Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5839 (as passed by the House)
Sponsor: Representative Marty Knollenberg
House Committee: Local, Intergovernmental, and Regional Affairs
Senate Committee: Local Government and Elections

Date Completed: 12-5-12

CONTENT

The bill would amend the General Property Tax Act to eliminate a payment from a county delinquent tax revolving fund to the county treasurer for acting as the county's agent.

The Act allows a county board of commissioners to create a delinquent tax revolving fund. Upon establishment of the fund, all delinquent taxes, except personal property taxes, due and payable to the taxing units in the county are due and payable to the county. The county treasurer must pay from the fund delinquent taxes that are due and payable to the county and any school district, intermediate school district, community college district, city, township, special assessment district, the State, or any other political unit for which delinquent tax payments are due.

The county may borrow money and issue notes to establish or continue the fund and to pay the expenses of the borrowing. If the county opts to borrow, the county treasurer is the agent for the county in connection with all transactions relative to the fund. If provided by separate resolution of the county board of commissioners for any year in which the county opts to borrow, there is payable from the fund surplus to the county treasurer an amount equal to 20% of the following amounts for services as agent for the county:

-- For any delinquent tax on which the interest rate before sale exceeds 1% per month, 1/27 of the monthly interest.
-- For any delinquent tax on which the interest rate before sale is 1% per month or less, 3/64 of the monthly interest.

The remainder of those amounts is payable to the county treasurer's office for delinquent tax administration expenses.

The bill would eliminate the 20% payment to the county treasurer. Instead, all of the calculated amounts would be payable to the treasurer's office.

The Act provides that the 20% payment to the treasurer may not exceed 20% of his or her annual salary. The total sum of the calculated amounts may not exceed 5% of the total budget of the treasurer's office for that year. The bill would eliminate the reference to the 20% payment to the treasurer, but retain the 5% limit on the payment to the treasurer's office.

The bill also would delete several other references to the 20% payment to the treasurer.

MCL 211.87c Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have no impact on State revenue or expenditure and would reduce county expenditures by an unknown and likely minimal amount.

Fiscal Analyst: David Zin

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.