

# SENATE BILL No. 868

November 9, 2005, Introduced by Senators TOY, KUIPERS, HARDIMAN, GOSCHKA, ALLEN and McMANUS and referred to the Committee on Local, Urban and State Affairs.

A bill to amend 1893 PA 206, entitled  
"The general property tax act,"  
by amending sections 59, 78, 78m, 87b, 87c, and 87d (MCL 211.59,  
211.78, 211.78m, 211.87b, 211.87c, and 211.87d), section 59 as  
amended by 2001 PA 97, section 78 as added by 1999 PA 123, section  
78m as amended by 2003 PA 263, section 87b as amended by 2002 PA  
198, section 87c as amended by 2002 PA 165, and section 87d as  
amended by 1982 PA 503.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 59. (1) A person may pay the taxes, any 1 of the taxes, a  
2       portion of the taxes specified by resolution of the county board of  
3       commissioners, or if a specification is not made by a resolution of  
4       the county board of commissioners, a portion of the taxes approved  
5       by the county treasurer on a parcel or description of property

1 returned as delinquent, or on an undivided share of a parcel or  
2 description of property returned as delinquent. For taxes levied on  
3 real property before January 1, 1999 and for taxes levied on  
4 personal property, the amount paid under this subsection shall  
5 include interest computed from the March 1 after the taxes were  
6 assessed at the rate of 1% per month or fraction of a month, except  
7 as provided in section 89, and 4% of the delinquent taxes as a  
8 county property tax administration fee that shall be a minimum of  
9 \$1.00 per payment of delinquent taxes, except as provided in  
10 section 89. Payment under this subsection shall be made to the  
11 county treasurer of the county in which the property is situated,  
12 at any time before the property is sold at a tax sale held pursuant  
13 to section 60 ~~, bid off to this state pursuant to section 70,~~ or  
14 forfeited to a county treasurer pursuant to section 78g. The county  
15 treasurer and the treasurer for the local tax collecting unit shall  
16 allocate and distribute the taxes and interest paid proportionately  
17 among the county or local tax collecting unit funds and the  
18 property tax administration fee returned as delinquent under  
19 section 44(6) to the treasurer of the local tax collecting unit who  
20 transmitted the taxes returned as delinquent. For taxes levied  
21 before January 1, 1999, on all descriptions of property with unpaid  
22 taxes on the October 1 before the time prescribed for the sale of a  
23 tax lien on the property, an additional \$10.00 shall be charged for  
24 expenses, which shall be a lien on the property. If collected,  
25 \$5.00 of this expense charge shall be credited to a restricted  
26 revenue fund of this state, to be known as the delinquent property  
27 tax administration fund, to reimburse this state for the cost of

1 publishing the lists of property and other expenses, and \$5.00  
2 shall belong to the general fund of the county to reimburse the  
3 county for the expense incurred in preparing the list of delinquent  
4 property for sale or forfeiture.

5 (2) For taxes levied before January 1, 1999, the property tax  
6 administration fee paid to the county treasurer shall be credited  
7 to the general fund of the county and the property tax  
8 administration fee paid to the state treasurer shall be credited to  
9 the delinquent property tax administration fund. ~~Amounts credited~~  
10 ~~to the general fund of the county shall be used only for the~~  
11 ~~purposes specified in subsection (6).~~

12 (3) For taxes levied before January 1, 1999, and for taxes  
13 levied after December 31, 1998, a county board of commissioners, by  
14 resolution, may provide all of the following for taxes paid before  
15 May 1 in the first year of delinquency for the homestead property  
16 of a senior citizen, paraplegic, hemiplegic, quadriplegic, eligible  
17 serviceman, eligible veteran, eligible widow, totally and  
18 permanently disabled person, or blind person, as those persons are  
19 defined in chapter 9 of the income tax act of 1967, 1967 PA 281,  
20 MCL 206.501 to 206.532, if a claim is made before February 15 for  
21 the credit provided by chapter 9 of the income tax act of 1967,  
22 1967 PA 281, MCL 206.501 to 206.532, if that claimant presents a  
23 copy of the form filed for that credit to the county treasurer, and  
24 if that claimant has not received the credit before March 1:

25 (a) Any interest, fee, or penalty in excess of the interest,  
26 fee, or penalty that would have been added if the tax had been paid  
27 before February 15 is waived.

1 (b) Interest paid under subsection (1) or section 89(1)(a) is  
2 waived unless the interest is pledged to the repayment of  
3 delinquent tax revolving fund notes or payable to ~~the county~~ **A**  
4 delinquent tax revolving fund, in which case the interest shall be  
5 refunded from the general fund of the county.

6 (c) The county property tax administration fee is waived.

7 (4) The treasurer of the local tax collecting unit shall  
8 indicate on the delinquent tax roll if a 1% property tax  
9 administration fee was added to taxes collected before February 15.

10 (5) The fees authorized and collected under this section and  
11 credited to the delinquent property tax administration fund shall  
12 be used by the department of treasury to pay expenses incurred in  
13 the administration of this act.

14 ~~—— (6) The county property tax administration fee shall be used~~  
15 ~~by the county to offset the costs incurred in and ancillary to~~  
16 ~~collecting delinquent property taxes and for purposes authorized by~~  
17 ~~sections 87b and 87d.~~

18 Sec. 78. (1) The legislature finds that there exists in this  
19 state a continuing need to strengthen and revitalize the economy of  
20 this state and its municipalities by encouraging the efficient and  
21 expeditious return to productive use of property returned for  
22 delinquent taxes. Therefore, the powers granted in this act  
23 relating to the return of property for delinquent taxes constitute  
24 the performance by this state or a political subdivision of this  
25 state of essential public purposes and functions.

