THE TOWNSHIP TREASURER AS POLICYMAKER

If state laws have made clerks the “generalists” of township government, treasurers are the “specialists.” Treasurers’ duties, in the main, involve the custody of township money. The treasurer, fundamentally, is responsible for collecting all monies owed to the township, making sure the funds are safely deposited and invested, and for disbursing the funds as the board directs.

The legislature has not diluted these duties over the years. In part, this stems from practices of earlier times when banking and financial accounting systems were not very sophisticated. The check and balance method devised in these early times was to have one person – the treasurer – personally responsible for the cash. The treasurer disbursed funds only on the order of the township board. This approach to financial control in township and county government continues to the present. (Some cities and businesses consolidate these functions in the person of a finance director who is responsible for financial management. Control is achieved through the accounting system, periodic audits, and paperwork processes.) In practice, townships use many of these techniques for control even though the official responsibility remains divided between the clerk and treasurer.

From a policy perspective, then, the office of township treasurer is narrower than that of supervisor or clerk. Treasurers, of course, are members of the township board and have opportunity to exercise policy leadership in all matters of board concern. But in terms of making policy on matters relating specifically to the treasurer’s duties, the law constrains township treasurers. Although the range of policy alternatives is narrow, the treasurer does make some important policy choices.

Management of “Idle Cash”

One of the most important decisions the treasurer makes has to do with the management of temporarily unneeded cash; in other words, idle cash. Each treasurer, of course, must deposit all funds in the bank or financial institution the township board designates as the depository. A brief review of the state supreme court decision on the matter of treasurers and depositing public funds reveals the turmoil arising during the early 1930s when funds were not federally insured and banks were defaulting on deposits. It was not a happy time for township treasurers. Now, however, treasurers are not legally responsible once the funds are placed in board-designated depositories. At the same time, though, the treasurer has the duty to advise the township board about the need to tend to the placement of township funds.

In terms of policy decisions, a treasurer can be lackadaisical or aggressive about interest earnings on township deposits. Most banks now have money market accounts that pay a modest interest rate. Such accounts require little management and planning in terms of cash flow. Investing the cash in certificates of deposit or federal treasury bills or similar instruments will generate greater interest returns but will also demand greater attention to projection of cash reserves that can be committed for definite periods.

Some suggest that managing the cash flow and investing township cash aggressively is the treasurer’s main job, especially in the larger townships that have
substantial sums on hand. The attorney general, however, held that township treasurers have no statutory obligation to “invest tax collections or to maximize investment income on such tax collections.” At the same time, residents would be disappointed if treasurers left the township cash reserves lie idle in the township checking account. But they would be even more disappointed if they placed the reserves into high-risk instruments that ended the loss not only of interest but of principal as well. Treasurers, thus, should make policy choices that fall between these two extremes.

**TAX COLLECTION**

The big task of the township treasurer, of course, is collecting and disbursing property tax receipts. State law defines this responsibility in detail, but treasurers have some discretionary authority, both in terms of the general public and working in the office.

The general public is probably in its worst mood when it gets the property tax bill. Townships get a great deal of the blame for high tax bills, even though they are responsible for only a very small portion of the total. The public generally knows that but often forgets.

Treasurers cannot make paying taxes pleasant but they can at least adopt a policy to inform citizens about taxes. Treasurers can consider whether the tax bill itself is understandable and whether a statement about property tax receipts – how they are distributed and how property assessment increases are limited to the lesser of the rate of inflation or 5 percent – might be helpful. How treasurers view their responsibilities in these respects are policy matters that treasurers themselves can decide.

Other policy matters relating to tax collecting concern office hours during tax time, equipment to be used, control procedures in the office, security arrangements, and the frequency of disbursements to schools and other agencies for whom taxes are collected. State law specifies some minimum requirements on these questions, but treasurers have some flexibility within these rules. For example, some townships place bar codes on the tax bill to expedite the collection and reconciliation process. Others have made arrangements for residents to make payments to the township by credit card.

Township treasurers have particular responsibilities to collect delinquent taxes on personal property – responsibilities discussed in detail in Chapter 5. Again, state law demands certain levels of performance, but in many cases, the treasurer’s policy and judgment determine how the requirements will be carried out.

