SUBSTITUTE FOR

SENATE BILL NO. 943

A bill to amend 1893 PA 206, entitled

"The general property tax act,"

by amending section 78a (MCL 211.78a), as amended by 2014 PA 499, and by adding sections 44e and 44f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 44e. (1) A local tax collecting unit that collects a summer 2020 property tax shall defer the collection of summer 2020 property taxes against property for which a deferment is properly claimed by an owner of the property that qualifies under subsection (2). A deferment under this section continues until the last day that summer 2020 property taxes are due and payable before being returned as delinquent to the county treasurer under section 78a. Summer 2020 property taxes deferred under this section are not

subject to penalties or interest for the period of deferment.

(2) An owner of property on which summer 2020 property taxes have been levied qualifies for the deferment described in subsection (1) only if the property owner meets all of the following:

(a) Is a person that experienced economic hardship as a result of 1 or both of the following:

(*i*) The COVID-19 pandemic or the government's response to the pandemic, or both.

(*ii*) The flooding caused by certain dam-structure failures that resulted in the state of emergency declared in Executive Order No. 2020-94 and amended and expanded in Executive Order Nos. 2020-98 and 2020-105. The grounds for qualification under this subparagraph do not apply to property used for utilities sites as described in section 34c(2)(d)(*ii*).

(b) By not later than August 28, 2020, files both of the following, in a form and manner prescribed by the department of treasury, with the treasurer, assessor, or other designated official or employee of the local tax collecting unit in which the property is located:

(*i*) A statement of intent to defer payment of those summer 2020 property taxes.

(*ii*) Subject to sub-subparagraph (D), an affidavit attesting to the economic hardship described in subdivision (a) and its nature and surrounding circumstances. For purposes of this subparagraph, evidence of an economic hardship includes, but is not limited to, a property owner's inability to timely pay summer 2020 property taxes due to 1 or more of the reasons described in sub-subparagraphs (A) to (C), as follows:

(A) A closure of the property owner's business or a restriction of its operation resulting from the COVID-19 pandemic, an executive order issued in response to the COVID-19 pandemic, or the flooding described in subdivision (a)(*ii*).

(B) A property owner's loss of employment or income, including as a result of a job layoff or furlough, a reduction in work hours, or a reduction in compensation, resulting from the COVID-19 pandemic, an executive order issued in response to the COVID-19 pandemic, or the flooding described in subdivision (a)(*ii*).

(C) A significant loss of property resulting from the flooding described in subdivision (a)(*ii*).

(D) Absent a statement in the affidavit attesting to a business closure or restriction, a loss of employment or income, or a significant property loss, as described in sub-subparagraphs (A) to (C), or a similar adverse consequence, a property owner is presumed not to have incurred economic hardship for purposes of this subsection.

(c) Is not a party to an escrow agreement or other agreement obligating another individual or legal entity to pay those summer 2020 property taxes for that property owner.

(d) Has not obtained a deferment of the collection of summer 2020 property taxes against the property on some other basis, including, but not limited to, a basis for deferment under section 51.

(3) A property owner that fraudulently claims eligibility for a deferment of summer 2020 property taxes under subsection (2) is guilty of a misdemeanor punishable by imprisonment in the county jail for not less than 30 days or more than 6 months or by a fine of not less than $500.00 or more than $2,500.00, or both. If the

local tax collecting unit's treasurer, assessor, or other official or employee designated under subsection (2)(b) is satisfied that a property owner is liable under this subsection, he or she shall report the case to the prosecuting attorney of the county in which the property is located.

(4) By not later than July 28, 2020, the department of treasury shall provide the local tax collecting units with the form, including in a format that permits electronic filing, that owners of property must use to file for deferred payment of summer 2020 property taxes under subsection (2)(b). For purposes of the filing under subsection (2)(b), both of the following apply:

(a) The filing is not complete until the property owner's properly completed form is received by the local tax collecting unit, except that, if the local tax collecting unit accepts electronic filings, the filing of a properly completed electronic form is complete upon submission.

(b) The filing must be completed by not later than 11:59 p.m. on August 28, 2020.

(5) As used in this section:

(a) "Local tax collecting unit" includes a village that collects a summer 2020 property tax.