26 (2) It is the intent of the legislature that the provisions of  
27 this act relating to the return, forfeiture, and foreclosure of

1 property for delinquent taxes satisfy the minimum requirements of  
2 due process required under the constitution of this state and the  
3 constitution of the United States but that those provisions do not  
4 create new rights beyond those required under the state  
5 constitution of 1963 or the constitution of the United States. The  
6 failure of this state or a political subdivision of this state to  
7 follow a requirement of this act relating to the return,  
8 forfeiture, or foreclosure of property for delinquent taxes shall  
9 not be construed to create a claim or cause of action against this  
10 state or a political subdivision of this state unless the minimum  
11 requirements of due process accorded under the state constitution  
12 of 1963 or the constitution of the United States are violated.

13 (3) Not later than December 1, 1999, the county board of  
14 commissioners of a county, by a resolution adopted at a meeting  
15 held pursuant to the open meetings act, 1976 PA 267, MCL 15.261 to  
16 15.275, and with the written concurrence of the county treasurer  
17 and the county executive, if any, may elect to have this state  
18 foreclose property under this act forfeited to the county treasurer  
19 under section 78g. At any time during December 2004, the county  
20 board of commissioners of a county, by a resolution adopted at a  
21 meeting held pursuant to the open meetings act, 1976 PA 267, MCL  
22 15.261 to 15.275, and with the written concurrence of the county  
23 treasurer and county executive, if any, may do either of the  
24 following:

25 (a) Elect to have this state foreclose property under this act  
26 forfeited to the county treasurer under section 78g.

27 (b) Rescind its prior resolution by which it elected to have

1 this state foreclose property under this act forfeited to the  
2 county treasurer under section 78g.

3 (4) The foreclosure of forfeited property by a county is  
4 voluntary and is not an activity or service required of units of  
5 local government for purposes of section 29 of article IX of the  
6 state constitution of 1963.

7 (5) A county and a local governmental unit within that county  
8 may enter into an agreement for the collection of property taxes or  
9 the enforcement and consolidation of tax liens within that local  
10 governmental unit. A local governmental unit ~~shall not~~ **MAY**  
11 establish a delinquent tax revolving fund under section 87b.

12 (6) As used in this section and sections 78a through 157 for  
13 purposes of the collection of taxes returned as delinquent:

14 (a) "Foreclosing governmental unit" means 1 of the following:

15 (i) The treasurer of a county.

16 (ii) This state if the county has elected under subsection (3)  
17 to have this state foreclose property under this act forfeited to  
18 the county treasurer under section 78g.

19 (b) "Forfeited" or "forfeiture" means a foreclosing  
20 governmental unit may seek a judgment of foreclosure under section  
21 78k if the property is not redeemed as provided under this act, but  
22 does not acquire a right to possession or any other interest in the  
23 property.

24 Sec. 78m. (1) Not later than the first Tuesday in July,  
25 immediately succeeding the entry of judgment under section 78k  
26 vesting absolute title to tax delinquent property in the  
27 foreclosing governmental unit, this state is granted the right of

1 first refusal to purchase property at the greater of the minimum  
2 bid or its fair market value by paying that amount to the  
3 foreclosing governmental unit if the foreclosing governmental unit  
4 is not this state. If this state elects not to purchase the  
5 property under its right of first refusal, a city, village, or  
6 township may purchase for a public purpose any property located  
7 within that city, village, or township set forth in the judgment  
8 and subject to sale under this section by payment to the  
9 foreclosing governmental unit of the minimum bid. If a city,  
10 village, or township does not purchase that property, the county in  
11 which that property is located may purchase that property under  
12 this section by payment to the foreclosing governmental unit of the  
13 minimum bid. If property is purchased by a city, village, township,  
14 or county under this subsection, the foreclosing governmental unit  
15 shall convey the property to the purchasing city, village,  
16 township, or county within 30 days. If property purchased by a  
17 city, village, township, or county under this subsection is  
18 subsequently sold for an amount in excess of the minimum bid and  
19 all costs incurred relating to demolition, renovation,  
20 improvements, or infrastructure development, the excess amount  
21 shall be ~~returned to the delinquent tax property sales proceeds~~  
22 ~~account for the year in which the property was purchased by the~~  
23 ~~city, village, township, or county or, if this state is the~~  
24 ~~foreclosing governmental unit within a county, to the land~~  
25 ~~reutilization fund created under section 78n~~ **DEPOSITED IN THE**  
26 **GENERAL FUND OF THE CITY, VILLAGE, TOWNSHIP, OR COUNTY.** Upon the  
27 request of the foreclosing governmental unit, a city, village,

1 township, or county that purchased property under this subsection  
2 shall provide to the foreclosing governmental unit without cost  
3 information regarding any subsequent sale or transfer of the  
4 property. This subsection applies to the purchase of property by  
5 this state, a city, village, or township, or a county prior to a  
6 sale held under subsection (2).