**PROTECTION FOR CLERKS AND TREASURERS**

As elected officials, clerks and treasurer hold a special trust that other board members and citizens sometimes overlook. Sometimes citizens and township board members are inclined to view clerks and treasurers as township employees which, of course, they are not. They are chosen by election for the purpose of carrying out certain state and township responsibilities. The law holds these officers directly responsible for these duties. And short of gross improprieties, others in the
towship hall may not interfere in the performance of their tasks.

The law referred to here has developed in connection with county officials, but an appeals court decision also addresses the matter with respect to townships. The case involved a township board resolution forbidding the township clerk to remove township records from the office for more than 18 hours at a time. The board also sought to direct the township secretary, rather than the clerk, to receive all incoming mail and bills. The clerk sued and ultimately the Michigan Court of Appeals ruled that the board action was improper because it interfered with the clerk's duties.48

County law is not entirely applicable to township clerks and treasurers but some parallels may apply. A 1986 Michigan Supreme Court decision held that the elected county officers were "co-employers" with the board of commissioners.49 This means that county officers are parties to collective bargaining agreements that affect employees in their respective offices. Consistent with this decision, an earlier attorney general opinion ruled that boards of commissioners could not impose a personnel policy on the employees of the county officials. As desirable and reasonable as such a personnel policy may be, the law does not allow the county board to "interfere" in this way. 50

As a result of that decision, county officers have the legal authority to refuse to sign a labor-management agreement if they were not pleased with the way the proposed contract affected the employees in their offices.

In view of these rulings, can the township board set minimum qualifications and establish working conditions for employees in the offices of elected officials? Certainly it can, if the officer concurs, but boards that do so in the face of opposition by the clerk or treasurer may be treading on thin ice. This general rule applies especially to chief deputies – employees who are appointed to act on behalf of clerks and treasurers. A special trust relationship should exist between the elected official and the chief deputy. Thus, clerks and treasurers are free to select, at a minimum, their chief deputies. At the same time, it is important to note that the major difference between county officers and those in townships is that county officers are not members of the policy board and this court decision gave them a direct voice in the contractual arrangements. Township officers, on the other hand, are members of the policy board and therefore have a voice in the contract. Hence, the precedents for county officers may not be applicable to township officers.

Similarly, in the matter of budget appropriations, the township board must exercise some care. In a Wayne County case, a circuit judge ruled that the county board could not make an across-the-board funding cut of 15 percent for all county departments. The board appealed and the appeals court, while affirming the county board's budgetary authority, ruled that the elected officers were mandated to provide certain services and the board of county commissioners was obligated to appropriate funds sufficient to carry out those duties.51

The judge did not say boards must give whatever elected officials ask for. But cuts cannot be so severe as to render the office unable to perform the constitutionally and statutorily mandated functions. Because township officers have constitutional
and statutory duties, the principles of this decision may apply to township boards as well.

We do not state these principles to encourage clerks and treasurers to flaunt their special status. Fundamentally, they need to work at cooperating rather than at being independent. As members of the board that makes those decisions, clerks and treasurers are well advised to try to shape board policies during the debate and thereafter to live as best they can with the results. Our purpose is to address other board members who may inadvertently interfere with the statutory duties of these township officials. A clerk or treasurer may be fair game in the political arena, but not to the point these officials cannot carry out their statutory responsibilities.

THE ROLE OF DEPUTIES

Clerks and treasurers must each name a person to work a deputy with the authority to act for them in all respects except for their membership on the township board. At one time, the attorney general held that deputies also were permitted to vote in the clerk’s or treasurer’s absence. But in 1982 the legislature clarified this point – deputies may not vote on issues before the board.

These deputies must file an oath of office and a fidelity bond. In many townships, of course, these deputies function as employees of the township with a special designation and are paid on a salary basis. They are not required to have a full-time, salaried employment arrangement with the township, however. The legislature’s concern was to have a person authorized to take the place of the clerk or treasurer in the event of absence, illness, disability, or death of the clerk or treasurer. Hence, the law permits the township board to make the decision as to how the deputy is to be compensated. For deputies who are salaried and full time, it is probably appropriate to continue the person’s salary at its regular rate. On the other hand, if the deputy is “standing in” for an extended period, it may be appropriate to provide a temporary increase.

