

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 971**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 87c (MCL 211.87c), as amended by 1999 PA 123;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 87c. (1) A county that has created a fund pursuant to
2 section 87b by resolution of its board of commissioners and with-
3 out a vote of its electors may borrow money and issue its revolv-
4 ing fund notes to establish or continue, in whole or in part, the
5 delinquent tax revolving fund and to pay the expenses of the
6 borrowing.
7 (2) If a fund is created and a county determines to borrow
8 pursuant to this section, the county treasurer shall be the agent
9 for the county in connection with all transactions relative to
10 the fund.

1 (3) If provided by separate resolution of the county board
2 of commissioners for any year in which a county determines to
3 borrow for the purposes provided in this section and subject to
4 subsection ~~—(16)—~~ (15), there shall be payable from the surplus
5 in the fund an amount equal to 20% of the following amount to the
6 county treasurer for services as agent for the county and the
7 remainder of the following amount to the county treasurer's
8 office for delinquent tax administration expenses:

9 (a) For any delinquent tax on which the interest rate before
10 sale exceeds 1% per month, 1/27 of the interest collected per
11 month.

12 (b) For any delinquent tax on which the interest rate before
13 sale is 1% per month or less, 3/64 of the interest collected each
14 month.

15 (4) The amount payable under subsection (3) to the county
16 treasurer for services as agent for the county shall not exceed
17 20% of the county treasurer's annual salary, and any excess over
18 this limitation shall be payable to the county treasurer's office
19 for delinquent tax administration expenses. In addition, the
20 total sum payable under subsection (3) shall not exceed 5% of the
21 total budget of the treasurer's office for that year.

22 (5) In the resolution authorizing the borrowing and issuance
23 of notes, the delinquent taxes from which the borrowing is to be
24 repaid shall be pledged to the payment of the principal and
25 interest of the notes, and the proceeds of the collection of the
26 delinquent taxes pledged and the interest on the proceeds shall
27 be placed in a segregated fund or account and shall not be used

1 for any other purpose until the notes are paid in full, including
2 interest. The segregated fund or account shall be established as
3 a part of the delinquent tax revolving fund and shall be
4 accounted for separately on the books of the county treasurer.

5 (6) The proceeds of the notes shall be placed in and used as
6 the whole or part of the fund established pursuant to section
7 87b, after the expenses of borrowing have been deducted.

8 ~~(7) Before a county issues notes under this act, it shall~~
9 ~~make a sworn application to the department of treasury for per-~~
10 ~~mission and shall attach to the application a certified copy of~~
11 ~~the resolution authorizing the issuance of the notes. The appli-~~
12 ~~cation shall specify the actual amount of the notes or maximum~~
13 ~~amount that the notes shall not exceed, the maturity or maturi-~~
14 ~~ties, and the maximum interest rate. After receiving these mate-~~
15 ~~rials, the department of treasury shall issue its order approving~~
16 ~~or disapproving the issuance of the notes. Chapter II of the~~
17 ~~municipal finance act, 1943 PA 202, MCL 132.1 to 132.3, shall~~
18 ~~govern if applicable to the various matters covered by this~~
19 ~~section. An order of the department of treasury permitting the~~
20 ~~issuance of notes under this act is not considered an approval of~~
21 ~~the legality of the notes. However, a determination or finding~~
22 ~~made by the department of treasury involving a question of fact,~~
23 ~~after the issuance of the notes, is considered conclusive of that~~
24 ~~fact. The issuance of the department of treasury's order grant-~~
25 ~~ing permission to issue notes shall be considered to mean that~~
26 ~~the department of treasury has made the determination of facts or~~

1 ~~circumstances, has given the approvals, and has reached the~~
2 ~~opinions necessary before issuance of the order.~~

3 (7) ~~-(8)-~~ The notes issued pursuant to this ~~act~~ SECTION
4 shall comply with all of the following:

5 (a) Be in an aggregate principal amount not exceeding the
6 aggregate amount of the delinquent taxes pledged, exclusive of
7 interest.

8 (b) Bear interest not exceeding ~~11.5%~~ 14.5% per annum. ~~—,~~
9 ~~except as provided in section 89.~~

10 (c) Be in those denominations, and mature on the date not
11 exceeding 6 years after their date of issue, as the board of com-
12 missioners by its resolution determines.

13 (D) MAY BE ISSUED AT AN ORIGINAL ISSUE DISCOUNT NOT TO
14 EXCEED 2% OF THE FACE VALUE OF THE NOTE ISSUED.