7 (2) Subject to subsection (1), beginning on the third Tuesday  
8 in July immediately succeeding the entry of the judgment under  
9 section 78k vesting absolute title to tax delinquent property in  
10 the foreclosing governmental unit and ending on the immediately  
11 succeeding first Tuesday in November, the foreclosing governmental  
12 unit, or its authorized agent, at the option of the foreclosing  
13 governmental unit, shall hold at least 2 property sales at 1 or  
14 more convenient locations at which property foreclosed by the  
15 judgment entered under section 78k shall be sold by auction sale,  
16 which may include an auction sale conducted via an internet  
17 website. Notice of the time and location of the sales shall be  
18 published not less than 30 days before each sale in a newspaper  
19 published and circulated in the county in which the property is  
20 located, if there is one. If no newspaper is published in that  
21 county, publication shall be made in a newspaper published and  
22 circulated in an adjoining county. Each sale shall be completed  
23 before the first Tuesday in November immediately succeeding the  
24 entry of judgment under section 78k vesting absolute title to the  
25 tax delinquent property in the foreclosing governmental unit.  
26 Except as provided in subsection (5), property shall be sold to the  
27 person bidding the highest amount above the minimum bid. The



1   foreclosing governmental unit may sell parcels individually or may  
2   offer 2 or more parcels for sale as a group. The minimum bid for a  
3   group of parcels shall equal the sum of the minimum bid for each  
4   parcel included in the group. The foreclosing governmental unit may  
5   adopt procedures governing the conduct of the sale and may cancel  
6   the sale prior to the issuance of a deed under this subsection if  
7   authorized under the procedures. The foreclosing governmental unit  
8   may require full payment by cash, certified check, or money order  
9   at the close of each day's bidding. Not more than 30 days after the  
10   date of a sale under this subsection, the foreclosing governmental  
11   unit shall convey the property by deed to the person bidding the  
12   highest amount above the minimum bid. The deed shall vest fee  
13   simple title to the property in the person bidding the highest  
14   amount above the minimum bid, unless the foreclosing governmental  
15   unit discovers a defect in the foreclosure of the property under  
16   sections 78 to 78/. If this state is the foreclosing governmental  
17   unit within a county, the department of natural resources shall  
18   conduct the sale of property under this subsection and subsections  
19   (4) and (5) on behalf of this state.

20       (3) For sales held under subsection (2), after the conclusion  
21   of that sale, and prior to any additional sale held under  
22   subsection (2), a city, village, or township may purchase any  
23   property not previously sold under subsection (1) or (2) by paying  
24   the minimum bid to the foreclosing governmental unit. If a city,  
25   village, or township does not purchase that property, the county in  
26   which that property is located may purchase that property under  
27   this section by payment to the foreclosing governmental unit of the

1 minimum bid.

2 (4) If property is purchased by a city, village, township, or  
3 county under subsection (3), the foreclosing governmental unit  
4 shall convey the property to the purchasing city, village, or  
5 township within 30 days.

6 (5) All property subject to sale under subsection (2) shall be  
7 offered for sale at not less than 2 sales conducted as required by  
8 subsection (2). The final sale held under subsection (2) shall be  
9 held not less than 28 days after the previous sale under subsection  
10 (2). At the final sale held under subsection (2), the sale is  
11 subject to the requirements of subsection (2), except that the  
12 minimum bid shall not be required. However, the foreclosing  
13 governmental unit may establish a reasonable opening bid at the  
14 sale to recover the cost of the sale of the parcel or parcels.

15 (6) On or before December 1 immediately succeeding the date of  
16 the sale under subsection (5), a list of all property not  
17 previously sold by the foreclosing governmental unit under this  
18 section shall be transferred to the clerk of the city, village, or  
19 township in which the property is located. The city, village, or  
20 township may object in writing to the transfer of 1 or more parcels  
21 of property set forth on that list. On or before December 30  
22 immediately succeeding the date of the sale under subsection (5),  
23 all property not previously sold by the foreclosing governmental  
24 unit under this section shall be transferred to the city, village,  
25 or township in which the property is located, except those parcels  
26 of property to which the city, village, or township has objected.  
27 Property located in both a village and a township may be

1 transferred under this subsection only to a village. The city,  
 2 village, or township may make the property available under the  
 3 urban homestead act, 1999 PA 127, MCL 125.2701 to 125.2709, or for  
 4 any other lawful purpose.

5 (7) If property not previously sold is not transferred to the  
 6 city, village, or township in which the property is located under  
 7 subsection (6), the foreclosing governmental unit shall retain  
 8 possession of that property. If the foreclosing governmental unit  
 9 retains possession of the property and the foreclosing governmental  
 10 unit is this state, title to the property shall vest in the land  
 11 bank fast track authority created under section 15 of the land bank  
 12 fast track act, 2003 PA 258, MCL 124.765.

13 (8) ~~—A—~~ **IF THE FORECLOSING GOVERNMENTAL UNIT IS THIS STATE,**  
 14 **THE** foreclosing governmental unit shall deposit the proceeds from  
 15 the sale of property under this section into a restricted account  
 16 designated as the "delinquent tax property sales proceeds for the  
 17 year \_\_\_\_". The foreclosing governmental unit shall direct the  
 18 investment of the account. The foreclosing governmental unit shall  
 19 credit to the account interest and earnings from account  
 20 investments. Proceeds in that account shall only be used by the  
 21 foreclosing governmental unit for the following purposes in the  
 22 following order of priority:

23 ~~——(a) The delinquent tax revolving fund shall be reimbursed for~~  
 24 ~~all taxes, interest, and fees on all of the property, whether or~~  
 25 ~~not all of the property was sold.~~

26 **(A)** ~~—(b)—~~ All costs of the sale of property for the year shall  
 27 be paid.

1       (B) ~~—(e)—~~ Any costs of the foreclosure proceedings for the  
 2 year, including, but not limited to, costs of mailing, publication,  
 3 personal service, and outside contractors shall be paid.

4       (C) ~~—(d)—~~ Any costs for the sale of property or foreclosure  
 5 proceedings for any prior year that have not been paid or  
 6 reimbursed from that prior year's delinquent tax property sales  
 7 proceeds shall be paid.