In the past, supervisors did not have deputies, at least officially. Now the statute permits them to appoint a deputy if they wish, but one is not required as is the case with clerks and treasurers. The statute states that the supervisor’s deputy serves at the pleasure of the supervisor and is paid on a salary or other basis as the township board determines. The act also states that the deputy possesses the powers and must perform the duties of the supervisor, and, of course, does not have a vote on the board. May the supervisor’s deputy chair the annual meetings of the township? The answer is no because another statute directs the clerk to serve in that capacity until members in attendance choose a moderator. What about regular meetings of the board? This issue is resolved by a statute designating the clerk to preside until the members present select a person to chair the meeting. Because it is not likely that the supervisor will be absent very often, it may be wise to incorporate such a provision in the board’s bylaws. The bylaws could also provide for the designation of a chair pro tempore at the organizational meeting each year. A member, then, would be elected by the members to serve as temporary chair whenever the supervisor is absent. In the event both members are absent, the board could then revert to the specifics of the statute. However, these are matters that the board arranges for in its bylaws.
In the end, the board must make its decision. If the loser in a recount still believes that the board did not apply the law and rules properly, he or she may take the matter to court. If there is evidence of tampering and possible fraud, the board of canvassers may provide a written report to the county prosecutor who may wish to follow up and investigate further.

Township clerks, of course, have no influence on the closeness of an election – the circumstance that usually leads to a recount. What a clerk can do is build a reputation for being an efficient and effective election administrator, one whose workers are well-trained and dedicated to thoroughness. The clerk, by leaving few if any points of challenge for those seeking a recount, may thus discourage narrow losers from petitioning a recount.

TOWNSHIP TREASURERS AS ADMINISTRATORS

Our forebears of a century and more ago were concerned, as we are today, that our public officials handle public money with the highest degree of integrity. For this reason, at least in part, township government was created with the office of treasurer to be filled by a person who was elected directly by the people. Moreover, the duties of the office were strictly limited to taking care of the township treasury. The treasurer, these early government designers said, should make certain that all taxes due are collected, be able to demonstrate to whom the money received was paid, and indicate the location of the unspent funds.

We hold much of the same standard today, and for that reason, the treasurer’s office, unlike that of clerk, has been given few other statutory duties. The concern over the years has been that the duties of the treasurer not be compromised in any way that would give rise to suspicion. The duties of township treasurer, therefore, are narrow in scope. We discuss them under two main headings: collecting taxes and other revenues, and enforcing payment of personal property taxes.

MANAGING THE PROPERTY TAX

Before the property tax collection process can begin, the township treasurer must provide insurance – a bond – to the taxing units for which the treasurer will be collecting taxes. In some instances, the township treasurer may already be covered adequately through the regular township treasurer’s bond. If the township supervisor and county treasurer agree that the bond is adequate, the county clerk must deliver a signed letter to that effect. Another statute states that the township board must approve the amount of the treasurer’s bond. At that point the supervisor may deliver the tax roll to the township treasurer. If the regular bond is not sufficient, the township treasurer must provide a surety bond running to the county treasurer for not less than 40 percent of the taxes to be collected in the township. The county treasurer is responsible for paying the cost of the supplemental bond, but she or he may charge the school districts for their respective shares of the cost of the bond. After getting official acknowledgment from the county treasurer with respect to receiving the bond, the township treasurer gives the bond receipt to the supervisor and then takes custody of the tax roll.
On receipt of the letter, the supervisor can give the tax roll to the township treasurer. The tax roll is an order to collect the taxes as shown on the document. It is a list of property owners, the state equalized valuations, and the amount of the taxes and other obligations to be collected for the township, school district, community college, park or airport authority, and any other units that have levied a millage.

