

Act No. 82
Public Acts of 2016
Approved by the Governor
April 12, 2016
Filed with the Secretary of State
April 12, 2016
EFFECTIVE DATE: April 12, 2016

**STATE OF MICHIGAN
98TH LEGISLATURE
REGULAR SESSION OF 2016**

Introduced by Senator Brandenburg

ENROLLED SENATE BILL No. 582

AN ACT to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts,” by amending sections 87b and 87c (MCL 211.87b and 211.87c), section 87b as amended by 2014 PA 126 and section 87c as amended by 2012 PA 431, and by adding section 87f.

The People of the State of Michigan enact:

Sec. 87b. (1) The county board of commissioners of any county, on behalf of the taxing units in the county and, for purposes of the state education tax under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, this state, may create a delinquent tax revolving fund that, at the option of the county treasurer, may be designated as the “100% tax payment fund”. Upon the establishment of the fund, all delinquent taxes, except taxes on personal property, due and payable to the taxing units in the county, except those units that collect their own delinquent taxes after March 1 by charter or otherwise, are due and payable to the county, on behalf of the taxing units in the county and this state. Money and other property and assets held in the delinquent tax revolving fund shall be kept separate from and shall not be commingled with any other money, property, or assets in the custody of the county treasurer. All money, property, and assets acquired by the county treasurer, whether as revenues or otherwise, shall be held by it in trust for the taxing units in the county for which the taxes are levied. The county shall have no right, title, or interest in the delinquent tax revolving fund except for the right to payment provided for in section 87b(7) or 87c(3). If the county determines to borrow pursuant to section 87c or 87d, that borrowing shall be done on behalf of the county and its taxing units and the primary obligation to pay to the county the amount of taxes and the interest on the taxes shall rest with the local taxing units and this state for the state education tax 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 on behalf of the taxing units in the county and this state for any reason, the county has full right of recourse against the taxing unit or to this 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 or a lower rate as established by resolution of the board of commissioners 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. If the board of commissioners reduces the interest rate on the recovery of uncollected delinquent taxes as provided in this subsection, that decrease shall not apply to any year's delinquent taxes when borrowing against that year's delinquent taxes occurred before the board of commissioners adopted a resolution to reduce the interest rate on the recovery of uncollected delinquent taxes. Any amount that is due from a local taxing unit or this 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 this state and the lien shall be satisfied by offsetting the amount due to the county from the local taxing unit or this state when distributions from the delinquent tax revolving fund are made by the county to the local taxing unit or this 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. A separate delinquent tax revolving fund shall be created for each year's delinquent taxes. This subsection does not restrict a foreclosing governmental unit from selling or transferring property under section 78m or 78r.

(2) If a delinquent tax revolving fund is established, the county treasurer shall be the agent for the county, on behalf of the taxing units in the county and this state, and, without further action by the county board of commissioners, may enter into contracts with other municipalities, this state, or private persons, firms, or corporations in connection with any transaction relating to the fund or any borrowing made by the county pursuant to section 87c or 87d, including all services necessary to complete this borrowing.

(3) The county treasurer shall pay from the fund any or all 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, this state, or any other political unit for which delinquent tax payments are due within 20 days after sufficient funds are deposited within the delinquent tax revolving fund or, if the county treasurer is treasurer for a county with a population greater than 1,500,000 persons, within 30 days after sufficient funds are deposited within the delinquent tax revolving fund. In a county with a delinquent tax revolving fund where the county does not borrow pursuant to section 87c or 87d, if the county treasurer does not make payment of the delinquent taxes to the local units within 10 days after the completion of county settlement with all local units under section 55, the county shall pay interest on the unpaid delinquent taxes from the date of actual county settlement at the rate of 12% per annum for the number of days involved.

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

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

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

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

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

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

(10) Except for subsection (7), this section may be superseded by section 87f, as provided in section 87f(1).

Sec. 87c. (1) A county that has created a fund pursuant to section 87b by resolution of its board of commissioners and without a vote of its electors may borrow money and issue its revolving fund notes to establish or continue, in whole or in part, the delinquent tax revolving fund and to pay the expenses of the borrowing.