(b) "Person" means an individual, corporation, limited liability company, partnership, association, or any other legal entity.

(c) "Summer 2020 property tax" means any tax or assessment levied in the 2020 calendar year on real property that is collected under this act and that first becomes a lien before December 1, 2020.

Sec. 44f. (1) There is created in the department of treasury a

summer 2020 property tax advance payment program, to be administered by the department, under which each county in this state shall provide eligible taxing authorities that have levied summer 2020 property taxes on property located in the county with advance payment of those summer 2020 property taxes that are due and payable on property for which the collection of those taxes has been deferred under section 44e. All of the following apply to this program:

(a) To be eligible for receipt of an advance payment, a taxing authority must levy a summer 2020 property tax on property located in a local tax collecting unit that submits an application for that payment to the county's treasurer in a form and manner prescribed by the department of treasury by not later than September 11, 2020. The application must be accompanied by copies of all deferment-application statements and affidavits properly submitted to the local tax collecting unit pursuant to section 44e(2)(b) and the associated summer 2020 property tax bills for those applications.

(b) Based on applications properly submitted to the county treasurer under subdivision (a), the county shall do 1 of the following:

(*i*) Arrange for the financing of the payment described in subdivision (d) from any source available to the county, including, but not limited to, a delinquent tax revolving fund established by the county under this act for payment of summer 2020 property taxes returned as delinquent under section 78a.

(*ii*) By not later than September 18, 2020, submit to the department of treasury an application for short-term state financing described in subdivision (c) for the payment described in subdivision (d). The application must be submitted in a form and

manner prescribed by the department of treasury and must include, in addition to any other information the department considers necessary, information sufficient to determine, by parcel identification number, each parcel of property in the county for which advance payment of deferred summer 2020 property taxes is sought, the total amount of the payments sought for each parcel, an itemization of that total amount into individual amounts to be paid to each eligible taxing authority, and the total amount sought for all parcels in the county.

(c) For those counties proceeding under subdivision (b)(*ii*), by not later than November 13, 2020, the department of treasury shall provide short-term state financing for advance payments to be made by each county to eligible taxing authorities that levied summer 2020 property taxes on property in the county, to the extent those payments are supported by documentation required under subdivisions (a) and (b). Funds necessary to support the short-term state financing under this subdivision may be obtained from any appropriate source, including, but not limited to, notes or bonds issued by the Michigan finance authority created by Executive Reorganization Order No. 2010-2, MCL 12.194.

(d) Whether a county proceeds under subdivision (b)(*i*) or (*ii*), the county shall, by not later than December 1, 2020, make advance payments to eligible taxing authorities that levied summer 2020 property taxes on property located in the county for the full amount of those summer 2020 property taxes that were properly deferred under section 44e.

(e) The short-term state financing described in subdivision (c) is an interest-free loan provided to a county that proceeds under subdivision (b)(*ii*). The county shall repay this state the

full amount of the loan from any source available to the county, including, but not limited to, a delinquent tax revolving fund established by the county under this act for payment of summer 2020 property taxes returned as delinquent under section 78a, by not later than the earlier of the following dates:

(*i*) The date that section 87b(3) would have required payment of delinquent summer 2020 property taxes from the county's delinquent tax revolving fund to the various taxing authorities had there been no advance payment of those taxes to those taxing authorities pursuant to the advance payment program under this section.

(*ii*) June 1, 2021.

(2) If a local tax collecting unit subsequently receives payment of summer 2020 property taxes for which an advance payment was provided under subsection (1)(d), the local tax collecting unit shall transmit that payment to the county.

(3) A county's advance payment of deferred summer 2020 property taxes under subsection (1)(d) is not made on behalf of the property's owner and those taxes remain due and payable from the property's owner, and unless those taxes have been paid by or on behalf of the property's owner by not later than the last day that summer 2020 property taxes are due and payable before being returned as delinquent to the county treasurer under section 78a, the local tax collecting unit in which the property is located shall return those taxes as delinquent to the county treasurer under section 78a and the property will be subject to forfeiture, foreclosure, and sale for the enforcement and collection of those delinquent taxes as provided in sections 78 to 79a. Upon the return of those delinquent taxes, the primary obligation to pay to the county the amount of those delinquent taxes and any interest due on

those delinquent taxes rests with the local taxing authorities and this state for the state education tax under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, as provided in section 87b, and if those delinquent taxes are not received by the county on behalf of the local taxing authorities and this state for any reason, the county has full right of recourse against the local taxing authorities or 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 any interest due on those delinquent taxes, as also provided in section 87b.