This is the beginning of “crunch time” for township treasurers as they begin preparing and mailing tax bills. Fortunately, the laborious task of writing or typing bills with complicated property descriptions is now history for local treasurers. They have two principal alternatives now. Many township treasurers now have the property tax database on their own computers and therefore are able to print the tax bills for their own jurisdictions electronically. A second option is to continue having the county equalization offices provide this service (at a charge) from their countywide electronic property tax files. (County equalization offices began this service before personal computers had the capacity to carry on this process. Some townships continue with this service; others now handle their own.) Whatever the method used, treasurers must be alert to errors because they are responsible for accounting for all taxes to be levied. The taxes collected, together with those uncollected – called delinquent after a specific time – must reconcile with the total amount levied.

**Collecting Summer Taxes.** The process for collecting nonschool taxes – township, county, and special districts – traditionally begins in December and continues on through the middle of February. School districts and counties, however, may send tax bills for half or all of their annual property tax during the summer months. This practice began with city school districts that decided to piggy-back on cities that were collecting city taxes at that time of the year. In 1982 the legislature changed the law to permit all school districts to collect taxes from July 1 to September 14. Then, in 1993, the legislature changed the law again to let counties collect their tax levies in the summer months. Such taxes paid after September 14 are considered delinquent and subject to a late fee.

Township treasurers are not obligated to act as the agent for collecting the summer school taxes. The statute directs the school board to negotiate a contract with the township board to compensate the township for “reasonable” additional expenses incurred in collecting summer taxes. The two units have 30 days from the date the school notifies the township that it wishes to collect summer taxes. If the parties are unable to reach agreement, the school board has until April 1 to develop an agreement with the county treasurer. A contract with a school district may cover a maximum of two years. After a school board and the county reach agreement on the county’s collection service, school boards must notify the township board of the arrangement. Townships then have 15 days to accept or reject the county deal. After making these efforts, the school district may act on its own behalf to collect the summer school taxes. In general, the school district must follow the same procedures in collecting taxes as apply to township treasurers.

Township-school board contracts for collecting summer school taxes usually contain a per parcel charge. Reaching agreement on the terms has not always been easy, but the charge to the school districts should reflect the time of the treasurer’s office as well as other related costs of supplies, materials, and contracted services such as printing and mailing the tax bills.
The statutes regarding the retention of the administrative fee seem to be in conflict. One statute states that the assessing unit; i.e., the township, is to receive at least 80 percent of the fees.\textsuperscript{105} A second statute states that if the school or county collects the summer school tax, it may retain the administrative fee on those receipts even if the township (or city) does not waive the fee.\textsuperscript{106} We are not aware of any judicial or attorney general opinions on this apparent contradiction in the law. However, it is worth noting that the act states that “A property tax administration fee is ... a fee to offset costs incurred by a collecting unit in assessing property values, collecting the property tax levies, and in the review and appeal processes.”\textsuperscript{107}

Summer school taxes, if unpaid by March 1, are returned to the county treasurer as delinquent.

**Deferred Summer Taxes.** The tax statute permits certain taxpayers to defer their summer taxes until February 15. Qualifying persons are those who are “totally and permanently disabled,” blind, paraplegic, quadriplegic, senior citizens, and certain veterans and widows. In addition, the annual income of qualifying persons must be under $25,000.\textsuperscript{108} Summer school taxes on agricultural real property also may be deferred if the operation is conducted as a full-time business. This is determined by comparing the gross receipts from the agricultural or horticultural operation in the previous year or the average of the last three years with the household income of the owner. Household income in the previous year must be less than the operation’s gross receipts. Taxpayers wishing to defer the tax must notify the local treasurer in writing. Deferring payment of the summer tax eliminates the late fee and interest charge for the taxpayer.

**Collecting Property Taxes**

In the usual course of events, treasurers mail the tax bills on July 1 or December 1 to the address provided on the tax roll. But many of the tax bills must be sent to mortgage companies and banks that have been collecting funds in escrow accounts. Normally these bills are sorted into bundles and sent to the respective mortgage companies that make payment to the treasurer in one or more lump sums.

