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Senate Bill 580 (as passed by the Senate)

Sponsor: Senator Dan DeGrow

Committee: Finance

Date Completed: 10-25-89

RATIONALE

Under the General Property Tax Act, for property taxes to be certified for levy in the year in which the taxes were approved, they must have been approved by the voters before September 30, and the local clerk, on or before September 30, must deliver to the county clerk all records of any vote or resolution that authorizes a millage levy. The county board of commissioners, at its October meeting, certifies the millages for all taxes within its boundaries.

On September 12, 1989, Detroit voters approved a \$160 million debt retirement bond millage to retire a debt of the Detroit school district. A question has arisen, however, as to whether the millage for this bond issue can be certified this year. Though the voters approved the millage levy, the millage rate was not specified in the proposal because the millage was for a debt retirement bond. (Normally, millage rates are not specified in proposals submitted to the voters for debt retirement bonds, since the millage necessary to pay for the bonds is not known until they are sold and the total price can be determined.) Testimony before the Senate Finance Committee revealed that the bonds might not be prepared and sold until as late as November 14, and, further, that legal counsel has advised the school district that millage required to pay for outstanding bonds cannot be certified until after the bonds are sold and delivered. It has been suggested that the Act be amended to ensure that a millage rate for a bond issue approved by the voters before September 30 could be submitted by the local clerk for certification after September 30, thus allowing the millage to be levied in the same year.

CONTENT

The bill would amend the General Property Tax Act to allow a local clerk to deliver to the county clerk a resolution for the certification of a millage levy, for bonds and notes for debt service, after September 30 if the voters had approved the millage before September 30.

MCL 211.36

FISCAL IMPACT

The bill would have no fiscal impact on the State.

ARGUMENTS**Supporting Argument**

The ballot proposal approved by the voters of Detroit on September 12 would help the school district structure its debt and provide a source of income to eliminate the debt. Bond issues for debt retirement are 10-year bonds. The bill would ensure that what the voters approved this year could be levied this year, instead of postponing the issue for another year and possibly increasing the debt during that period of time. The bill simply would make a technical change to allow the millage to be certified, even though the actual rate was not submitted for certification until after the September 30 deadline.

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