8       (D) ~~—(e)—~~ Any costs incurred by the foreclosing governmental  
 9 unit in maintaining property foreclosed under section 78k before  
 10 the sale under this section shall be paid, including costs of any  
 11 environmental remediation.

12 ~~—— (f) If the foreclosing governmental unit is not this state,~~  
 13 ~~any of the following:~~

14 ~~—— (i) Any costs for the sale of property or foreclosure~~  
 15 ~~proceedings for any subsequent year that are not paid or reimbursed~~  
 16 ~~from that subsequent year's delinquent tax property sales proceeds~~  
 17 ~~shall be paid from any remaining balance in any prior year's~~  
 18 ~~delinquent tax property sales proceeds account.~~

19 ~~—— (ii) Any costs for the defense of title actions.~~

20 ~~—— (iii) Any costs incurred in administering the foreclosure and~~  
 21 ~~disposition of property forfeited for delinquent taxes under this~~  
 22 ~~act.~~

23       (E) ~~—(g)—~~ If the foreclosing governmental unit is this state,  
 24 any **ANY** remaining balance shall be transferred to the land  
 25 reutilization fund created under section 78n.

26       (9) IF THE FORECLOSING GOVERNMENTAL UNIT IS NOT THIS STATE,  
 27 THE FORECLOSING GOVERNMENTAL UNIT SHALL DEPOSIT THE PROCEEDS FROM

1   **THE SALE OF PROPERTY UNDER THIS SECTION INTO THE GENERAL FUND.**

2           (10) ~~—(9)—~~ Two or more county treasurers of adjacent counties  
3 may elect to hold a joint sale of property as provided in this  
4 section. If 2 or more county treasurers elect to hold a joint sale,  
5 property may be sold under this section at a location outside of  
6 the county in which the property is located. The sale may be  
7 conducted by any county treasurer participating in the joint sale.  
8 A joint sale held under this subsection may include or be an  
9 auction sale conducted via an internet website.

10          (11) ~~—(10)—~~ The foreclosing governmental unit shall record a  
11 deed for any property transferred under this section with the  
12 county register of deeds. The foreclosing governmental unit may  
13 charge a fee in excess of the minimum bid and any sale proceeds for  
14 the cost of recording a deed under this subsection.

15          (12) ~~—(11)—~~ As used in this section, "minimum bid" is the  
16 minimum amount established by the foreclosing governmental unit for  
17 which property may be sold under this section. The minimum bid  
18 shall include all of the following:

19           (a) All delinquent taxes, interest, penalties, and fees due on  
20 the property. If a city, village, or township purchases the  
21 property, the minimum bid shall not include any taxes levied by  
22 that city, village, or township and any interest, penalties, or  
23 fees due on those taxes.

24           (b) The expenses of administering the sale, including all  
25 preparations for the sale. The foreclosing governmental unit shall  
26 estimate the cost of preparing for and administering the annual  
27 sale for purposes of prorating the cost for each property included

1 in the sale.

2 (13) ~~—(12)—~~ For property transferred to this state under  
3 subsection (1), a city, village, or township under subsection (6)  
4 or retained by a foreclosing governmental unit under subsection  
5 (7), all taxes due on the property as of the December 31 following  
6 the transfer or retention of the property are canceled effective on  
7 that December 31.

8 (14) ~~—(13)—~~ For property sold under this section, transferred  
9 to this state under subsection (1), a city, village, or township  
10 under subsection (6), or retained by a foreclosing governmental  
11 unit under subsection (7), all liens for costs of demolition,  
12 safety repairs, debris removal, or sewer or water charges due on  
13 the property as of the December 31 immediately succeeding the sale,  
14 transfer, or retention of the property are canceled effective on  
15 that December 31. This subsection does not apply to liens recorded  
16 by the department of environmental quality under this act or the  
17 land bank fast track ~~authority~~ act, **2003 PA 258, MCL 124.751 TO**  
18 **124.774.**

19 (15) ~~—(14)—~~ If property foreclosed under section 78k and held  
20 by or under the control of a foreclosing governmental unit is a  
21 facility as defined under section 20101(1)(o) of the natural  
22 resources and environmental protection act, 1994 PA 451, MCL  
23 324.20101, prior to the sale or transfer of the property under this  
24 section, the property is subject to all of the following:

25 (a) Upon reasonable written notice from the department of  
26 environmental quality, the foreclosing governmental unit shall  
27 provide access to the department of environmental quality, its

1 employees, contractors, and any other person expressly authorized  
2 by the department of environmental quality to conduct response  
3 activities at the foreclosed property. Reasonable written notice  
4 under this subdivision may include, but is not limited to, notice  
5 by electronic mail or facsimile, if the foreclosing governmental  
6 unit consents to notice by electronic mail or facsimile prior to  
7 the provision of notice by the department of environmental quality.

8 (b) If requested by the department of environmental quality to  
9 protect public health, safety, and welfare or the environment, the  
10 foreclosing governmental unit shall grant an easement for access to  
11 conduct response activities on the foreclosed property as  
12 authorized under chapter 7 of the natural resources and  
13 environmental protection act, 1994 PA 451, MCL 324.20101 to  
14 ~~324.20302~~ **324.20519**.

15 (c) If requested by the department of environmental quality to  
16 protect public health, safety, and welfare or the environment, the  
17 foreclosing governmental unit shall place and record deed  
18 restrictions on the foreclosed property as authorized under chapter  
19 7 of the natural resources and environmental protection act, 1994  
20 PA 451, MCL 324.20101 to ~~324.20302~~ **324.20519**.