Township treasurers, especially in residential areas, receive a large part of the taxes from financial institutions, but many people pay in person at the treasurer’s office. These personal payments are, perhaps, the most costly method in terms of staff time and emotional strain. Some taxpayers seize this opportunity to blame the treasurer for high property taxes. (Treasurers, of course, have very little to do with the amount of the total tax bill – only as township board members do they vote on any of the tax levies.\textsuperscript{109} Moreover, in most areas of the state, only a very small portion of the total tax is even used for township purposes.)

**Using Banks for Collection.** Some township treasurers have banks serve as tax collection points. Bank tellers compare the payment with the tax bill, accept the payment, and deposit the receipts to the township account. At the agreed time, the bank notifies the treasurer of the amount collected and delivers (or the treasurer picks up) the paid tax bills. Banks usually provide this service at a nominal charge to the township.
CHAPTER 3

The advantages of bank collections are obvious – the treasurer needs less help during the tax collection period, taxpayers can pay their taxes at places convenient to them, and the township has less exposure to losses. Treasurers, however, should not have many banks collect taxes, perhaps two or three at the most, because coordinating bank collections when many banks are involved can be confusing. If you, as treasurer, establish this kind of service at area banks, make sure that details of the arrangements are in writing.

Collecting by Mail. Another work- and energy-saving method of collecting taxes is by mail. To encourage payment by mail, treasurers can employ several techniques: notices on the tax statement, preaddressed envelopes, and promises to send a receipt by return mail. Some treasurers routinely send a receipt by return mail, while others require the taxpayer to enclose two copies of the statement with the payment and even a preaddressed stamped envelope if a receipt is to be provided.

As elected officers, township treasurers are not likely to be too rigid on conditions for returning receipts, but two things are worth keeping in mind. First, the costs of postage, addressing the envelope, and the envelope itself may run 50 cents or more each. Second, an unreceipted tax bill, together with a cancelled check, will suffice in most circumstances for proof of payment. We should also keep in mind though, that may banks do not routinely returned cancelled checks.

If your township has a fairly high volume of taxes paid by mail, a couple of inexpensive techniques can ease the sorting. One is to rent a post office box to which taxpayers are instructed to mail their payments. Or if a postal box is not convenient, you might try sending a distinctively colored envelope with the tax bill. When the taxpayers mail in their payments, those envelopes can then be sorted easily from the other mail.

Payments received by mail should be opened and verified daily; once the totals of mail receipts are reconciled, the funds can be deposited. Posting to the tax roll and any other record can be done later.

Credit Card and Electronic Collections. Although most of us now use credit and debit cards to make our payments, some townships and other taxing units use these devices to only a limited extent. Why? The big hurdle, of course, is the fee banks charge businesses and companies to process the payments. The typical 2 or 3 percent fee is more than taxing units are willing to pay for the service. However, one or more national companies now accept credit card payment and have the cardholder bear the processing charge rather than the township. Most would ask why anyone would want to pay with a credit card and pay the processing fee as well. To the best of the author’s knowledge, it has to do with incentives that credit card companies offer (free airline tickets, discounts, etc.) or, perhaps, the option of extending payment of the property tax over time.

Other electronic means of paying the tax bill are on the horizon if not already in use. One such means may be paying the property tax and other bills via the Internet. A second is the use of electronic transfers to taxpayer checking accounts. Some taxpayers may shrink at the possibility of letting “government” have access to their personal checking account. Yet, more and more financial transactions are being
processed just like that. Paychecks (or at least the amount of the paycheck) are
deposited to checking accounts, and payments such as utility and car and house
payments are processed in that manner.

The Tax Administration Fee
Early in our history, most township treasurers were part-time officials serving with-
out salary. They got their compensation from a collection fee of 1 percent added to
each property tax bill. Now the collection fee is called a property tax administra-
tion fee (PTAF) and is intended to compensate assessing units, i.e., townships and
cities, for administering – including collecting – the property tax on behalf of them-
seves and other units. The revenues from this source typically become part of the
general fund revenues. The law permits the township boards by majority vote to
waive all or a part of the fee. The tax administration fee, if collected, must be
distributed to the assessing unit, or township, as described earlier. (See our discus-
sion of summer tax collections regarding a possible conflict in the statutes regard-
ing the allocation of the PTAF.)