(2) If a fund is created and a county determines to borrow pursuant to this section, the county treasurer shall be the agent for the county, on behalf of the taxing units in the county and this state, in connection with all transactions relative to the fund.

(3) If provided by separate resolution of the county board of commissioners for any year in which a county determines to borrow for the purposes provided in this section and subject to subsection (4), there shall be payable to the county treasurer's office from the surplus in the fund after payment of the principal of and interest on the notes and the expenses of the borrowing an amount equal to the following for delinquent tax administration expenses:

(a) For any delinquent tax on which the interest rate before sale exceeds 1% per month, 1/27 of the interest collected per month.

(b) For any delinquent tax on which the interest rate before sale is 1% per month or less, 3/64 of the interest collected each month.

(c) Notwithstanding any other provision of this act or other law to the contrary, a county shall not pay any sums due to a county treasurer for services as agent for that county that have not been paid prior to December 21, 2012.

(4) The total sum payable under subsection (3) shall not exceed 5% of the total budget of the treasurer's office for that year.

(5) If a county determines to borrow pursuant to this section, the delinquent taxes from which the borrowing is to be repaid and, to the extent held in the delinquent tax revolving fund, any money and other property and assets received in connection with those delinquent taxes and revenues derived from the delinquent taxes and money and other property and assets, including any money in a note reserve fund, shall be pledged as security for, and used for the payment of, the principal and interest of the notes until the notes are paid in full, including interest. Money and other property held in the delinquent tax revolving fund shall be kept separate from and shall not be commingled with any other money in the custody of the county treasurer. The segregated fund or account shall be established as a part of the delinquent tax revolving fund and shall be accounted for separately on the books of the county treasurer.

(6) The proceeds of the notes shall be placed in and used as the whole or part of the fund established pursuant to section 87b, after the expenses of borrowing have been deducted.

(7) The notes issued pursuant to this section shall comply with all of the following:

(a) Be in an aggregate principal amount not exceeding the aggregate amount of the delinquent taxes pledged, exclusive of interest.

(b) Bear interest not exceeding 14.5% per annum.

(c) Be in those denominations, and mature on the date not exceeding 6 years after their date of issue, as the board of commissioners by its resolution determines.

(d) May be issued at an original issue discount not to exceed 2% of the face value of the note issued.

(8) The resolution authorizing issuance of the notes may provide that all or part of the notes shall be subject to prepayment and, if subject to prepayment, shall provide the amount of call premium payable, if any, the number of days' notice of prepayment that shall be given, and whether the notice shall be written or published, or both. Otherwise, the notes shall not be subject to prepayment.

(9) The sale and award of notes shall be conducted and made by the treasurer of the county issuing them at a public or private sale. If a public sale is held, the notes shall be advertised for sale once not less than 5 days before sale in a publication printed in the English language and circulated in this state that carries as a part of its regular service notices of the sales of municipal bonds and that has been designated in the resolution as a publication complying with these qualifications. The notice of sale shall be in the form designated by the county treasurer. The notes may be sold subject to the option of the county treasurer and the county treasurer may withhold a part of the issue from delivery if, in his or her opinion, sufficient funds are available before delivery of the notes to make full delivery unnecessary to the purposes of the borrowing.

(10) The notes are full faith and credit obligations of the county issuing them and, subject to section 87d, if the proceeds of the taxes pledged are not sufficient to pay the principal and interest of the notes when due, the county shall impose a general ad valorem tax without limitation as to rate or amount on all taxable property in the county to pay the principal and interest and may reimburse itself from delinquent taxes collected.

(11) If the resolution provides and subject to section 87d, the notes may be designated general obligation tax notes.

(12) Notwithstanding any other provisions of this section and section 87d, all the following apply:

(a) Interest on the notes may be payable at any time provided in the resolution, and may be set, reset, or calculated as provided in the resolution.

(b) Notes issued under this section may have 1 or more of the following attributes:

(i) Made the subject of a put or agreement to repurchase by the county treasurer.

(ii) Secured by a letter of credit issued by a bank under an agreement entered into by the county treasurer or by any other collateral that the resolution may authorize.

(iii) Callable as set forth in the resolution.

(iv) Reissued by the county treasurer once reacquired by the county treasurer under any put or repurchase agreement.