15 (8) ~~-(9)-~~ The resolution authorizing issuance of the notes
16 may provide that all or part of the notes shall be subject to
17 prepayment and, if subject to prepayment, shall provide the
18 amount of call premium payable, if any, the number of days'
19 notice of prepayment that shall be given, and whether the notice
20 shall be written or published, or both. Otherwise, the notes
21 shall not be subject to prepayment.

22 (9) ~~-(10)-~~ The sale and award of notes shall be conducted
23 and made by the treasurer of the county issuing them at a public
24 or private sale. If a public sale is held, the notes shall be
25 advertised for sale once not less than 5 days before sale in a
26 publication printed in the English language and circulated in
27 this state that carries as a part of its regular service notices

1 of the sales of municipal bonds and that has been designated in
2 the resolution as a publication complying with these
3 qualifications. The notice of sale shall be in the form desig-
4 nated by the COUNTY treasurer. ~~and, if requested in the applica-~~
5 ~~tion, the department of treasury may approve the form of notice.~~
6 ~~Otherwise, the department of treasury shall not approve the~~
7 ~~notice.~~ The notes may be sold subject to the option of the
8 COUNTY treasurer and the COUNTY treasurer may withhold a part of
9 the issue from delivery if, in his or her opinion, sufficient
10 funds are available before delivery of the notes to make full
11 delivery unnecessary to the purposes of the borrowing.

12 (10) ~~-(11)-~~ The notes are full faith and credit obligations
13 of the county issuing them and, subject to section 87d, if the
14 proceeds of the taxes pledged are not sufficient to pay the prin-
15 cipal and interest of the notes when due, the county shall impose
16 a general ad valorem tax without limitation as to rate or amount
17 on all taxable property in the county to pay the principal and
18 interest and may ~~thereafter~~ reimburse itself from delinquent
19 taxes collected.

20 (11) ~~-(12)-~~ If the resolution ~~so~~ provides and subject to
21 section 87d, the notes may be designated general obligation tax
22 notes.

23 (12) ~~-(13)-~~ ~~Interest on the notes may be made payable at~~
24 ~~maturity, annually, or semiannually, and the notes shall be~~
25 ~~signed as provided in the resolution authorizing the notes.~~
26 ~~Notes may be issued with or without coupons and if coupons are~~
27 ~~authorized to be attached to the notes, the coupons shall contain~~

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1 ~~the facsimile signature of the county treasurer.~~ NOTWITHSTANDING
2 ANY OTHER PROVISIONS OF THIS SECTION AND SECTION 87D, ALL THE
3 FOLLOWING APPLY:

4 (A) INTEREST ON THE NOTES MAY BE PAYABLE AT ANY TIME PRO-
5 VIDED IN THE RESOLUTION, AND MAY BE SET, RESET, OR CALCULATED AS
6 PROVIDED IN THE RESOLUTION.

7 (B) NOTES ISSUED UNDER THIS SECTION MAY HAVE 1 OR MORE OF
8 THE FOLLOWING ATTRIBUTES:

9 (i) MADE THE SUBJECT OF A PUT OR AGREEMENT TO REPURCHASE BY
10 THE COUNTY TREASURER.

11 (ii) SECURED BY A LETTER OF CREDIT ISSUED BY A BANK UNDER AN
12 AGREEMENT ENTERED INTO BY THE COUNTY TREASURER OR BY ANY OTHER
13 COLLATERAL THAT THE RESOLUTION MAY AUTHORIZE.

14 (iii) CALLABLE AS SET FORTH IN THE RESOLUTION.

15 (iv) REISSUED BY THE COUNTY TREASURER ONCE REACQUIRED BY THE
16 COUNTY TREASURER UNDER ANY PUT OR REPURCHASE AGREEMENT.

17 (C) THE COUNTY TREASURER MAY BY ORDER DO 1 OR MORE OF THE
18 FOLLOWING:

19 (i) AUTHORIZE THE ISSUANCE OF RENEWAL NOTES.

20 (ii) REFUND OR REFUND IN ADVANCE NOTES BY THE ISSUANCE OF
21 NEW NOTES, WHETHER THE NOTES TO BE REFUNDED HAVE OR HAVE NOT
22 MATURED.

23 (iii) ISSUE NOTES PARTLY TO REFUND NOTES AND PARTLY FOR ANY
24 OTHER PURPOSES AUTHORIZED BY THIS ACT.

25 (iv) BUY AND SELL ANY NOTES ISSUED UNDER THIS SECTION.

26 (D) RENEWAL, REFUNDING, OR ADVANCE REFUNDING NOTES SHALL
27 COMPLY WITH ALL OF THE FOLLOWING:

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1 (i) SHALL BE SOLD AND THE PROCEEDS APPLIED TO THE PURCHASE
2 REDEMPTION OR PAYMENT OF THE NOTES TO BE RENEWED OR REFUNDED.

