
19 each year, beginning on January 1, 1984, pursuant to the annual  
20 average percentage increase or decrease in the Detroit consumer  
21 price index ~~---all items~~ as defined and reported by the United  
22 States department of labor, bureau of labor statistics. ~~The~~  
23 ~~adjustment shall be made by multiplying the annual average per-~~  
24 ~~centage increase or decrease in the Detroit consumer price index~~  
25 ~~for the prior calendar year by the current maximum dollar amount~~  
26 ~~of the household income requirement as adjusted by this~~  
27 ~~subsection. The resultant product shall be added to the maximum~~

~~1 dollar amount of the household income requirement as adjusted by~~  
~~2 this subsection and then rounded off to the nearest whole number,~~  
~~3 which shall be the new household income requirement for the cur-~~  
~~4 rent year.~~

5       (3) ~~After January 1, 1975, a~~ A person ~~65 years of age or~~  
6 ~~older~~ who ~~otherwise~~ qualifies under this section for deferral  
7 of special assessments OR PROPERTY TAXES who ~~fails~~ FAILED to  
8 pay a prior delinquent special assessment OR PROPERTY TAX  
9 ASSESSMENT and ~~thereby~~ lost ~~the property~~ HIS OR HER HOMESTEAD  
10 to the local unit of government who purchased the property  
11 through tax sale may reacquire the property from the local unit  
12 of government through a land contract. ~~The~~ A land contract for  
13 a ~~parcel of property~~ HOMESTEAD reacquired under ~~the circum-~~  
14 ~~stances set forth in~~ this subsection shall be treated as a spe-  
15 cial assessment for purposes of this act.

16       (4) ~~The owner of a homestead who is 65 years of age or~~  
17 ~~older or is totally and permanently disabled, a citizen of the~~  
18 ~~United States, a resident of this state for 5 or more years, and~~  
19 ~~the sole owner of the homestead for 5 or more years, in the year~~  
20 ~~the special assessment was levied, and~~ A PERSON WHO QUALIFIES  
21 UNDER THIS SECTION FOR DEFERRAL OF SPECIAL ASSESSMENTS OR PROP-  
22 ERTY TAXES who has borrowed money from a lending institution to  
23 pay a special assessment OR PROPERTY TAXES before ~~the effective~~  
24 ~~date of this subsection, shall be~~ JANUARY 8, 1981 IS eligible to  
25 receive money from the special revolving fund created in section  
26 10, to be used ~~for the purpose of repaying~~ TO REPAY the lending  
27 institution the principal amount used by the person to pay the

1 special assessment OR PROPERTY TAXES. The department shall cause  
2 a lien on the homestead in favor of the state to be recorded with  
3 the appropriate register of deeds, indicating the amount of the  
4 money paid and identifying the homestead. Money paid from the  
5 fund under this subsection shall be treated as if the money had  
6 been paid as deferred PROPERTY TAXES OR special assessment.

7       Sec. 4. An owner may apply to the local assessing officer  
8 for deferment of the payment of special assessments on the  
9 owner's homestead. AN OWNER MAY APPLY TO THE DEPARTMENT FOR  
10 DEFERMENT OF THE PAYMENT OF PROPERTY TAXES LEVIED ON THE OWNER'S  
11 HOMESTEAD. The application shall be made upon an affidavit form  
12 to be furnished and made available by the department at conven-  
13 ient locations throughout the state. The affidavit form shall  
14 contain the following statement in 10-point ~~boldface~~ BOLDFACED  
15 type located immediately above the affiant's signature: "If this  
16 deferment is authorized the state will place a lien on your  
17 property." THE AFFIDAVIT SHALL CONTAIN A STATEMENT THAT THE  
18 OWNER APPLYING FOR THE DEFERMENT OF SPECIAL ASSESSMENTS OR PROP-  
19 ERTY TAXES UNDER THIS ACT HAS RECEIVED OR HAS APPLIED FOR ALL  
20 CREDITS AVAILABLE TO THAT OWNER UNDER SECTIONS 520 AND 522 OF THE  
21 INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.520 AND 206.522. A  
22 person making a false affidavit for the purpose of obtaining  
23 deferment of special assessments OR PROPERTY TAXES under this act  
24 is guilty of perjury. If the homestead is owned jointly by hus-  
25 band and wife, each spouse shall sign and file the affidavit. If  
26 the homestead is encumbered by a mortgage or an unpaid balance on  
27 a land contract, a deferment of special assessments OR PROPERTY

1 TAXES shall not be made without the written consent of the  
2 mortgagee or the land contract vendor, which shall be filed with  
3 the affidavit. The affidavit shall be filed with the local  
4 assessing officer FOR THE DEFERMENT OF SPECIAL ASSESSMENTS AND  
5 WITH THE DEPARTMENT FOR THE DEFERMENT OF PROPERTY TAXES at least  
6 30 days ~~after~~ BEFORE the due date of a special assessment or  
7 installment of a special assessment OR PROPERTY TAX BILL for  
8 which deferment is requested.

