

SENATE BILL No. 841

March 31, 1992, Introduced by Senators DI NELLO and Carl and referred to the Committee on Finance.

A bill to amend section 3 of chapter 1 of Act No. 284 of the Public Acts of 1964, entitled

"City income tax act,"

as amended by Act No. 520 of the Public Acts of 1988, being section 141.503 of the Michigan Compiled Laws; and to add section 11 to chapter 1.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 3 of chapter 1 of Act No. 284 of the
2 Public Acts of 1964, as amended by Act No. 520 of the Public Acts
3 of 1988, being section 141.503 of the Michigan Compiled Laws, is
4 amended and section 11 is added to chapter 1 to read as follows:

CHAPTER 1

6 Sec. 3. (1) ~~The governing body of a city, by~~ BY a
7 lawfully adopted ordinance that incorporates by reference the
8 uniform city income tax ordinance set forth in chapter 2, THE

1 GOVERNING BODY OF A CITY may levy, assess, and collect an excise
2 tax on income as provided in the ordinance. The ordinance shall
3 state the rate of the tax ~~which~~ THAT shall be the rate autho-
4 rized by 1 of the following:

5 (a) The uniform city income tax ordinance under section 11
6 of chapter 2.

7 (b) Subsection (2).

8 (c) Section 3a, 3b, or 3c of this chapter.

9 (2) In a city with a population of more than 1,000,000, the
10 governing body may levy and collect a tax at a rate to be deter-
11 mined from time to time, that rate to be not more than 2% on cor-
12 porations, not more than 3% on resident individuals, and not more
13 than 1-1/2% on nonresident individuals but not to exceed 1/2 of
14 the tax rate imposed on resident individuals.

15 (3) The governing body of a city may adopt the uniform city
16 income tax ordinance with the alternative sections as set forth
17 in chapter 3 instead of the similarly numbered sections as set
18 forth in chapter 2. The uniform city income tax ordinance may be
19 lawfully adopted or rescinded by the governing body at any time.
20 The adoption of an ordinance is effective on and after January 1
21 or July 1 following adoption of the ordinance, as specified in
22 the ordinance, but an ordinance shall not become effective ear-
23 lier than 45 days after ~~adoption or until approved~~ APPROVAL by
24 the electors ~~if a referendum petition is filed as authorized in~~
25 ~~this act or a referendum is otherwise required~~ AS PROVIDED IN
26 SECTION 11 OF THIS CHAPTER. The rescission of an ordinance shall
27 become effective on the following December 31. The ordinance may

1 be rescinded at any time by the governing body in the same manner
2 ~~in which it was adopted~~ AS OTHER CITY ORDINANCES and with
3 appropriate enforcement, collection, and refund provisions with
4 respect to liabilities incurred prior to the effective date of
5 its rescission. The ordinance shall not be amended except as
6 provided by the legislature. A city may amend the ordinance to
7 change the tax rate to a rate authorized by this act.

8 (4) ~~Petitions for a referendum election on the question of~~
9 ~~adopting an ordinance adopted by the governing body may be filed~~
10 ~~with the city clerk not later than the sixth Monday following the~~
11 ~~adoption of the ordinance. The petitions shall be signed by a~~
12 ~~number of registered electors of the city equal to at least 10%,~~
13 ~~but not more than 20%, of the registered electors of the city~~
14 ~~voting in the last general municipal election prior to the adop-~~
15 ~~tion of the ordinance by the governing body. If proper petitions~~
16 ~~are filed, the question of adopting the ordinance shall be sub-~~
17 ~~mitted by the governing body to the city electors at the next~~
18 ~~primary or general election or at a special election called for~~
19 ~~the purpose, in any case held not less than 45 days nor more than~~
20 ~~90 days after the clerk has reported the filing of the referendum~~
21 ~~petition to the city's governing body. The checking of names on~~
22 ~~the petitions, the counting, canvassing, and return of the votes~~
23 ~~on the question, and other procedures for the election shall be~~
24 ~~as provided by law or charter. Upon a favorable vote of the~~
25 ~~city electors~~ AS PROVIDED IN SECTION 11 OF THIS CHAPTER, the
26 ordinance ~~shall be~~ IS effective as specified in the ordinance
27 which may be amended by the governing body of the city following

