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House Bill 4150 (Substitute H-2 as passed by the House)  
Sponsor: Representative Bill Rogers  
House Committee: Local, Intergovernmental, and Regional Affairs  
Senate Committee: Local Government and Elections

Date Completed: 6-28-11

### **CONTENT**

**The bill would amend the General Property Tax Act to reduce from 1% to 0.5% the monthly interest rate on delinquent taxes owed to a county by a local taxing unit or the State, until December 31, 2016.**

Under the Act, a county board of commissioners may create a delinquent tax revolving 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 that collect their own delinquent taxes after March 1, are due and payable to the county. The local taxing units are obligated to pay to the county the amount of taxes and the interest on them, and the State is obligated to pay the State Education Tax to the county.

If the county does not receive the delinquent taxes for any reason, the county has full right of recourse against the taxing unit or the State, as applicable, to recover the amount of the taxes and interest at the rate of 1% each month or fraction of a month until paid. If the county borrows to provide funds for those payments, however, the interest rate may not exceed the highest interest rate paid on the borrowing.

The bill would refer to the "current monthly interest rate", rather than 1%. Beginning on the bill's effective date and continuing through December 31, 2016, the current monthly interest rate would be 0.5%. Beginning on January 1, 2017, the current monthly interest rate would return to 1%.

MCL 211.87b

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The bill would reduce revenue to counties by an unknown amount, and increase revenue to the State and other local units by an equal amount, which would depend on the number of properties that become delinquent, the value of any delinquency, and whether the tax bill ultimately remains unpaid. Virtually all of the impact on the State would be expected to increase School Aid Fund revenue.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.