One further note on fees. If the treasurer was not able to mail the tax notices before
December 31, the additional 3 percent collection may not be assessed to payments
made between February 14 and March 1.

Distribution and Reconciliation of Receipts
During the course of the property tax collection period, treasurers must distribute
the tax collections to the taxing units. For some years, state policy was that treasur-
ers had to make the first distribution when they had received 25 percent of the levy,
and in no case later than January 10. School administrators were not happy with
this policy because the delays in distribution often meant that they had to borrow in
order to meet their obligations. Some local treasurers were suspected of delaying
distribution so their townships and cities, rather than the taxing unit, could benefit
from interest earned on the deposits. This was not an unfounded suspicion. How-
ever, the court has removed the incentive for delaying distribution of tax receipts,
ruling that any interest earned as a result of delayed payments must be paid to the
taxing unit whose payment was delayed. Thus, even if the treasurer earns interest
on delayed tax receipts, it must be passed along unless the two units have agreed to
different arrangements.

The legislature changed the policy for larger townships, those with an SEV of $15
million or more. Treasurers in these townships must now deliver county and state
tax collections to the county treasurer within 10 business days following the 1st
and 15th day of each month. Within the first 10 business days in March, the treas-
urer must account for 90 percent of the funds on hand the last day of February. The
law permits a township to make an agreement with the county school districts for
other tax payment arrangements. The small SEV townships are unaffected by this
policy and must make a disbursement by January 10, or immediately if they have
25 percent of the township levy on hand. Final distributions and accounting must
be made by April 1.

Township treasurers are directed to make distributions directly to their school dis-
tricts and transportation authorities as well as to the intermediate school and com-
munity college districts if they request direct payment. The rest of the funds are
distributed through the county treasurer.
CHAPTER 3

Treasurers should make disbursements to the other taxing units only after the receipts have been accounted for to that point. This is a simple enough principle, but the reconciliation process can be complex with a high potential for error. Accounting for the receipts should be done at the end of each day by reconciling the receipts with the bills paid that day. If this daily task is done accurately, treasurers need not worry a great deal about distributing the funds.

Listing Method. One approach to the reconciliation problem is to record each paid tax bill on a large columnar pad. At the left column, the taxpayer and parcel number are entered. The various tax accounts are written at the top of each column, and below each of these, the amount from each tax bill. The last column should include the total of the respective tax bill. When each column is totaled and each line totaled at the end, and the figure at the lower right-hand corner checks down and across, chances are good that you have done everything correctly. If not, you must find the error(s) and make the corrections. When it is time to make a distribution, all you need to do is add the corresponding figures from each column and prepare the checks. This procedure is laborious and suitable only for townships with a small number of parcels.

The principles of this approach, of course, can be applied more easily with a computer. If the payments can be posted daily and reports sought by sorting according to the desired dates, the information needed can be obtained readily.

Formula Method. A second approach uses a formula to determine the percentage of taxes collected that each of the units is to receive. For example, suppose the total levy is 50 mills and School District A’s levy is 30 mills. Dividing 30 by 50 results in a figure of 60 percent – School District A’s share of the tax collections. When it is time to distribute the taxes collected, the treasurer only has to multiply the number of tax dollars collected by .60 to make the payment. If your township is collecting for only one school district, this procedure will work quite well, especially if you carry the decimal to five or six places.

If you are collecting for several school districts, however, you may want to use a variation of this approach. First, determine the percentage that the combined school levy is of the total levy. You can do this by adding the dollar amounts of the school levies and dividing the result by the total levy of the tax roll. You can also get an approximation by using the average (mean) of the mills the schools are levying and dividing that number by the total mills levied in the township. (Use the mean school levy as you sum the total mills.) Then determine what proportion each of the school districts is to receive by dividing the levy for each of the schools by the mean of the school levy. (You can use either the dollar amounts or millage rates as you did in the first instance.) Finally, multiply the result of the last calculation by the amount of taxes collected for the period.

Treasurers should withhold a certain amount, say 10 percent of each payment, to avoid the possibility of an overpayment. This is necessary because the taxes actually paid may not at any one time represent precisely the way the tax levy is distributed around the township.
**Computer Method.** A third approach is available to treasurers who have a computer available. While many township tax bills are computer printed, not all township treasurers use the computer to assist in the collection process. The basic problem is that, except for printing the tax bills, some programmers have not devised the computer program to assist in collections.