21 (d) The department of environmental quality may place an  
22 environmental lien on the foreclosed property as authorized under  
23 section 20138 of the natural resources and environmental protection  
24 act, 1994 PA 451, MCL 324.20138.

25 **(16)** ~~—(15)—~~ If property foreclosed under section 78k and held  
26 by or under the control of a foreclosing governmental unit is a  
27 facility as defined under section 20101(1)(o) of the natural

resources and environmental protection act, 1994 PA 451, MCL 324.20101, prior to the sale or transfer of the property under this section, the department of environmental quality shall request and the foreclosing governmental unit shall transfer the property to the state land bank fast track authority created under section 15 of the land bank fast track act, **2003 PA 258, MCL 124.765**, if all of the following apply:

(a) The department of environmental quality determines that conditions at a foreclosed property are an acute threat to the public health, safety, and welfare, to the environment, or to other property.

(b) The department of environmental quality proposes to undertake or is undertaking state-funded response activities at the property.

(c) The department of environmental quality determines that the sale, retention, or transfer of the property other than under this subsection would interfere with response activities by the department of environmental quality.

Sec. 87b. (1) The county board of commissioners of any county **OR THE GOVERNING BODY OF ANY LOCAL TAX COLLECTING UNIT** may create a delinquent tax revolving fund that, at the option of the county treasurer **OR THE TREASURER OF THE LOCAL TAX COLLECTING UNIT**, may be designated as the "100% tax payment fund". Upon the establishment of the fund, all delinquent taxes, except taxes on personal property, due and payable to the taxing units in the county, except those units that **HAVE CREATED A DELINQUENT TAX REVOLVING FUND OR THAT** collect their own delinquent taxes after March 1 by charter or



1 otherwise, are due and payable to the county. The primary  
2 obligation to pay to the county the amount of taxes and the  
3 interest on the taxes shall rest with the local taxing units and  
4 the state for the state education tax under the state education tax  
5 act, 1993 PA 331, MCL 211.901 to 211.906. If the delinquent taxes  
6 that are due and payable to the county are not received by the  
7 county for any reason, the county has full right of recourse  
8 against the taxing unit or to the state for the state education tax  
9 under the state education tax act, 1993 PA 331, MCL 211.901 to  
10 211.906, to recover the amount of the delinquent taxes and interest  
11 at the rate of 1% per month or fraction of a month until repaid to  
12 the county by the taxing unit. However, if the county borrows to  
13 provide funds for those payments, the interest rate shall not  
14 exceed the highest interest rate paid on that borrowing. A  
15 resolution or agreement previously executed or adopted to this  
16 effect is validated and confirmed. For delinquent state education  
17 taxes under the state education tax act, 1993 PA 331, MCL 211.901  
18 to 211.906, the county may offset uncollectible delinquent taxes  
19 against collections of the state education tax under the state  
20 education tax act, 1993 PA 331, MCL 211.901 to 211.906, received by  
21 the county and owed to this state under this act. The fund shall be  
22 segregated into separate funds or accounts for each year's  
23 delinquent taxes.

24 (2) If a delinquent tax revolving fund is established, the  
25 county treasurer shall be the agent for the county and **THE**  
26 **TREASURER OF THE LOCAL TAX COLLECTING UNIT SHALL BE THE AGENT FOR**  
27 **THE LOCAL TAX COLLECTING UNIT, AND** without further action by the

1 county board of commissioners **OR THE LEGISLATIVE BODY OF THE LOCAL**  
2 **TAX COLLECTING UNIT**, may enter into contracts with other  
3 municipalities, this state, or private persons, firms, or  
4 corporations in connection with any transaction relating to the  
5 fund or any borrowing made by the county **OR THE LOCAL TAX**  
6 **COLLECTING UNIT** pursuant to section 87c or 87d, including all  
7 services necessary to complete this borrowing.

8 (3) The county treasurer **OR THE TREASURER OF THE LOCAL TAX**  
9 **COLLECTING UNIT** shall pay from the fund any or all delinquent taxes  
10 that are due and payable to the county **OR THE LOCAL TAX COLLECTING**  
11 **UNIT** and any school district, intermediate school district,  
12 community college district, city, township, special assessment  
13 district, this state, or any other political unit for which  
14 delinquent tax payments are due within 20 days after sufficient  
15 funds are deposited within the delinquent tax revolving fund or, if  
16 the county treasurer is treasurer for a county with a population  
17 greater than 1,500,000 persons, within 30 days after sufficient  
18 funds are deposited within the delinquent tax revolving fund. In a  
19 county with a delinquent tax revolving fund where the county does  
20 not borrow pursuant to section 87c or 87d, if the county treasurer  
21 does not make payment of the delinquent taxes to the local units  
22 within 10 days after the completion of county settlement with all  
23 local units under section 55, the county shall pay interest on the  
24 unpaid delinquent taxes from the date of actual county settlement  
25 at the rate of 12% per annum for the number of days involved.

26 (4) Except as provided in subsection (5), the county treasurer  
27 **OR THE TREASURER OF A LOCAL TAX COLLECTING UNIT** shall pay from the

1 fund directly to a school district its share of the fund when a  
2 single school district exists within a political unit.

3 (5) If a local taxing unit has borrowed money in anticipation  
4 of collecting taxes for any school district or other municipality  
5 and the county treasurer **OR THE TREASURER OF A LOCAL TAX COLLECTING**  
6 **UNIT** has been so notified in writing, the county treasurer **OR THE**  
7 **TREASURER OF A LOCAL TAX COLLECTING UNIT** shall pay to the local  
8 taxing unit the shares of the fund for that school district or  
9 municipality. For purposes of this subsection, "local taxing unit"  
10 means a city, village, or township.

