

**THE GENERAL PROPERTY TAX ACT (EXCERPT)**  
**Act 206 of 1893**

**211.87f Delinquent tax revolving fund; continuation; resolution; designation; commingled money, property, or assets; right, title, or interest of county; right of recourse; interest rate; lien; validation and confirmation of resolution or agreement; segregated fund or account; county treasurer as agent; powers and duties of county treasurer; approval of resolution adopted pursuant to subsection (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) and all of the powers granted to a county treasurer by sections 87b and 87c, 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 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 141.107b.

**History:** Add. 2016, Act 82, Imd. Eff. Apr. 12, 2016;—Am. 2017, Act 27, Imd. Eff. May 4, 2017.

**Popular name:** Act 206