9 SEC. 4A. THE APPLICATION PROVIDED FOR IN SECTION 4 SHALL  
10 CONTAIN BOTH OF THE FOLLOWING:

11 (A) A STATEMENT THAT THE OWNER APPLYING FOR THE DEFERMENT  
12 HAS PROPERTY AND CASUALTY INSURANCE ON THAT OWNER'S HOMESTEAD IN  
13 AN AMOUNT NOT LESS THAN THE AMOUNT OF ALL SPECIAL ASSESSMENTS AND  
14 PROPERTY TAXES DEFERRED.

15 (B) AN ASSIGNMENT TO THE STATE OF THE OWNER'S INTEREST IN  
16 THE PROPERTY AND CASUALTY INSURANCE ON THAT OWNER'S HOMESTEAD IN  
17 AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF ALL SPECIAL ASSESSMENTS  
18 AND PROPERTY TAXES DEFERRED.

19 Sec. 5. (1) Upon receipt of the affidavit, the local  
20 assessing officer FOR THE DEFERMENT OF A SPECIAL ASSESSMENT AND  
21 THE DEPARTMENT FOR THE DEFERMENT OF PROPERTY TAXES shall promptly  
22 examine it to determine if the applicant meets the requirements  
23 of this act and shall make an inspection of the property and  
24 property records and conduct an investigation and survey as ~~it~~  
25 ~~deems~~ necessary. An applicant shall not be compelled to supply  
26 information not reasonably essential to a proper determination of  
27 the eligibility of the owner and the homestead for the relief



1 provided under this act. The local assessing officer FOR THE  
2 DEFERMENT OF A SPECIAL ASSESSMENT AND THE DEPARTMENT FOR THE  
3 DEFERMENT OF PROPERTY TAXES shall promptly make ~~its~~ A decision  
4 with respect to an application under this section and shall  
5 notify the applicant of ~~its~~ THAT decision not later than the  
6 due date for a special assessment OR FOR THE PROPERTY TAXES  
7 involved in the application. A decision of the local assessing  
8 officer ~~shall be~~ IS final except as otherwise provided  
9 ~~pursuant to~~ UNDER the STATE constitution OF 1963.

10 (2) THE DEPARTMENT SHALL ANNUALLY DO ALL OF THE FOLLOWING  
11 FOR THE DEFERMENT OF PROPERTY TAXES UNDER THIS ACT:

12 (A) DETERMINE THAT THE PERSON ON WHOSE BEHALF PROPERTY TAXES  
13 ARE DEFERRED IS ELIGIBLE FOR THE DEFERRAL OF PROPERTY TAXES UNDER  
14 SECTION 3.

15 (B) SECURE AN ASSIGNMENT TO THIS STATE OF ANY CREDIT ALLOWED  
16 UNDER SECTIONS 520 OR 522 OF THE INCOME TAX ACT OF 1967, 1967  
17 PA 281, MCL 206.520 AND 206.522, PAYABLE TO THE PERSON ON WHOSE  
18 BEHALF THE PROPERTY TAXES ARE DEFERRED DURING THE PERIOD IN WHICH  
19 PROPERTY TAXES ARE DEFERRED ON THAT PERSON'S HOMESTEAD, WHICH  
20 CREDIT SHALL BE APPLIED TO ANY LIEN IMPOSED ON THAT HOMESTEAD  
21 UNDER THIS ACT.