11 (6) The interest charges, penalties, and ~~county~~ **ANY** property  
12 tax administration fee rates established under this act shall  
13 remain in effect and shall be payable to the ~~county~~ delinquent  
14 tax revolving fund.

15 (7) Any surplus in the fund may be transferred to the county  
16 general fund **OR THE GENERAL FUND OF THE LOCAL TAX COLLECTING UNIT**  
17 by appropriate action of the county board of commissioners **OR THE**  
18 **GOVERNING BODY OF THE LOCAL TAX COLLECTING UNIT**.

19 (8) A county board of commissioners **OR THE GOVERNING BODY OF**  
20 **THE LOCAL TAX COLLECTING UNIT** may borrow money to create a  
21 delinquent tax revolving fund as provided in section 87c or 87d, or  
22 both.

23 (9) This section shall not supersede section 87 but is an  
24 alternative method for paying delinquent taxes. ~~to local units.~~  
25 However, where this section is used by a county, section 87 shall  
26 not be used.

27 Sec. 87c. (1) A county **OR LOCAL TAX COLLECTING UNIT** that has

1 created a fund pursuant to section 87b by resolution of its board  
2 of commissioners **OR GOVERNING BODY** and without a vote of its  
3 electors may borrow money and issue its revolving fund notes to  
4 establish or continue, in whole or in part, the delinquent tax  
5 revolving fund and to pay the expenses of the borrowing.

6 (2) If a fund is created and a county **OR LOCAL TAX COLLECTING**  
7 **UNIT** determines to borrow pursuant to this section, the county  
8 treasurer **OR THE TREASURER OF THE LOCAL TAX COLLECTING UNIT** shall  
9 be the agent ~~for the county~~ in connection with all transactions  
10 relative to the fund.

11 (3) If provided by separate resolution, ~~of the county board~~  
12 ~~of commissioners~~ for any year in which a county **OR LOCAL TAX**  
13 **COLLECTING UNIT** determines to borrow for the purposes provided in  
14 this section and subject to subsection (15), there shall be payable  
15 from the surplus in the fund an amount equal to 20% of the  
16 following amount to the county treasurer **OR THE TREASURER OF THE**  
17 **LOCAL TAX COLLECTING UNIT** for services as agent ~~for the county~~  
18 and the remainder of the following amount to the ~~county~~  
19 treasurer's office for delinquent tax administration expenses:

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

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

26 (4) The amount payable under subsection (3) to the county  
27 treasurer **OR THE TREASURER OF THE LOCAL TAX COLLECTING UNIT** for

1 services as agent for the county **OR THE LOCAL TAX COLLECTING UNIT**  
2 shall not exceed 20% of the ~~county~~ treasurer's annual salary, and  
3 any excess over this limitation shall be payable to the ~~county~~  
4 treasurer's office for delinquent tax administration expenses. In  
5 addition, the total sum payable under subsection (3) shall not  
6 exceed 5% of the total budget of the treasurer's office for that  
7 year.

8 (5) In the resolution authorizing the borrowing and issuance  
9 of notes, the delinquent taxes from which the borrowing is to be  
10 repaid shall be pledged to the payment of the principal and  
11 interest of the notes, and the proceeds of the collection of the  
12 delinquent taxes pledged and the interest on the proceeds shall be  
13 placed in a segregated fund or account and shall not be used for  
14 any other purpose until the notes are paid in full, including  
15 interest. The segregated fund or account shall be established as a  
16 part of the delinquent tax revolving fund and shall be accounted  
17 for separately on the books of the county treasurer **OR THE**  
18 **TREASURER OF THE LOCAL TAX COLLECTING UNIT.**

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

22 (7) The notes issued pursuant to this section shall comply  
23 with all of the following:

24 (a) Be in an aggregate principal amount not exceeding the  
25 aggregate amount of the delinquent taxes pledged, exclusive of  
26 interest.

27 (b) Bear interest not exceeding 14.5% per annum.

1 (c) Be in those denominations, and mature on the date not  
2 exceeding 6 years after their date of issue, as ~~the board of~~  
3 ~~commissioners by its resolution determines~~ **DETERMINED BY THE**  
4 **AUTHORIZING RESOLUTION.**

5 (d) May be issued at an original issue discount not to exceed  
6 2% of the face value of the note issued.

7 (8) The resolution authorizing issuance of the notes may  
8 provide that all or part of the notes shall be subject to  
9 prepayment and, if subject to prepayment, shall provide the amount  
10 of call premium payable, if any, the number of days' notice of  
11 prepayment that shall be given, and whether the notice shall be  
12 written or published, or both. Otherwise, the notes shall not be  
13 subject to prepayment.

14 (9) The sale and award of notes shall be conducted and made by  
15 the treasurer ~~of the county~~ issuing them at a public or private  
16 sale. If a public sale is held, the notes shall be advertised for  
17 sale once not less than 5 days before sale in a publication printed  
18 in the English language and circulated in this state that carries  
19 as a part of its regular service notices of the sales of municipal  
20 bonds and that has been designated in the resolution as a  
21 publication complying with these qualifications. The notice of sale  
22 shall be in the form designated by the ~~county~~ treasurer. The  
23 notes may be sold subject to the option of the ~~county~~ treasurer,  
24 and the ~~county~~ treasurer may withhold a part of the issue from  
25 delivery if, in his or her opinion, sufficient funds are available  
26 before delivery of the notes to make full delivery unnecessary to  
27 the purposes of the borrowing.