(c) The county treasurer may by order do 1 or more of the following:

(i) Authorize the issuance of renewal notes.

(ii) Refund or refund in advance notes by the issuance of new notes, whether the notes to be refunded have or have not matured.

(iii) Issue notes partly to refund notes and partly for any other purposes authorized by this act.

(iv) Buy and sell any notes issued under this section.

(d) Renewal, refunding, or advance refunding notes shall comply with all of the following:

(i) Shall be sold and the proceeds applied to the purchase redemption or payment of the notes to be renewed or refunded.

(ii) Shall not be subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(iii) May be sold or resold at a public or private sale.

(iv) May pledge the delinquent taxes pledged in the issue to be refunded in advance after the original issue is defeased by the advance refunding issue.

(e) Notes may be issued secured by a second lien on delinquent taxes, interest, and county property tax administration fees already the subject of a first lien because of the issuance of a prior note issue.

(f) Any notes issued may be secured in whole or in part under a trust or escrow agreement, which agreement may also govern the issuance of renewal notes, refunding notes, and advance refunding notes. The agreement may authorize the trustee or escrow agent to make investments of any type authorized in the agreement.

(13) The notes issued under this section and interest on the notes shall be payable in lawful money of the United States of America and shall be exempt from all taxation by this state or a taxing authority in this state.

(14) The notes issued under this section may be made payable at a bank or trust company, or may be made registrable as to principal or as to principal and interest under the terms and conditions specified in the authorizing resolution or by the county treasurer when awarding the notes.

(15) Notwithstanding 1966 PA 293, MCL 45.501 to 45.521, a county operating under a home rule charter shall not be restricted by the provisions of the home rule charter in connection with the powers granted to the county to issue notes by sections 87b and 87d and this section. The treasurer of a county described in this subsection, notwithstanding any charter provisions to the contrary, shall have all of the powers granted to county treasurers by sections 87b and 87d and this section.

(16) If the treasurer authorizes on the order authorizing the notes, any notes issued may be secured in whole or in part under a trust or escrow agreement. That agreement may authorize the trustee or escrow agent to make investments of any type authorized in the agreement.

(17) Notes issued under this act are exempt from the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(18) This section may be superseded by section 87f, as provided in section 87f(1).

Sec. 87f. (1) In any county that has created a delinquent tax revolving fund under section 87b, the county board of commissioners may, by resolution, elect to continue the delinquent tax revolving fund under this section. Except for section 87b(7), this section supersedes sections 87b and 87c as to a delinquent tax revolving fund continued under this section. A resolution passed under this subsection shall authorize the county treasurer to do the following:

(a) Operate the delinquent tax revolving fund for delinquent taxes returned for collection for the period during which delinquent tax revenue notes secured by delinquent taxes pledged from the delinquent tax revolving fund remain outstanding.

(b) In that year, issue the county's delinquent tax revenue notes pursuant to the revenue bond act of 1933, 1933 PA 94, MCL 141.103 to 141.140, in an amount that will not exceed the aggregate amount of the following:

(i) The delinquent taxes pledged to secure each borrowing.

(ii) At the option of the county treasurer and to the extent authorized under subsection (6), a note reserve fund in an amount not to exceed 15% of each borrowing.

(iii) The cost of issuance.

(2) Upon the board of commissioners' passage of the resolution under subsection (1), the delinquent tax revolving fund shall be continued, and the fund may be designated by the county treasurer as the "100% tax payment fund". Thereafter, all delinquent taxes, except taxes on personal property, due and payable to the taxing units in the county, except those units that collect their own delinquent taxes after March 1 by charter or otherwise, are due and payable to the county treasurer, on behalf of the taxing units in the county and this state. Money and other property and assets

