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House Bill 5074 (as passed by the House)
Sponsor: Representative Cindy Denby
House Committee: Local Government
Senate Committee: Finance

Date Completed: 1-28-14

CONTENT

The bill would amend the General Property Tax Act to allow a county to charge interest at the rate of up to 1.0% (rather than a flat 1.0%) per month on delinquent taxes that are owed to the county by a taxing unit.

Under the Act, a county board of commissioners may 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, the county has full right of recourse against the taxing unit or the State, as applicable, to recover the amount of the taxes and interest at the rate of 1.0% per month or fraction of a month until paid. (If the county borrows to provide funds for those payments, however, the interest rate may not exceed the highest interest rate paid on the borrowing.)

The bill would refer to interest at the rate of "up to" 1.0%.

MCL 211.87b

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would reduce county revenue by an unknown and likely minimal amount. Revenue to other local units and the State would increase by the same amount, with most of the State impact affecting School Aid Fund revenue. The actual impact of the bill would depend on both the specific characteristics of any affected property and the interest rate decisions by individual counties.

Fiscal Analyst: David Zin

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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.