1           (10) The notes are full faith and credit obligations of the  
2 county **OR LOCAL TAX COLLECTING UNIT** issuing them and, subject to  
3 section 87d, if the proceeds of the taxes pledged are not  
4 sufficient to pay the principal and interest of the notes when due,  
5 the county **OR LOCAL TAX COLLECTING UNIT** shall impose a general ad  
6 valorem tax without limitation as to rate or amount on all taxable  
7 property in the county **OR LOCAL TAX COLLECTING UNIT** to pay the  
8 principal and interest and may reimburse itself from delinquent  
9 taxes collected.

10           (11) If the resolution provides and subject to section 87d,  
11 the notes may be designated general obligation tax notes.

12           (12) Notwithstanding any other provisions of this section and  
13 section 87d, all the following apply:

14           (a) Interest on the notes may be payable at any time provided  
15 in the resolution, and may be set, reset, or calculated as provided  
16 in the resolution.

17           (b) Notes issued under this section may have 1 or more of the  
18 following attributes:

19           (i) Made the subject of a put or agreement to repurchase by the  
20 ~~county~~ treasurer.

21           (ii) Secured by a letter of credit issued by a bank under an  
22 agreement entered into by the ~~county~~ treasurer or by any other  
23 collateral that the resolution may authorize.

24           (iii) Callable as set forth in the resolution.

25           (iv) Reissued by the ~~county~~ treasurer once reacquired by the  
26 ~~county~~ treasurer under any put or repurchase agreement.

27           (c) The ~~county~~ treasurer may by order do 1 or more of the

1 following:

2 (i) Authorize the issuance of renewal notes.

3 (ii) Refund or refund in advance notes by the issuance of new  
4 notes, whether the notes to be refunded have or have not matured.

5 (iii) Issue notes partly to refund notes and partly for any  
6 other purposes authorized by this act.

7 (iv) Buy and sell any notes issued under this section.

8 (d) Renewal, refunding, or advance refunding notes shall  
9 comply with all of the following:

10 (i) Shall be sold and the proceeds applied to the purchase  
11 redemption or payment of the notes to be renewed or refunded.

12 (ii) Shall not be subject to the revised municipal finance act,  
13 2001 PA 34, MCL 141.2101 to 141.2821.

14 (iii) May be sold or resold at a public or private sale.

15 (iv) May pledge the delinquent taxes pledged in the issue to be  
16 refunded in advance after the original issue is defeased by the  
17 advance refunding issue.

18 (e) Notes may be issued secured by a second lien on delinquent  
19 taxes, interest, and ~~county~~ property tax administration fees  
20 already the subject of a first lien because of the issuance of a  
21 prior note issue.

22 (f) Any notes issued may be secured in whole or in part under  
23 a trust or escrow agreement, which agreement may also govern the  
24 issuance of renewal notes, refunding notes, and advance refunding  
25 notes. The agreement may authorize the trustee or escrow agent to  
26 make investments of any type authorized in the agreement.

27 (13) The notes issued under this section and interest on the



1 notes shall be payable in lawful money of the United States of  
2 America and shall be exempt from all taxation by this state or a  
3 taxing authority in this state.

4 (14) The notes issued under this section may be made payable  
5 at a bank or trust company, or may be made registrable as to  
6 principal or as to principal and interest under the terms and  
7 conditions specified in the authorizing resolution or by the  
8 ~~county~~ treasurer when awarding the notes.

9 (15) A ~~county~~ treasurer elected or appointed to office after  
10 October 1, 1999 is not eligible for the payment under subsection  
11 (3) for services as agent ~~for the county~~ unless that ~~county~~  
12 treasurer held office on October 1, 1999 and has not vacated that  
13 office after October 1, 1999.

14 (16) Notwithstanding **THE HOME RULE CITY ACT, 1909 PA 279, MCL**  
15 **117.1 TO 117.38, THE CHARTER TOWNSHIP ACT, 1947 PA 359, MCL 42.1 TO**  
16 **42.34, OR 1966 PA 293, MCL 45.501 to 45.521, a CITY, TOWNSHIP, OR**  
17 county operating under a home rule charter shall not be restricted  
18 by the provisions of the home rule charter in connection with the  
19 powers granted ~~to the county~~ to issue notes by sections 87b and  
20 87d and this section. The treasurer of a county **OR LOCAL TAX**  
21 **COLLECTING UNIT** described in this subsection, notwithstanding any  
22 charter provisions to the contrary, shall have all of the powers  
23 granted to ~~county~~ treasurers by sections 87b and 87d and this  
24 section.

25 (17) Notwithstanding the provisions of 1947 PA 261, MCL 45.451  
26 to 45.457, the provisions of this section shall control the  
27 entitlement of the county treasurer to the fee provided for in this

1 section.

2 (18) If the treasurer authorizes on the order authorizing the  
3 notes, any notes issued may be secured in whole or in part under a  
4 trust or escrow agreement. That agreement may authorize the trustee  
5 or escrow agent to make investments of any type authorized in the  
6 agreement.