22 (C) DETERMINE THAT THE PERSON ON WHOSE BEHALF PROPERTY TAXES  
23 ARE DEFERRED HAS PROPERTY AND CASUALTY INSURANCE ON HIS OR HER  
24 HOMESTEAD IN AN AMOUNT NOT LESS THAN THE AMOUNT OF ALL SPECIAL  
25 ASSESSMENTS AND PROPERTY TAXES DEFERRED AND THAT THE PERSON ON  
26 WHOSE BEHALF PROPERTY TAXES ARE DEFERRED HAS ASSIGNED TO THE  
27 STATE HIS OR HER INTEREST IN THAT PROPERTY AND CASUALTY INSURANCE

1 IN AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF ALL SPECIAL ASSESSMENTS  
2 AND PROPERTY TAXES DEFERRED.

3       Sec. 6. The department shall pay the entire balance owing,  
4 including delinquent amounts, of the special assessment OR PROP-  
5 ERTY TAX of an applicant who qualifies under this act. The  
6 department shall transmit to the collecting officer the sum of  
7 money required to indemnify the local special assessment district  
8 OR LOCAL TAX COLLECTING UNIT for a revenue loss resulting from  
9 the deferment of the special assessment OR PROPERTY TAX. At the  
10 same time, the department shall ~~cause the recording of~~ RECORD a  
11 lien in favor of the state with the register of deeds OF THE  
12 COUNTY IN WHICH THE HOMESTEAD IS LOCATED and notify the county  
13 treasurer OF THE COUNTY IN WHICH THE HOMESTEAD IS LOCATED of the  
14 special assessment OR PROPERTY TAXES deferred, indicating the  
15 amount deferred for PROPERTY TAXES AND FOR each special assess-  
16 ment and identifying the homestead. ~~The~~ IF PAYMENT IS MADE AS  
17 REQUIRED BY THIS SECTION, THE county treasurer shall keep a  
18 record of the notice and shall require that the homestead be  
19 included in the subsequent return of delinquent taxes by each  
20 collecting officer, that the property is identified on the delin-  
21 quent roll as provided in this act, and that the amount of spe-  
22 cial assessment OR PROPERTY TAXES shown on the roll as due and  
23 unpaid are the same as the amount approved by the department for  
24 deferment. The sum received by the collecting officer from the  
25 department shall be distributed ~~to the several special assess-~~  
26 ~~ment districts in direct proportion to their respective shares of~~  
27 ~~the total of special assessments deferred~~ in the same manner

1 that distribution would be made had the same amount been received  
2 from the payment of the special assessments OR PROPERTY TAXES.  
3 ~~The~~ IF PAYMENT IS MADE AS REQUIRED BY THIS SECTION, THE col-  
4 lecting officer shall enter on the current tax roll opposite each  
5 homestead for which deferment is allowed a notation that payment  
6 is deferred pursuant to this act.

7       Sec. 7. The treasurer of ~~any~~ A city, township, or vil-  
8 lage, required by ~~Act No. 206 of the Public Acts of 1893, as~~  
9 ~~amended, being sections 211.1 to 211.157 of the Michigan Compiled~~  
10 ~~Laws~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO  
11 211.157, to make a return of delinquent taxes to the county trea-  
12 surer, shall include in the delinquent tax roll all homesteads  
13 for which deferment of special assessments ~~are~~ OR PROPERTY  
14 TAXES IS approved, and shall enter on the delinquent tax roll  
15 opposite each ~~such item~~ SPECIAL ASSESSMENT OR PROPERTY TAX LEVY  
16 a notation that payment is deferred ~~pursuant to~~ UNDER this  
17 act. In a city collecting its own delinquent taxes, the trea-  
18 surer ~~similarly~~ shall note on the city tax record of each  
19 ~~such~~ property FOR WHICH SPECIAL ASSESSMENTS OR PROPERTY TAXES  
20 ARE DEFERRED that payment is deferred ~~pursuant to~~ UNDER this  
21 act. The collection of special assessments OR PROPERTY TAXES  
22 deferred ~~for all such homesteads~~ UNDER THIS ACT shall be made  
23 ~~thereafter only~~ in accordance with this act, any law, ordi-  
24 nance, or charter to the contrary notwithstanding.

25       Sec. 8. Upon termination of the deferment of special  
26 assessments OR PROPERTY TAXES under this act, the collection  
27 procedures of ~~Act No. 206 of the Public Acts of 1893, as~~

1 ~~amended~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO  
2 211.157, and any provisions of any law, ordinance, or charter  
3 applicable to the collection of delinquent taxes in a city col-  
4 lecting its own delinquent taxes, suspended ~~by the terms of~~  
5 UNDER this act during the period of deferment, shall again apply  
6 to the deferred special assessments ~~the same as they would have~~  
7 ~~applied had no~~ OR PROPERTY TAXES AS IF A deferment HAD NOT been  
8 authorized and all of the special assessments OR PROPERTY TAXES  
9 had been levied initially in the third year preceding the calen-  
10 dar year in which the deferment was terminated, except that the  
11 provisions of those laws, ordinances, and charters with respect  
12 to collection fees, interest, penalties, and other charges shall  
13 not be applicable to the collection of, or foreclosure of the  
14 lien for special assessments OR PROPERTY TAXES deferred.