One technique in collecting taxes involves placing a bar code, similar to those on grocery items, on the tax bill. When the tax bill is paid, the property tax bar code is read electronically. The machine issues a receipt and, most importantly, distributes the amounts paid for the various units. This is a real time saver in terms of reconciling total collections and distributing them to school districts and other units. A similar approach could be used by loading the tax bill data into a computer program. When the owner or bank makes the payment, the payment data could be entered in the computer to update the file. When you want a report of one sort or another, the computer can generate it for you. By using a date “fence” or screen and the computer will calculate the distribution to be made to the various taxing units.

Some of this sounds complicated and beneficial only to large units. Small units can benefit as well, and at the end of each day the sum of the paid accounts should equal the total amount of the actual receipts. When you find that they balance, you can put the money in the night deposit bag and carry it off to the bank. And you may even find yourself home in time for dinner!

The big payoff in efficiency comes in preparing the distribution of the collections to the various taxing units. The deck of paid accounts can be brought to the computer center after the 1st and 15th of the month for processing. The computer can produce the amounts that each of the taxing units is to receive.

Another payoff will surface when it is time for final settlement and the treasurer has to deliver a delinquent tax roll. The accounts remaining in the “unpaid” file are the unpaid. A printout of the data should provide the county treasurer with all the necessary data. Moreover, as the treasurer prepares the warrant for the delinquent personal property taxes, the computer can sort on the same data file and produce the list or individual statements needed.

As they say in the television ads, “Think about it.” The result can be a system that removes a great deal of the drudgery from the collection process and provides controls that treasurers need.

**Partial Payments**
Treasurers must accept partial payments when certain conditions arise. One is when people just do not have enough money to pay the whole bill. In that case, they may either pay one or more tax, e.g., the township tax or the school tax, in its entirety, or a portion of the total tax bill, including special assessments. In the latter case, treasurers should be guided by their board’s resolution but in the absence of a resolution, treasurers may use their own judgment. If a taxpayer makes a partial payment, the treasurer must mark on the face of the bill the amount of the outstanding balance. The partial payment does not waive interest charges on the unpaid balances if the tax bill remains unpaid past the due date.
Another situation may concern a person who wants to pay the tax on a portion of a parcel that was divided after assessment day. The tax for one part is included in the bill for the total parcel prior to the split. From the treasurer’s perspective the payment may look like a partial payment. What is the proper procedure? Have the taxpayer get the breakout from the assessor who determines what the proper amount of payment for the subparcel will be. The assessor, not the treasurer, has the duty to decide the value of the several subparts.

Now the question is, how can these kinds of payments be received if the treasurer’s office is using the payment card method? In these instances, the treasurer enters the parcel number on a form, the name and address of the payer, as well as an explanation of the transaction involved – which taxes were paid, from what property was the parcel split, and so on. This form can then be sent to the computer center for production of new cards – one card recording the data on what was paid and the other card on what remains unpaid. Treasurers should make certain that this partial payment form is in duplicate so that they can keep one in the office until they are sure that the new cards have been printed.

Another provision in the statute permits a tenant to pay the property taxes on the rented property and deduct the amount from the rent. This gives a renter a way to protect the rights to use of the property if the landlord fails to pay the taxes. It is not the treasurer’s duty to oversee the rental agreement, but it might be good to warn the renter to read the rental agreement to make sure that it does not forbid such payments. Similar provisions apply to payment of taxes for surface and mineral rights, although these must be assessed separately.

Excess of Roll
Excess of roll is a term given to receipts that exceed the amount ordered for collection in the tax warrant. The main reason for the excess of roll is the rounding up of millage fractions as individual bills are calculated. Later, when distribution amounts were calculated, the original millage levy was used. With adoption of an amendment in 1999, property tax administrators are directed to round down to avoid fractions. The 1.00 percent tax administration fee and the 3 percent charge for bills not paid on or before February 14 also result in collections greater than the roll, although some treasurers do not classify this as excess of roll.

