

HOUSE BILL No. 5839

August 15, 2012, Introduced by Rep. Knollenberg and referred to the Committee on Local, Intergovernmental, and Regional Affairs.

A bill to amend 1893 PA 206, entitled "The general property tax act," by amending section 87c (MCL 211.87c), as amended by 2002 PA 165.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 87c. (1) A county that has created a fund pursuant to
2 section 87b by resolution of its board of commissioners and without
3 a vote of its electors may borrow money and issue its revolving
4 fund notes to establish or continue, in whole or in part, the
5 delinquent tax revolving fund and to pay the expenses of the
6 borrowing.

7 (2) If a fund is created and a county determines to borrow
8 pursuant to this section, the county treasurer shall be the agent
9 for the county in connection with all transactions relative to the
10 fund.

11 (3) If provided by separate resolution of the county board of

1 commissioners for any year in which a county determines to borrow
2 for the purposes provided in this section and subject to subsection
3 ~~(15), (4)~~, there shall be payable **TO THE COUNTY TREASURER'S OFFICE**
4 from the surplus in the fund an amount equal to ~~20% of the~~
5 ~~following amount to the county treasurer for services as agent for~~
6 ~~the county and the remainder of the following amount to the county~~
7 ~~treasurer's office for delinquent tax administration expenses:~~

8 (a) For any delinquent tax on which the interest rate before
9 sale exceeds 1% per month, 1/27 of the interest collected per
10 month.

11 (b) For any delinquent tax on which the interest rate before
12 sale is 1% per month or less, 3/64 of the interest collected each
13 month.

14 (4) ~~The amount payable under subsection (3) to the county~~
15 ~~treasurer for services as agent for the county shall not exceed 20%~~
16 ~~of the county treasurer's annual salary, and any excess over this~~
17 ~~limitation shall be payable to the county treasurer's office for~~
18 ~~delinquent tax administration expenses. In addition, the total sum~~
19 payable under subsection (3) shall not exceed 5% of the total
20 budget of the treasurer's office for that year.

21 (5) In the resolution authorizing the borrowing and issuance
22 of notes, the delinquent taxes from which the borrowing is to be
23 repaid shall be pledged to the payment of the principal and
24 interest of the notes, and the proceeds of the collection of the
25 delinquent taxes pledged and the interest on the proceeds shall be
26 placed in a segregated fund or account and shall not be used for
27 any other purpose until the notes are paid in full, including

1 interest. The segregated fund or account shall be established as a
2 part of the delinquent tax revolving fund and shall be accounted
3 for separately on the books of the county treasurer.

4 (6) The proceeds of the notes shall be placed in and used as
5 the whole or part of the fund established pursuant to section 87b,
6 after the expenses of borrowing have been deducted.

7 (7) The notes issued pursuant to this section shall comply
8 with all of the following:

9 (a) Be in an aggregate principal amount not exceeding the
10 aggregate amount of the delinquent taxes pledged, exclusive of
11 interest.

12 (b) Bear interest not exceeding 14.5% per annum.

13 (c) Be in those denominations, and mature on the date not
14 exceeding 6 years after their date of issue, as the board of
15 commissioners by its resolution determines.

16 (d) May be issued at an original issue discount not to exceed
17 2% of the face value of the note issued.

18 (8) The resolution authorizing issuance of the notes may
19 provide that all or part of the notes shall be subject to
20 prepayment and, if subject to prepayment, shall provide the amount
21 of call premium payable, if any, the number of days' notice of
22 prepayment that shall be given, and whether the notice shall be
23 written or published, or both. Otherwise, the notes shall not be
24 subject to prepayment.

25 (9) The sale and award of notes shall be conducted and made by
26 the treasurer of the county issuing them at a public or private
27 sale. If a public sale is held, the notes shall be advertised for

1 sale once not less than 5 days before sale in a publication printed
2 in the English language and circulated in this state that carries
3 as a part of its regular service notices of the sales of municipal
4 bonds and that has been designated in the resolution as a
5 publication complying with these qualifications. The notice of sale
6 shall be in the form designated by the county treasurer. The notes
7 may be sold subject to the option of the county treasurer and the
8 county treasurer may withhold a part of the issue from delivery if,
9 in his or her opinion, sufficient funds are available before
10 delivery of the notes to make full delivery unnecessary to the
11 purposes of the borrowing.

