

Legislative Analysis



TOWNSHIP TAX PAYMENTS: OFFICE HOURS AND INTEREST

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House Bill 4436 as enrolled

Public Act 126 of 2011

Sponsor: Rep. Joel Johnson

House Committee: Local, Intergovernmental, and Regional Affairs

Senate Committee: Local Government and Elections

Second Analysis (9-1-11)

BRIEF SUMMARY: The bill would require that the township treasurer's office remain open to accept summer tax payments, and to clarify the date on which interest begins to accumulate on a delinquent property tax levy.

FISCAL IMPACT: As written, the bill would be expected to have an insignificant fiscal impact on local units of government.

THE APPARENT PROBLEM:

Township treasurers collect taxes within their jurisdictions twice each year. The winter tax collection is due in late December, and the summer tax collection is generally due in late August or early September.

The General Property Tax Act requires that the township treasurer remain in the township office on at least one business day between December 25 and December 31 in order to collect the winter taxes from taxpayers, in person. The day the treasurer is there, the office must remain open between 9 a.m. and 5 p.m. As an alternative, township officials may arrange for a local financial institution to receive taxes on behalf of the township treasurer during the last week of December, and then forward tax payments to the township on the next business day.

In contrast, the General Property Tax Act does *not* require the township treasurer to remain in the township office on at least one business day in order to receive summer tax payments from township residents. And, according to committee testimony, some rural township residents have been unable to make summer tax payments in a timely manner, because the township treasurer's office has been closed.

Legislation has been introduced to require the township treasurer to remain in the office between 9 a.m. and 5 p.m. on the last day that summer taxes are due, before interest would be added as a penalty for late payment of those taxes.

THE CONTENT OF THE BILL:

House Bill 4436 would amend the General Property Tax Act (MCL 211.33 and 211.44a) to require that the township treasurer's office remain open on certain days to accept tax

payments, and to clarify the date on which interest begins to accumulate on a delinquent property tax levy.

More specifically, the law now specifies that the township treasurer remain in the township office from 9 a.m. to 5 p.m. to receive taxes on particular days during the year: at least one business day between December 25 -31 (unless a local financial institution receives taxes on the treasurer's behalf); and, the last day that taxes are due and payable before being returned as delinquent under Section 78a(2) of the act (which concerns foreclosed properties). House Bill 4436 would retain these provisions, and *also require that the township treasurer remain in the office from 9 a.m. to 5 p.m. "for the collection of a summer tax levy, the last day taxes are due and payable before interest is added under Section 44a(5)."*

Further, the law now specifies that interest be added to taxes collected after September 14 at the rate imposed by Section 78(a) on delinquent property tax levies that became a lien in the same year. House Bill 4436 would retain this provision and add: *"However, if September 14 is on a Saturday, Sunday, or legal holiday, the last day taxes are due and payable before interest is added is on the next business day, and interest shall be added to taxes that remain unpaid on the immediately succeeding business day."*

ARGUMENTS:

For:

This legislation will serve taxpayers, by making it easier to make their tax payments. Proponents of the bill argue that the tax collection provisions of the law should be consistent: that is, township treasurers should be onsite to collect both winter and summer taxes the last day they are due. Now under the law, the township treasurer need only be in the treasurer's office on the last day that winter taxes are due. This legislation would extend that requirement to summer taxes, as well.

Against:

Opponents of the bill argue that the state should not mandate the office hours of township treasurers, most especially those who serve in remote, rural townships where township officials sometimes serve part-time. Instead, the office hours of township treasurers should be recommended, but voluntary. And, alternative collection mechanisms--such as drop boxes available for collections at all hours--should be possible options.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.