Other Collection Concerns
We noted that townships may impose a 1 percent administration fee on the property tax. This is not discretionary with township treasurers, though. They must comply with the policy of the township board. The board may also waive the 3 percent fee that may be added to tax bills paid after February 14 and before March 1. The 3 percent rate is applied to the total of the unpaid amount including the 1 percent fee. The township board may also waive the added fee for persons (senior citizens, veterans, paraplegics, service personnel, etc.) who qualify for property tax credits or housing assistance under MCLA 206.507. To get the waiver, however, a person must present a copy of the form filed to receive the property tax credits from the state before the penalty is applied.

Township treasurers usually do not accept property (real) tax payments after the last day of February. If a treasurer does accept a late payment, he or she must keep it separate as though it were paid to the county treasurer. The treasurer must also
charge a 4 percent late penalty and interest at the rate of 1 percent per month. The mandatory 4 percent late penalty combines the 1 percent administration fee and the discretionary 3 percent charge that may be added to tax bills between February 14 and March 1.

Following the collection period, township treasurers must provide a reconciliation of the billings, collections, distributions, and unpaid or delinquent billings by April 1. Historically, treasurers referred to this as settlement day when township and city treasurers met with the county treasurer to make a full accounting of the transactions. While treasurers no longer necessarily meet for this purpose, the effect is the same; the transactions must be fully accounted.

County treasurers, among other things, are concerned with the unpaid or delinquent taxes because the law assigns them responsibility for collecting the taxes or seizing the properties should the taxes remain unpaid. (We discuss this process in Chapter 5.) For those taxes that the county treasurer does collect, he or she must return the administrative fee to the treasurer who filed the delinquent tax.\textsuperscript{120} If the taxes remain unpaid longer than one year from the time the tax was returned delinquent, the county imposes an additional $10 county administrative fee. The county treasurer keeps half of this fee; the other half goes to the state to pay for publishing the lists.\textsuperscript{121}

**Collecting Personal Property Taxes**

Most township residents are not concerned with taxes on personal property because household personal property is exempt for most homeowners. That is not the case for township treasurers, however, because they have special responsibilities for collecting personal property taxes.

The personal property tax process is very similar to the real property tax procedures. Assessors inventory and assess personal properties and include them in the annual tax roll. The difference comes about in the collection process. Two of the differences between personal property taxes and real property taxes are as follows. First, some personal property, such as construction equipment, is moveable while real property or land is not. Second, township treasurers are not responsible for collecting delinquent real property taxes as they are for personal property taxes.

The statute states that all property taxes must be collected by March 1 each year. This includes personal property taxes.\textsuperscript{122} The law directs township treasurers to send statements to all owners of personal property whose taxes remain unpaid on February 15 on threat of seizure if the taxes are not paid.\textsuperscript{123} After March 1 the township treasurer notifies the county clerk of the unpaid property taxes including the personal property taxes. The county treasurer then notifies the township clerk of the unpaid personal property taxes and directs the township treasurer to collect them. At that point the law authorizes the township treasurer to seize the personal property and sell it for the unpaid taxes or at auction.\textsuperscript{124} If the sale of the property exceeds the amount of the unpaid taxes, the township treasurer is to return the excess to the taxpayer.
Under American law and tradition, these are substantial powers. But the law goes even further in permitting treasurers to seize personal property if they think the owner is moving the property to avoid having it seized. Treasurers and assessors should note that personal property in Renaissance zones is exempt but this general provision does not include personal property in casinos located in such zones.\

Township treasurers may also be interested to know that the township and county boards, with the concurrence of the county treasurer, may agree that the county treasurer will assume responsibility for enforcing the personal property tax collection laws. Depending on the size of the township and the nature of its tax base, having the county treasurer be responsible for collecting these taxes may be prudent because the larger number of delinquent taxpayers may warrant the employment of a person who can specialize in collecting these taxes. However, if the personal property taxes remain unpaid after five years, the township treasurer must file an affidavit with the circuit court. The affidavit states that the taxes are uncollectable and that the treasurer employed “due diligence” in trying to make the collection. The court may then clear the treasurer of the original warrant.