(4) As used in this section:

(a) "Eligible taxing authority" means any state or local governmental entity that is authorized to levy a summer 2020 property tax collected under this act by a local tax collecting unit that meets both of the following:

(*i*) Has deferred the collection of those summer 2020 property taxes based on deferment-application statements and affidavits properly filed under section 44e(2)(b).

(*ii*) Has properly submitted the application described in subsection (1)(a).

(b) "Summer 2020 property tax" means that term as defined in section 44e.

Sec. 78a. (1) For taxes levied after December 31, 1998, all property returned for delinquent taxes, and upon which taxes, interest, penalties, and fees remain unpaid after the property is returned as delinquent to the county treasurers of this state under this act, is subject to forfeiture, foreclosure, and sale for the enforcement and collection of the delinquent taxes as provided in section 78, this section, and sections 78b to 79a. As used in section 78, this section, and sections 78b to 79a, "taxes" includes interest, penalties, and fees imposed before the taxes become delinquent and unpaid special assessments or other assessments that are due and payable up to and including the date of the foreclosure hearing under section 78k.

(2) On March 1 in each year, taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent for collection. However, if the last day in a year that taxes are due and payable before being returned as delinquent is on a Saturday, Sunday, or legal holiday, the last day taxes are due and payable before being returned as delinquent is on the next business day and taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent on the immediately succeeding business day. Except as otherwise provided in section 79 for certified abandoned property, property delinquent for taxes levied in the second year preceding the forfeiture under section 78g or in a prior year to which this section applies shall be forfeited to the county treasurer for the total of the unpaid taxes, interest, penalties, and fees for those years as provided under section 78g.

(3) ~~A~~ **Except as provided in subsection (6) and section 78g(3)(c), a** county property tax administration fee of 4% and ~~, except as provided in section 78g(3)(c),~~ interest computed at a noncompounded rate of 1% per month or fraction of a month on the taxes that were originally returned as delinquent, computed from the date that the taxes originally became delinquent, shall be added to property returned as delinquent under this section. A county property tax administration fee provided for under this subsection shall not be less than $1.00.

(4) Any person with an unrecorded property interest or any other person who wishes at any time to receive notice of the return of delinquent taxes on a parcel of property may pay an annual fee not to exceed $5.00 by February 1 to the county treasurer and specify the parcel identification number, the address of the property, and the address to which the notice shall be sent. Holders of any undischarged mortgages wishing to receive notice of the return of delinquent taxes on a parcel or parcels of property may provide a list of such parcels in a form prescribed by the county treasurer and pay an annual fee not to exceed $1.00 per parcel to the county treasurer and specify for each parcel the parcel identification number, the address of the property, and the address to which the notice should be sent. The county treasurer shall notify the person or holders of undischarged mortgages if delinquent taxes on the property or properties are returned within that year.

(5) Notwithstanding any charter provision to the contrary, the governing body of a local governmental unit that collects delinquent taxes may establish for any property, by ordinance, procedures for the collection of delinquent taxes and the enforcement of tax liens and the schedule for the forfeiture or foreclosure of delinquent tax liens. The procedures and schedule established by ordinance shall conform at a minimum to those procedures and schedules established under sections 78a to 78*l*, except that those taxes subject to a payment plan approved by the treasurer of the local governmental unit as of July 1, 1999 shall not be considered delinquent if payments are not delinquent under that payment plan.

(6) For unpaid summer 2020 property taxes the collection of

which was deferred under section 44e and that are returned as delinquent under this section, the county property tax administration fee described in subsection (3) must not be added until May 3, 2021, and the 1% monthly interest charge described in subsection (3) does not begin accruing until May 3, 2021. As used in this subsection, "summer 2020 property tax" means that term as defined in section 44e.