

THE GENERAL PROPERTY TAX ACT (EXCERPT)
Act 206 of 1893

211.87d Submitting to voters question of issuing revolving fund notes at general or special election; establishment of revolving fund; limitation; form of question; issuance of notes; issuance of general obligation tax notes secured by delinquent taxes; submitting question annually; issuance of nonvoted notes; issuance of coupon notes.

Sec. 87d.

(1) Notwithstanding section 87c(10), a county which determines to borrow pursuant to section 87c may submit to its voters the question of issuing revolving fund notes at any general or special election, which question shall provide for the establishment of the revolving fund for not to exceed 10 years and shall be in substantially the following form:

"Shall the county of _____ establish or continue for _____ years a delinquent tax revolving fund and, in connection with that fund, borrow an amount not to exceed the delinquent taxes pledged for repayment of the borrowing or borrowings, as may be made each year, and issue its general obligation unlimited tax notes, pledging the county's full faith and credit for the purpose of providing money for the delinquent tax revolving fund?"

(2) If a majority of the electors voting on the question vote in favor of the question, the county may proceed to issue the notes as provided for in this act, which notes may be designated general obligation unlimited tax notes.

(3) If a majority of the electors voting on the question vote against the question, or if the question is not submitted, the county may also issue the notes but only in accordance with subsection (6).

(4) In addition, this section shall validate a question submitted to the electors before the effective date of this section in which the electors were asked to approve the issuance of general obligation tax notes secured by delinquent taxes, regardless of how the question may have been phrased. The defeat of the question shall require that the notes be issued as nonvoted until a future question is approved by the electors.

(5) A county may submit to its electors the question authorized by this section once each calendar year.

(6) If nonvoted notes are issued pursuant to section 87c:

(a) The resolution authorizing the borrowing and issuance of the notes shall establish the pledged delinquent taxes, the interest thereon, and any amounts received in the future from taxing units in the county because of the uncollectibility of any delinquent taxes as funds pledged to note repayment, which amounts shall be placed in a segregated fund and used for no other purpose except to repay the notes and the interest thereon. The resolution shall provide that the expenses of borrowing shall be repaid from the county property tax administration fees on the pledged delinquent taxes and the balance of the county property tax administration fees may be added to the funds pledged to note repayment, if the resolution provides.

(b) The notes shall be designated general obligation limited tax notes.

(c) The resolution may establish a special fund to secure the notes referred to as a note reserve fund and shall pay into the note reserve fund any proceeds of sale of the notes to the extent provided in the resolution authorizing issuance of the notes. All money in the note reserve fund, except as hereafter provided, shall be added to the funds pledged to note repayment and shall be used solely for payment of principal and interest on the notes for which the fund was established, or the purchase of notes for which the fund was established. Money in the note reserve fund shall first be withdrawn for payment of principal and interest on notes before other county general funds are used to make the payments. All income or interest earned by, or increment to, the note reserve fund due to its investment or reinvestment shall be deposited in the delinquent tax revolving fund, when the notes for which the fund was established are retired. The resolution shall provide that when the note reserve fund is sufficient to retire the notes and accrued interest thereon, it may be so used.

(d) A resolution which establishes a note reserve fund may provide for an additional borrowing of an amount not to exceed the amount of the reserve, and the county shall have the power to borrow that additional amount.

(e) The notes shall be the full faith and credit obligations of the county issuing them. If the proceeds of the taxes and interest and, when pledged, county property tax administration fees, or note reserve fund are not sufficient to pay the principal and interest, when due, the county shall pay the same from its general funds or any additional tax which may be levied within its constitutional and statutory debt limits, and the county may thereafter reimburse itself from delinquent taxes collected. The county's obligation to pay from its general funds shall be its first budget obligation and shall be provided for in the borrowing resolution in the following language:

"This note issue, in addition, shall be a general obligation of the county of _____, secured by its full faith and credit, which shall include this county's limited tax obligation, within applicable constitutional and statutory limits, and its general funds. The county budget shall provide that if the pledged delinquent taxes and any other pledged amounts are not collected in sufficient amounts to meet the payments of principal and interest due on these notes, the county, before paying any other budgeted amounts, will promptly advance from its general funds

sufficient money to pay that principal and interest."

(7) If coupon notes are issued, pursuant to section 87c or this section:

(a) Interest shall be payable semiannually or annually.

(b) The coupons shall specify the source from which the notes shall be payable, which may be by reference to the note itself.

(c) The coupons shall contain the facsimile signature of the county treasurer.

History: Add. 1978, Act 532, Imd. Eff. Dec. 21, 1978 ;-- Am. 1982, Act 503, Imd. Eff. Dec. 31, 1982

Compiler's Notes: Section 2 of Act 503 of 1982 provides: "The designation, by this amendatory act, of collection fees as property tax administration fees is intended to clarify the legislative intent and cure any misinterpretation surrounding the fact that a "collection fee" is imposed to cover all costs necessary and incident to the collection of property taxes, including the costs of assessing property values and in the review and appeal processes."

Popular Name: Act 206