3 (ii) SHALL NOT BE SUBJECT TO THE REVISED MUNICIPAL FINANCE
4 ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

5 (iii) MAY BE SOLD OR RESOLD AT A PUBLIC OR PRIVATE SALE.

6 (iv) MAY PLEDGE THE DELINQUENT TAXES PLEDGED IN THE ISSUE TO
7 BE REFUNDED IN ADVANCE AFTER THE ORIGINAL ISSUE IS DEFEASED BY
8 THE ADVANCE REFUNDING ISSUE.

9 (E) NOTES MAY BE ISSUED SECURED BY A SECOND LIEN ON DELIN-
10 QUENT TAXES, INTEREST, AND COUNTY PROPERTY TAX ADMINISTRATION
11 FEES ALREADY THE SUBJECT OF A FIRST LIEN BECAUSE OF THE ISSUANCE
12 OF A PRIOR NOTE ISSUE.

13 (F) ANY NOTES ISSUED MAY BE SECURED IN WHOLE OR IN PART
14 UNDER A TRUST OR ESCROW AGREEMENT, WHICH AGREEMENT MAY ALSO
15 GOVERN THE ISSUANCE OF RENEWAL NOTES, REFUNDING NOTES, AND
16 ADVANCE REFUNDING NOTES. THE AGREEMENT MAY AUTHORIZE THE TRUSTEE
17 OR ESCROW AGENT TO MAKE INVESTMENTS OF ANY TYPE AUTHORIZED IN THE
18 AGREEMENT.

19 (13) ~~-(14)-~~ The notes issued under this ~~act~~ SECTION and
20 interest on the notes shall be payable in lawful money of the
21 United States of America and shall be exempt from all taxation by
22 this state or a taxing authority in this state.

23 (14) ~~-(15)-~~ The notes ISSUED UNDER THIS SECTION may be made
24 payable at a bank or trust company, or may be made registrable as
25 to principal or as to principal and interest under the terms and
26 conditions specified in the authorizing resolution or by the
27 COUNTY treasurer when awarding the notes.

1 (15) ~~—(16)—~~ A county treasurer elected or appointed to
2 office after ~~the effective date of the amendatory act that added~~
3 ~~this subsection~~ OCTOBER 1, 1999 is not eligible for the payment
4 under subsection (3) for services as agent for the county unless
5 that county treasurer held office on ~~the effective date of the~~
6 ~~amendatory act that added this subsection~~ OCTOBER 1, 1999 and
7 has not vacated that office after ~~the effective date of the~~
8 ~~amendatory act that added this subsection~~ OCTOBER 1, 1999.

9 (16) NOTWITHSTANDING 1966 PA 293, MCL 45.501 TO 45.521, A
10 COUNTY OPERATING UNDER A HOME RULE CHARTER SHALL NOT BE
11 RESTRICTED BY THE PROVISIONS OF THE HOME RULE CHARTER IN CONNEC-
12 TION WITH THE POWERS GRANTED TO THE COUNTY TO ISSUE NOTES BY SEC-
13 TIONS 87B AND 87D AND THIS SECTION. THE TREASURER OF A COUNTY
14 DESCRIBED IN THIS SUBSECTION, NOTWITHSTANDING ANY CHARTER PROVI-
15 SIONS TO THE CONTRARY, SHALL HAVE ALL OF THE POWERS GRANTED TO
16 COUNTY TREASURERS BY SECTIONS 87B AND 87D AND THIS SECTION.

17 (17) NOTWITHSTANDING THE PROVISIONS OF 1947 PA 261,
18 MCL 45.451 TO 45.457, THE PROVISIONS OF THIS SECTION SHALL CON-
19 TROL THE ENTITLEMENT OF THE COUNTY TREASURER TO THE FEE PROVIDED
20 FOR IN THIS SECTION.

21 (18) IF THE TREASURER AUTHORIZES ON THE ORDER AUTHORIZING
22 THE NOTES, ANY NOTES ISSUED MAY BE SECURED IN WHOLE OR IN PART
23 UNDER A TRUST OR ESCROW AGREEMENT. THAT AGREEMENT MAY AUTHORIZE
24 THE TRUSTEE OR ESCROW AGENT TO MAKE INVESTMENTS OF ANY TYPE
25 AUTHORIZED IN THE AGREEMENT.

26 (19) NOTES ISSUED UNDER THIS ACT ARE EXEMPT FROM THE REVISED
27 MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

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1 Enacting section 1. Sections 87e and 87f of the general
2 property tax act, 1893 PA 206, MCL 211.87e and 211.87f, are
3 repealed.