7 (19) Notes issued under this act are exempt from the revised  
8 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

9 Sec. 87d. (1) Notwithstanding section 87c(10), a county ~~which~~  
10 **OR LOCAL TAX COLLECTING UNIT THAT** determines to borrow pursuant to  
11 section 87c may submit to its voters the question of issuing  
12 revolving fund notes at any general or special election, which  
13 question shall provide for the establishment of the revolving fund  
14 for not to exceed 10 years and shall be in substantially the  
15 following form:

16 "Shall the ~~county~~ \_\_\_\_\_ (**CITY, TOWNSHIP, OR COUNTY**)  
17 of \_\_\_\_\_ establish or continue for \_\_\_\_\_ years a  
18 delinquent tax revolving fund and, in connection with that fund,  
19 borrow an amount not to exceed the delinquent taxes pledged for  
20 repayment of the borrowing or borrowings, as may be made each year,  
21 and issue its general obligation unlimited tax notes, pledging ~~the~~  
22 ~~county's~~ **ITS** full faith and credit for the purpose of providing  
23 money for the delinquent tax revolving fund?"

24 (2) If a majority of the electors voting on the question vote  
25 in favor of the question, the county **OR THE LOCAL TAX COLLECTING**  
26 **UNIT** may proceed to issue the notes as provided for in this act,  
27 which notes may be designated general obligation unlimited tax

1 notes.

2 (3) If a majority of the electors voting on the question vote  
3 against the question, or if the question is not submitted, the  
4 county **OR THE LOCAL TAX COLLECTING UNIT** may also issue the notes  
5 but only in accordance with subsection (6).

6 (4) In addition, this section shall validate a question  
7 submitted to the electors before the effective date of this section  
8 in which the electors were asked to approve the issuance of general  
9 obligation tax notes secured by delinquent taxes, regardless of how  
10 the question may have been phrased. The defeat of the question  
11 shall require that the notes be issued as nonvoted until a future  
12 question is approved by the electors.

13 (5) ~~A county may submit to its electors the~~ **THE** question  
14 authorized by this section **SHALL ONLY BE SUBMITTED** once each  
15 calendar year.

16 (6) If nonvoted notes are issued pursuant to section 87c:

17 (a) The resolution authorizing the borrowing and issuance of  
18 the notes shall establish the pledged delinquent taxes, the  
19 interest thereon, and any amounts received in the future from  
20 taxing units ~~in the county~~ because of the uncollectibility of any  
21 delinquent taxes as funds pledged to note repayment, which amounts  
22 shall be placed in a segregated fund and used for no other purpose  
23 except to repay the notes and the interest thereon. The resolution  
24 shall provide that the expenses of borrowing shall be repaid from  
25 ~~the county~~ **ANY** property tax administration fees on the pledged  
26 delinquent taxes and the balance of ~~the county~~ **ANY** property tax  
27 administration fees may be added to the funds pledged to note

1 repayment, if the resolution provides.

2 (b) The notes shall be designated general obligation limited  
3 tax notes.

4 (c) The resolution may establish a special fund to secure the  
5 notes referred to as a note reserve fund and shall pay into the  
6 note reserve fund any proceeds of sale of the notes to the extent  
7 provided in the resolution authorizing issuance of the notes. All  
8 money in the note reserve fund, except as hereafter provided, shall  
9 be added to the funds pledged to note repayment and shall be used  
10 solely for payment of principal and interest on the notes for which  
11 the fund was established, or the purchase of notes for which the  
12 fund was established. Money in the note reserve fund shall first be  
13 withdrawn for payment of principal and interest on notes before  
14 other ~~county~~ general funds are used to make the payments. All  
15 income or interest earned by, or increment to, the note reserve  
16 fund due to its investment or reinvestment shall be deposited in  
17 the delinquent tax revolving fund, when the notes for which the  
18 fund was established are retired. The resolution shall provide that  
19 when the note reserve fund is sufficient to retire the notes and  
20 accrued interest thereon, it may be so used.

21 (d) A resolution ~~which~~ **THAT** establishes a note reserve fund  
22 may provide for an additional borrowing of an amount not to exceed  
23 the amount of the reserve, and the county **OR THE LOCAL TAX**  
24 **COLLECTING UNIT** shall have the power to borrow that additional  
25 amount.

26 (e) The notes shall be the full faith and credit obligations  
27 of the county **OR THE LOCAL TAX COLLECTING UNIT** issuing them. If the

proceeds of the taxes and interest and, when pledged, ~~county~~ **ANY** property tax administration fees, or note reserve fund are not sufficient to pay the principal and interest, when due, the county **OR THE LOCAL TAX COLLECTING UNIT** shall pay the same from its general funds or any additional tax ~~which~~ **THAT** may be levied within its constitutional and statutory debt limits, and the county **OR THE LOCAL TAX COLLECTING UNIT** may thereafter reimburse itself from delinquent taxes collected. The ~~county's~~ obligation to pay from ~~its~~ **THE COUNTY OR THE LOCAL TAX COLLECTING UNIT** general funds shall be its first budget obligation and shall be provided for in the borrowing resolution in the following language:

"This note issue, in addition, shall be a general obligation of the ~~county~~ \_\_\_\_\_ (**CITY, TOWNSHIP, OR COUNTY**) of \_\_\_\_\_, secured by its full faith and credit, which shall include this ~~county's~~ limited tax obligation, within applicable constitutional and statutory limits, and its general funds. The ~~county~~ budget shall provide that if the pledged delinquent taxes and any other pledged amounts are not collected in sufficient amounts to meet the payments of principal and interest due on these notes, the ~~county~~ \_\_\_\_\_ (**CITY, TOWNSHIP, OR COUNTY**), before paying any other budgeted amounts, will promptly advance from its general funds sufficient money to pay that principal and interest."

(7) If coupon notes are issued, pursuant to section 87c or this section:

(a) Interest shall be payable semiannually or annually.

(b) The coupons shall specify the source from which the notes

1 shall be payable, which may be by reference to the note itself.

2 (c) The coupons shall contain the facsimile signature of the

3 ~~county~~ treasurer.