15 ~~hereunder.~~ The lien for deferred special assessments OR PROP-  
16 ERTY TAXES shall be for the amount of the special assessments OR  
17 PROPERTY TAXES only and shall not have any additional fee, penal-  
18 ty, or interest added except as provided in this act.

19       Sec. 8a. (1) Except for an owner or owner's estate qualify-  
20 ing for deferment of special assessments under this act before  
21 January 8, 1981, the payment of special assessments OR PROPERTY  
22 TAXES deferred under this act made by the owner or owner's estate  
23 shall include interest computed for periods after January 8,  
24 1981, at a rate of 1/2 of 1% per month or fraction of a month.

25       (2) The department shall notify each owner whose special  
26 assessments OR PROPERTY TAXES are authorized to be deferred under  
27 this act of the interest rate provided in this section.

1 (3) The lien created in section 6 for special assessments OR  
2 PROPERTY TAXES deferred under this act shall include ~~an amount~~  
3 ~~of~~ interest as provided in this section.

4 (4) The department of treasury shall refund to each owner  
5 who, before ~~the effective date of this subsection~~ JANUARY 8,  
6 1981, paid their special assessment OR PROPERTY TAXES and was  
7 subject to the interest payment of subsection (1), an amount  
8 equal to the difference between the interest paid and the inter-  
9 est ~~which~~ THAT would have been due at a rate of 1/2 of 1% per  
10 month or fraction of a month.

11 (5) If a deferment of a special assessment was terminated by  
12 an owner solely by payment of the deferred special assessment  
13 after January 8, 1981, and before the effective date of this sub-  
14 section, the owner may reapply within 60 days of the effective  
15 date of this subsection to the local assessing officer for rein-  
16 stitution of the previously deferred special assessment and the  
17 department of treasury shall refund the amount of the special  
18 assessment paid and redeferred to the owner.

19 Sec. 9. Upon receipt of payment of special assessments OR  
20 PROPERTY TAXES deferred under this act, the collecting officer  
21 shall ~~forthwith~~ transmit the amount received to the department  
22 as reimbursement for the sums ~~therefore~~ advanced —, to  
23 indemnify the local special assessment districts OR LOCAL TAX  
24 COLLECTING UNIT.

25 Sec. 10. (1) There is created a special revolving fund  
26 within the department to pay special assessments AND PROPERTY  
27 TAXES under this act and the sum of \$3,000,000.00 of the

1 principal of the Michigan veterans' trust fund shall be used for  
2 this investment purpose.

3 (2) An amount ~~which~~ THAT is paid by the department to a  
4 local assessment district OR LOCAL TAX COLLECTING UNIT for a  
5 deferred special assessment OR DEFERRED PROPERTY TAXES shall be  
6 paid from the special revolving fund created in subsection (1).

7 (3) From the amounts received by the department as payment  
8 for deferred special assessments OR PROPERTY TAXES under this  
9 act, the department shall credit, on a quarterly basis, 1/2 of  
10 the total amount received to the special revolving fund created  
11 in this section, and shall transmit the remainder of this quar-  
12 terly payment to the Michigan veterans' trust fund UNTIL THE INI-  
13 TIAL \$3,000,000.00 SET FORTH IN SUBSECTION (1) IS REPAID TO THE  
14 MICHIGAN VETERANS' TRUST FUND.

15 (4) AFTER THE INITIAL \$3,000,000.00 SET FORTH IN  
16 SUBSECTION (1) IS REPAID TO THE MICHIGAN VETERANS' TRUST FUND,  
17 THE DEPARTMENT SHALL CREDIT, ON A QUARTERLY BASIS, THE TOTAL  
18 AMOUNT RECEIVED TO THE SPECIAL REVOLVING FUND CREATED IN THIS  
19 SECTION.

20 (5) ~~(4)~~ Interest received pursuant to section 8a, and  
21 civil penalties received pursuant to section 2, shall be credited  
22 in full to the special revolving fund created in this section.

23 (6) ~~(5)~~ Amounts required to be transmitted to the Michigan  
24 veterans' trust fund under subsection (3) shall be reduced by the  
25 amount of principal and earnings ~~which was~~ returned to the  
26 Michigan veterans' trust fund before ~~the effective date of this~~  
27 ~~subsection~~ JANUARY 8, 1981.