

Legislative Analysis



COUNTY TREASURERS' DELINQUENT PROPERTY TAX COLLECTION COMMISSION & EXPENSES

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House Bill 5839

Sponsor: Rep. Marty Knollenberg

Committee: Local, Intergovernmental, and Regional Affairs

Complete to 9-19-12

A SUMMARY OF HOUSE BILL 5839 AS INTRODUCED 8-15-12

House Bill 5839 would amend the General Property Tax Act (MCL 211.87c) to eliminate provisions in the law allowing certain county treasurers to earn a commission on the collection of delinquent property taxes out of the surplus in the delinquent tax revolving fund.

Under the bill, a percentage of the interest collected on delinquent taxes would be payable to the county treasurer's office for delinquent tax administration, subject to a cap of five percent of the total budget of the treasurer's office for that year.

Specifically, the amounts payable, subject to the cap, are:

- for any delinquent tax on which the interest rate before sale exceeds 1 percent per month, 1/27th of the interest collected per month; and
- for any delinquent tax whose interest rate is 1 percent per month or less, 3/64th of the interest collected each month.

Provisions in current law allow 20 percent of those amounts to be paid to the county treasurer for services as the agent of the county (but only up to 20 percent of the treasurer's annual salary) with the remainder to go to the county treasurer's office. This language would be eliminated. The provision that allows a portion of those amounts to be paid to the treasurer for service as an agent only apply in current law to a county treasurer elected or appointed on or before October 1, 1999, unless that treasurer was in office on that date and had remained in office since. All of these references would also be eliminated.

Under this section of the act, in counties that have created a delinquent tax revolving fund, the county treasurer is the agent for the county for all transactions related to the fund. A separate resolution by the county board of commissioners is required for payments to be made, out of the fund surplus, to the county treasurer as an agent and to the treasurer's office. The bill allows the payment only to the treasurer's office.

FISCAL IMPACT:

A fiscal analysis is in process.

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