

SENATE BILL No. 562

October 1, 2013, Introduced by Senators SCHUITMAKER, ROBERTSON, PROOS and JONES and referred to the Committee on Finance.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 87b (MCL 211.87b), as amended by 2002 PA 198.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 87b. (1) The county board of commissioners of any county
2 may create a delinquent tax revolving fund that, at the option of
3 the county treasurer, may be designated as the "100% tax payment
4 fund". Upon the establishment of the fund, all delinquent taxes,
5 except taxes on personal property, due and payable to the taxing
6 units in the county, except those units that collect their own
7 delinquent taxes after March 1 by charter or otherwise, are due and
8 payable to the county. The primary obligation to pay to the county
9 the amount of taxes and the interest on the taxes shall rest with
10 the local taxing units and the state for the state education tax
11 under the state education tax act, 1993 PA 331, MCL 211.901 to

211.906. If the delinquent taxes that are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit or to the state for the state education tax under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, to recover the amount of the delinquent taxes and interest at the rate of 1% per month or fraction of a month until repaid to the county by the taxing unit. However, if the county borrows to provide funds for those payments, the interest rate shall not exceed the highest interest rate paid on that borrowing. **ANY AMOUNT THAT IS DUE FROM A LOCAL TAXING UNIT OR THE STATE FOR A PRIOR YEAR'S UNCOLLECTED DELINQUENT TAX IS A LIEN AGAINST ANY FUTURE DELINQUENT TAX PAYMENTS THAT MAY BE PAYABLE TO A LOCAL TAXING UNIT OR THE STATE AND THE LIEN SHALL BE SATISFIED BY OFFSETTING THE AMOUNT DUE TO THE COUNTY FROM THE LOCAL TAXING UNIT OR THE STATE WHEN DISTRIBUTIONS FROM THE DELINQUENT TAX REVOLVING FUND ARE MADE BY THE COUNTY TO THE LOCAL TAXING UNIT OR THE STATE IN A SUBSEQUENT YEAR.** A resolution or agreement previously executed or adopted to this effect is validated and confirmed. For delinquent state education taxes under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, the county may offset uncollectible delinquent taxes against collections of the state education tax under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, received by the county and owed to this state under this act. The fund shall be segregated into separate funds or accounts for each year's delinquent taxes.

(2) If a delinquent tax revolving fund is established, the county treasurer shall be the agent for the county and, without

1 further action by the county board of commissioners, may enter into
2 contracts with other municipalities, ~~this state,~~ **STATES**, or private
3 persons, firms, or corporations in connection with any transaction
4 relating to the fund or any borrowing made by the county pursuant
5 to section 87c or 87d, including all services necessary to complete
6 this borrowing.

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

24 (4) Except as provided in subsection (5), the county treasurer
25 shall pay from the fund directly to a school district its share of
26 the fund when a single school district exists within a political
27 unit.

1 (5) If a local taxing unit has borrowed money in anticipation
2 of collecting taxes for any school district or other municipality
3 and the county treasurer has been so notified in writing, the
4 county treasurer shall pay to the local taxing unit the shares of
5 the fund for that school district or municipality. For purposes of
6 this subsection, "local taxing unit" means a city, village, or
7 township.

8 (6) The interest charges, penalties, and county property tax
9 administration fee rates established under this act shall remain in
10 effect and shall be payable to the county delinquent tax revolving
11 fund.

12 (7) Any surplus in the fund may be transferred to the county
13 general fund by appropriate action of the county board of
14 commissioners.

15 (8) A county board of commissioners may borrow money to create
16 a delinquent tax revolving fund as provided in section 87c or 87d,
17 or both.

18 (9) This section shall not supersede section 87 but is an
19 alternative method for paying delinquent taxes to local units.
20 However, where this section is used by a county, section 87 shall
21 not be used.