

Legislative Analysis



TAX COLLECTING AGREEMENTS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5160

Sponsor: Rep. Amanda Price

Committee: Local Government

Complete to 2-12-14

A SUMMARY OF HOUSE BILL 5160 AS INTRODUCED 11-14-13

House Bill 5160 would amend Public Act 160 of 1972 (MCL 211.731) to allow county treasurers to collect local taxes on behalf of cities, villages, or townships. A more detailed description of the bill follows.

House Bill 5160 specifies that the officers of a city, township, or village may enter into an agreement with the county treasurer to administer the tax collection functions on behalf of the city, village, or township. Before taking effect, the agreement would have to be approved by the local government's governing body, and by the board of county commissioners.

Under the bill, an agreement would have to provide for all of the following:

- a description of the tax collection functions to be administered by the county treasurer;
- the effective date and term of the agreement;
- the employer of the personnel and staff necessary to do the work;
- a statement to ensure that funds of the city, village, or township would remain funds of the city, village, or township;
- the manner in which any property, facilities, equipment, or data would be made available to the county treasurer;
- a statement describing payment for services, including, but not limited to, retention by the county treasurer of the local property tax administration fees; and
- other legal, financial, and administrative arrangements necessary to facilitate the agreement.

The bill specifies that a county treasurer (and employees) who administered tax collection functions under an agreement would not be deemed to hold a public office of a city, village, or township.

Further, under the bill, before taking effect an agreement would have to be filed with the county clerk and the state treasurer.

Finally, the bill specifies that an agreement would not be required to comply with the provision of the Urban Cooperation Act of 1967.

Definitions. The bill would define "collection functions" to mean the powers, duties, rights, obligations, functions, and responsibilities administered by a city, village, or township as a tax collecting unit relating to a tax after the certification of the tax roll and before the tax is returned as delinquent, including, but not limited to, billing, adjustment, collection, return disbursement, reconciliation, and settlement.

The bill would define "tax" to include a tax collected under the General Property Tax Act, or the State Education Tax Act, a specific tax authorized under the laws of this state and levied on real or personal property, a special assessment authorized under the laws of this state and assessed on real or personal property, and associated penalties, fees, interest, and charges authorized under the laws of this state.

FISCAL IMPACT:

As written, the bill would have no impact on state or local revenues and administrative costs. The bill provides for counties to retain local property tax administration fees, and also allows for additional compensation to be negotiated between the county and the local unit. The bill is permissive.

Legislative Analyst: J. Hunault
Fiscal Analyst: Adam Desrosiers

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