12 (10) The notes are full faith and credit obligations of the
13 county issuing them and, subject to section 87d, if the proceeds of
14 the taxes pledged are not sufficient to pay the principal and
15 interest of the notes when due, the county shall impose a general
16 ad valorem tax without limitation as to rate or amount on all
17 taxable property in the county to pay the principal and interest
18 and may reimburse itself from delinquent taxes collected.

19 (11) If the resolution provides and subject to section 87d,
20 the notes may be designated general obligation tax notes.

21 (12) Notwithstanding any other provisions of this section and
22 section 87d, all the following apply:

23 (a) Interest on the notes may be payable at any time provided
24 in the resolution, and may be set, reset, or calculated as provided
25 in the resolution.

26 (b) Notes issued under this section may have 1 or more of the
27 following attributes:

1 (i) Made the subject of a put or agreement to repurchase by the
2 county treasurer.

3 (ii) Secured by a letter of credit issued by a bank under an
4 agreement entered into by the county treasurer or by any other
5 collateral that the resolution may authorize.

6 (iii) Callable as set forth in the resolution.

7 (iv) Reissued by the county treasurer once reacquired by the
8 county treasurer under any put or repurchase agreement.

9 (c) The county treasurer may by order do 1 or more of the
10 following:

11 (i) Authorize the issuance of renewal notes.

12 (ii) Refund or refund in advance notes by the issuance of new
13 notes, whether the notes to be refunded have or have not matured.

14 (iii) Issue notes partly to refund notes and partly for any
15 other purposes authorized by this act.

16 (iv) Buy and sell any notes issued under this section.

17 (d) Renewal, refunding, or advance refunding notes shall
18 comply with all of the following:

19 (i) Shall be sold and the proceeds applied to the purchase
20 redemption or payment of the notes to be renewed or refunded.

21 (ii) Shall not be subject to the revised municipal finance act,
22 2001 PA 34, MCL 141.2101 to 141.2821.

23 (iii) May be sold or resold at a public or private sale.

24 (iv) May pledge the delinquent taxes pledged in the issue to be
25 refunded in advance after the original issue is defeased by the
26 advance refunding issue.

27 (e) Notes may be issued secured by a second lien on delinquent

1 taxes, interest, and county property tax administration fees
2 already the subject of a first lien because of the issuance of a
3 prior note issue.

4 (f) Any notes issued may be secured in whole or in part under
5 a trust or escrow agreement, which agreement may also govern the
6 issuance of renewal notes, refunding notes, and advance refunding
7 notes. The agreement may authorize the trustee or escrow agent to
8 make investments of any type authorized in the agreement.

9 (13) The notes issued under this section and interest on the
10 notes shall be payable in lawful money of the United States of
11 America and shall be exempt from all taxation by this state or a
12 taxing authority in this state.

13 (14) The notes issued under this section may be made payable
14 at a bank or trust company, or may be made registrable as to
15 principal or as to principal and interest under the terms and
16 conditions specified in the authorizing resolution or by the county
17 treasurer when awarding the notes.

18 ~~—— (15) A county treasurer elected or appointed to office after~~
19 ~~October 1, 1999 is not eligible for the payment under subsection~~
20 ~~(3) for services as agent for the county unless that county~~
21 ~~treasurer held office on October 1, 1999 and has not vacated that~~
22 ~~office after October 1, 1999.~~

23 (15) ~~(16)~~ Notwithstanding 1966 PA 293, MCL 45.501 to 45.521, a
24 county operating under a home rule charter shall not be restricted
25 by the provisions of the home rule charter in connection with the
26 powers granted to the county to issue notes by sections 87b and 87d
27 and this section. The treasurer of a county described in this

1 subsection, notwithstanding any charter provisions to the contrary,
2 shall have all of the powers granted to county treasurers by
3 sections 87b and 87d and this section.

4 ~~—— (17) Notwithstanding the provisions of 1947 PA 261, MCL 45.451~~
5 ~~to 45.457, the provisions of this section shall control the~~
6 ~~entitlement of the county treasurer to the fee provided for in this~~
7 ~~section.~~

8 (16) ~~(18)~~—If the treasurer authorizes on the order authorizing
9 the notes, any notes issued may be secured in whole or in part
10 under a trust or escrow agreement. That agreement may authorize the
11 trustee or escrow agent to make investments of any type authorized
12 in the agreement.

13 (17) ~~(19)~~—Notes issued under this act are exempt from the
14 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
15 141.2821.