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BILL



ANALYSIS

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Senate Bill 562 (as introduced 10-1-13)  
Sponsor: Senator Tonya Schuitmaker  
Committee: Finance

Date Completed: 10-30-13

### **CONTENT**

**The bill would amend the General Property Tax Act to provide that uncollected delinquent taxes due to a county from a local taxing unit or the State would be a lien against future delinquent tax payments payable to a local unit or the State.**

The Act allows a county board of commissioners to create a delinquent tax revolving fund. When the fund is established, all delinquent taxes, except taxes on personal property, due and payable to the taxing units in the county, except those that collect their own delinquent taxes after March 1, are due and payable to the county. The local taxing units are obligated to pay to the county the amount of taxes and the interest on them, and the State is obligated to pay the State Education Tax to the county. If the county does not receive the delinquent taxes for any reason, it has full right of recourse against the taxing unit or the State, as applicable, to recover the amount of the taxes and interest.

After sufficient funds have been deposited into the delinquent tax revolving fund, the county treasurer is required to pay from the fund any or all delinquent taxes that are due 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, within the time frame specified in the Act.

Under the bill, any amount that was due from a local taxing unit or the State for a prior year's uncollected delinquent tax would be a lien against future delinquent tax payments that could be payable to a local taxing unit or the State. The lien would be satisfied by offsetting the amount due to the county from the local taxing unit or the State when the county made distributions from the delinquent tax revolving fund to the local taxing unit or the State in a subsequent year.

In addition, the Act authorizes the county treasurer, without action by the county board of commissioners, to enter into contracts with other municipalities, this State, or private persons, firms, or corporations in connection with any transaction related to the fund or borrowing made to establish or continue the fund. The bill would allow a county treasurer to enter into these contracts with "states", rather than "this state".

MCL 211.87b

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would change the timing of local unit revenue by an unknown amount. The bill would allow distributions to local units or the State from a delinquent tax revolving fund to

be reduced by the amount of any delinquent amount due from that local unit or the State. The number of times this circumstance would arise is unknown and the magnitude of any timing changes under the bill would depend on the specific characteristics of the affected liabilities.

Fiscal Analyst: David Zin

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