

**SUBSTITUTE FOR
HOUSE BILL NO. 4150**

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 87b (MCL 211.87b), as amended by 2002 PA 198.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 87b. (1) The county board of commissioners of any county
2 may create a delinquent tax revolving fund that, at the option of
3 the county treasurer, may be designated as the "100% tax payment
4 fund". Upon the establishment of the fund, all delinquent taxes,
5 except taxes on personal property, due and payable to the taxing
6 units in the county, except those units that collect their own
7 delinquent taxes after March 1 by charter or otherwise, are due and
8 payable to the county. The primary obligation to pay to the county
9 the amount of taxes and the interest on the taxes shall rest with
10 the local taxing units and the state for the state education tax

1 under the state education tax act, 1993 PA 331, MCL 211.901 to
2 211.906. If the delinquent taxes that are due and payable to the
3 county are not received by the county for any reason, the county
4 has full right of recourse against the taxing unit or to the state
5 for the state education tax under the state education tax act, 1993
6 PA 331, MCL 211.901 to 211.906, to recover the amount of the
7 delinquent taxes and interest at the **CURRENT MONTHLY INTEREST** rate
8 ~~of 1% per~~ **EACH** month or fraction of a month until repaid to the
9 county by the taxing unit. However, if the county borrows to
10 provide funds for those payments, the interest rate shall not
11 exceed the highest interest rate paid on that borrowing. A
12 resolution or agreement previously executed or adopted to this
13 effect is validated and confirmed. For delinquent state education
14 taxes under the state education tax act, 1993 PA 331, MCL 211.901
15 to 211.906, the county may offset uncollectible delinquent taxes
16 against collections of the state education tax under the state
17 education tax act, 1993 PA 331, MCL 211.901 to 211.906, received by
18 the county and owed to this state under this act. The fund shall be
19 segregated into separate funds or accounts for each year's
20 delinquent taxes. **AS USED IN THIS SUBSECTION, "CURRENT MONTHLY**
21 **INTEREST RATE" MEANS THE FOLLOWING:**

22 (A) BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED
23 THIS SUBDIVISION, 1%.

24 (B) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
25 ADDED THIS SUBDIVISION THROUGH DECEMBER 31, 2016, 0.5%.

26 (C) BEGINNING ON JANUARY 1, 2017, 1%.

27 (2) If a delinquent tax revolving fund is established, the

1 county treasurer shall be the agent for the county and, without
2 further action by the county board of commissioners, may enter into
3 contracts with other municipalities, this state, or private
4 persons, firms, or corporations in connection with any transaction
5 relating to the fund or any borrowing made by the county pursuant
6 to section 87c or 87d, including all services necessary to complete
7 this borrowing.

8 (3) The county treasurer shall pay from the fund any or all
9 delinquent taxes that are due and payable to the county and any
10 school district, intermediate school district, community college
11 district, city, township, special assessment district, this state,
12 or any other political unit for which delinquent tax payments are
13 due within 20 days after sufficient funds are deposited within the
14 delinquent tax revolving fund or, if the county treasurer is
15 treasurer for a county with a population greater than 1,500,000
16 persons, within 30 days after sufficient funds are deposited within
17 the delinquent tax revolving fund. In a county with a delinquent
18 tax revolving fund where the county does not borrow pursuant to
19 section 87c or 87d, if the county treasurer does not make payment
20 of the delinquent taxes to the local units within 10 days after the
21 completion of county settlement with all local units under section
22 55, the county shall pay interest on the unpaid delinquent taxes
23 from the date of actual county settlement at the rate of 12% per
24 annum for the number of days involved.

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

1 unit.

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

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

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

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

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