

SENATE BILL No. 971

December 13, 2001, Introduced by Senator JOHNSON and referred to the Committee on Finance.

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), there shall be payable from the surplus in the
5 fund an amount equal to 20% of the following amount to the county
6 treasurer for services as agent for the county and the remainder
7 of the following amount to the county treasurer's office for
8 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~~
27 ~~circumstances, has given the approvals, and has reached the~~

~~1 opinions necessary before issuance of the order.~~ NOTES ISSUED
2 UNDER THIS ACT ARE SUBJECT TO THE REVISED MUNICIPAL FINANCE ACT,
3 2001 PA 34, MCL 141.2101 TO 141.2821.

4 (8) The notes issued pursuant to this act shall comply with
5 all of the following:

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

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

11 (B) ~~(c)~~ Be in those denominations, and mature on the date
12 not exceeding 6 years after their date of issue, as the board of
13 commissioners by its resolution determines.

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

21 ~~(10) The sale and award of notes shall be conducted and made~~
22 ~~by the treasurer of the county issuing them at a public or pri-~~
23 ~~vate sale. If a public sale is held, the notes shall be adver-~~
24 ~~tised for sale once not less than 5 days before sale in a publi-~~
25 ~~cation printed in the English language and circulated in this~~
26 ~~state that carries as a part of its regular service notices of~~
27 ~~the sales of municipal bonds and that has been designated in the~~

1 ~~resolution as a publication complying with these qualifications.~~
2 ~~The notice of sale shall be in the form designated by the trea-~~
3 ~~surer and, if requested in the application, the department of~~
4 ~~treasury may approve the form of notice. Otherwise, the depart-~~
5 ~~ment of treasury shall not approve the notice. The notes may be~~
6 ~~sold subject to the option of the treasurer and the treasurer may~~
7 ~~withhold a part of the issue from delivery if, in his or her~~
8 ~~opinion, sufficient funds are available before delivery of the~~
9 ~~notes to make full delivery unnecessary to the purposes of the~~
10 ~~borrowing.~~

11 (9) ~~-(11)-~~ The notes are full faith and credit obligations
12 of the county issuing them and, subject to section 87d, if the
13 proceeds of the taxes pledged are not sufficient to pay the prin-
14 cipal and interest of the notes when due, the county shall impose
15 a general ad valorem tax without limitation as to rate or amount
16 on all taxable property in the county to pay the principal and
17 interest and may thereafter reimburse itself from delinquent
18 taxes collected.

19 (10) ~~-(12)-~~ If the resolution so provides and subject to
20 section 87d, the notes may be designated general obligation tax
21 notes.

22 (11) ~~-(13)-~~ Interest on the notes may be made payable at
23 maturity, annually, or semiannually, and the notes shall be
24 signed as provided in the resolution authorizing the notes.
25 Notes may be issued with or without coupons and if coupons are
26 authorized to be attached to the notes, the coupons shall contain
27 the facsimile signature of the county treasurer.

1 (12) ~~-(14)-~~ The notes issued under this act and interest on
2 the notes shall be payable in lawful money of the United States
3 of America and shall be exempt from all taxation by this state or
4 a taxing authority in this state.

5 (13) ~~-(15)-~~ The notes may be made payable at a bank or trust
6 company, or may be made registrable as to principal or as to
7 principal and interest under the terms and conditions specified
8 in the authorizing resolution or by the treasurer when awarding
9 the notes.

10 (14) ~~-(16)-~~ A county treasurer elected or appointed to
11 office after ~~the effective date of the amendatory act that added~~
12 ~~this subsection~~ OCTOBER 1, 1999 is not eligible for the payment
13 under subsection (3) for services as agent for the county unless
14 that county treasurer held office on ~~the effective date of the~~
15 ~~amendatory act that added this subsection~~ OCTOBER 1, 1999 and
16 has not vacated that office after ~~the effective date of the~~
17 ~~amendatory act that added this subsection~~ OCTOBER 1, 1999.

18 (15) NOTWITHSTANDING 1966 PA 293, MCL 45.501 TO 45.521, A
19 COUNTY OPERATING UNDER A HOME RULE CHARTER SHALL NOT BE
20 RESTRICTED BY THE PROVISIONS OF THE HOME RULE CHARTER IN CONNEC-
21 TION WITH THE POWERS GRANTED TO THE COUNTY TO ISSUE NOTES BY SEC-
22 TIONS 87B AND 87D AND THIS SECTION. THE TREASURER OF A COUNTY
23 DESCRIBED IN THIS SUBSECTION, NOTWITHSTANDING ANY CHARTER PROVI-
24 SIONS TO THE CONTRARY, SHALL HAVE ALL OF THE POWERS GRANTED TO
25 COUNTY TREASURERS BY SECTIONS 87B AND 87D AND THIS SECTION.

26 (16) NOTWITHSTANDING THE PROVISIONS OF 1947 PA 261, MCL
27 45.451 TO 45.457, THE PROVISIONS OF THIS SECTION SHALL CONTROL

1 THE ENTITLEMENT OF THE COUNTY TREASURER TO THE FEE PROVIDED FOR
2 IN THIS SECTION.

3 (17) NOTES MAY BE ISSUED SECURED BY A SECOND LIEN ON DELIN-
4 QUENT TAXES, INTEREST, AND COUNTY PROPERTY TAX ADMINISTRATION
5 FEES ALREADY THE SUBJECT OF A FIRST LIEN BECAUSE OF THE ISSUANCE
6 OF A PRIOR NOTE ISSUE.

7 (18) IF THE TREASURER AUTHORIZES ON THE ORDER AUTHORIZING
8 THE NOTES, ANY NOTES ISSUED MAY BE SECURED IN WHOLE OR IN PART
9 UNDER A TRUST OR ESCROW AGREEMENT. THAT AGREEMENT MAY AUTHORIZE
10 THE TRUSTEE OR ESCROW AGENT TO MAKE INVESTMENTS OF ANY TYPE
11 AUTHORIZED IN THE AGREEMENT.

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