held in the delinquent tax revolving fund shall be kept separate from and shall not be commingled with any other money, property, or assets in the custody of the county treasurer. All money, property, and assets acquired by the county treasurer, whether as revenues or otherwise, shall be held by it in trust for the taxing units in the county for which the taxes are levied. The county shall have no right, title, or interest in the delinquent tax revolving fund except for the right to payment provided for in sections 87b(7) and 87c(3), and under section 22a(2) of the revenue bond act of 1933, 1933 PA 94, MCL 141.122a. If the county determines to borrow pursuant to section 87c or 87d, that borrowing shall be done on behalf of the county and its taxing units and the primary obligation to pay to the county treasurer the amount of taxes and the interest on the taxes shall rest with the local taxing units and this state for the state education tax 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 treasurer on behalf of the taxing units in the county and this state are not received by the county treasurer for any reason, the county treasurer has full right of recourse against the taxing unit or to this 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 or a lower rate as established by resolution of the board of commissioners until repaid to the county treasurer by the taxing unit. However, if the county treasurer borrows to provide funds for those payments, the interest rate shall not exceed the highest interest rate paid on that borrowing. If the board of commissioners reduces the interest rate on the recovery of uncollected delinquent taxes as provided in this subsection, that decrease shall not apply to any year's delinquent taxes when borrowing against that year's delinquent taxes occurred before the board of commissioners adopted a resolution to reduce the interest rate on the recovery of uncollected delinquent taxes. Any amount that is due from a local taxing unit or this 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 this state and the lien shall be satisfied by offsetting the amount due to the county from the local taxing unit or this state when distributions from the delinquent tax revolving fund are made by the county treasurer to the local taxing unit or this 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.

(3) The delinquent taxes returned to the county treasurer shall remain the property of the local units of government and the county treasurer shall solely serve as a collection agent for those delinquent taxes, with a county treasurer or other foreclosing governmental unit authorized to perform collection functions under sections 78 to 78s.

(4) All of the taxes, interest, fees, and charges required to be collected by the county treasurer by this act related to delinquent taxes shall remain in full force and effect in the event this section applies.

(5) Subject to the limitations of subsections (1) and (6), the county treasurer shall have the power to borrow money and issue delinquent tax revenue notes as permitted by the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, for the purpose of continuing the delinquent tax revolving fund. Delinquent tax revenue notes issued pursuant to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, shall be secured by a statutory lien on the delinquent taxes from which the borrowing is to be repaid and all other property and assets and any revenues derived from the delinquent taxes and other property and assets that are held in the delinquent tax revolving fund. The lien shall automatically attach without further action or authorization by the county. The lien on the delinquent taxes and all other property and assets that are held in the delinquent tax revolving fund and any revenues derived from those sources shall be valid and binding from the time the notes are executed and delivered. The lien shall automatically attach and be effective, binding, and enforceable against the county, its successors, transferees, and creditors, and all others asserting rights, regardless of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act. In addition, the amounts collected that are subject to the lien shall be held in trust for the owners of the notes authorized by this subsection. Any property eligible to be conveyed and properly conveyed to a land bank fast track authority as tax reverted property, as defined by section 3(q) of the land bank fast track act, 2003 PA 258, MCL 124.753, or to this state or a person, city, village, township, or county pursuant to section 78m or 78r of the general property tax act, 1893 PA 206, MCL 211.78m and 211.78r, shall be released from any lien created under this section.

(6) The resolution adopted pursuant to subsection (1) authorizing the county treasurer to issue delinquent tax revenue notes pursuant to the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, shall be approved by the county board of commissioners and, in a charter or unified county, the chief executive officer of the county in the manner authorized under the charter or by law. The resolution shall also specify the following:

(a) The existence of a note reserve, if any, to meet any possible future deficiencies in the note and interest redemption account created for a note.

(b) The reasonable excess amount of the reserve authorized to be created to secure the delinquent tax revenue notes and the maximum size of the reserve, which shall not exceed 15% of the principal amount of the notes to be issued.

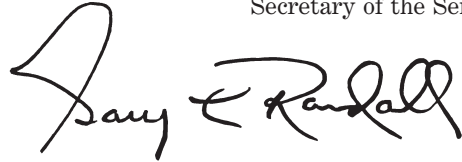
(c) The amount of any excess delinquent taxes, if any, that may be set to fund or provide for a reserve for future deficiencies in amounts available to repay the county's delinquent tax revenue notes.

(d) Any additional security under section 7b(5) or (6) of the revenue bond act of 1933, 1933 PA 94, MCL 141.1076.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

.....
Governor