1 the election to specify July 1 or January 1 as the effective date
2 of the ordinance, if the effective date originally specified in
3 the ordinance is considered impractical or inconvenient for any
4 reason. ~~The provisions in this section for a referendum elec-~~
5 ~~tion, and for delaying the effective date of the ordinance if~~
6 ~~petitions for a referendum are filed, are not applicable to a~~
7 ~~city that on January 1, 1964 had in effect a valid ordinance~~
8 ~~levying and imposing an excise tax levied on or measured by~~
9 ~~income.~~ Notwithstanding any other provision of this act, if an
10 ordinance becomes effective on any date other than January 1,
11 each tax year shall end on December 31, and the provisions of the
12 ordinance based on a full tax year are modified accordingly to be
13 applicable to the partial tax year.

14 (5) For cities with a population of more than 1,000,000, an
15 amendment to the ordinance to increase the rate of tax levied
16 above that in effect for the 1980 tax year shall become effective
17 on and after the first day of the month in which all of the fol-
18 lowing conditions prevail or, if all the following conditions
19 prevail on or before August 15, 1981, the amendment to the ordi-
20 nance shall become effective July 1, 1981:

21 (a) The increase in the rate of the tax has been approved by
22 a majority of the qualified electors voting on the question.

23 (b) A commitment exists to purchase bonds or other obliga-
24 tions of the city, in principal amount not to exceed
25 \$125,000,000.00, under the fiscal stabilization act, Act No. 80
26 of the Public Acts of 1981, being sections 141.1001 to 141.1011
27 of the Michigan Compiled Laws, and employee wage and salary

1 agreements and concessions have been secured or implemented,
2 which in combination with the revenues from the tax rate autho-
3 rized by the amendment to the ordinance result in a condition
4 whereby, for the city's fiscal year beginning July 1, 1981, the
5 total estimated expenditures, including an accrued deficit in the
6 budget, do not exceed the total estimated revenues, including any
7 available unappropriated surplus.

8 (c) The conditions provided in subdivisions (a) and (b) have
9 been attested to in writing by the state administrative board for
10 the fiscal year beginning July 1, 1981.

11 (6) For cities with a population of 1,000,000 or more,
12 unless the state administrative board attests by June 15, 1982
13 that, for the city's fiscal year beginning July 1, 1982, the
14 total estimated expenditures, including an accrued deficit in the
15 budget, do not exceed the total estimated revenues, including any
16 available unappropriated surplus, an increase in the rate above
17 that in effect for the 1980 tax year shall not be levied after
18 June 30, 1982.

19 SEC. 11. (1) AN ORDINANCE IMPOSING, OR AN AMENDMENT TO AN
20 ORDINANCE THAT INCREASES THE RATE OF, A CITY INCOME TAX UNDER
21 THIS ACT IS NOT EFFECTIVE UNLESS THE ORDINANCE OR AMENDMENT IS
22 APPROVED IN A REFERENDUM AS PROVIDED IN THIS SECTION. A REFEREN-
23 DUM ON THE IMPOSITION OR INCREASE IN THE RATE OF A NONRESIDENT
24 CITY INCOME TAX SHALL NOT BE HELD UNLESS THE REFERENDUM PROPOSI-
25 TION INCLUDES THE IMPOSITION OR INCREASE IN THE RATE OF A RESI-
26 DENT CITY INCOME TAX.

1 (2) AN ORDINANCE IMPOSING OR AN AMENDMENT INCREASING THE
2 RATE OF A RESIDENT CITY INCOME TAX IS NOT EFFECTIVE UNLESS
3 APPROVED BY THE MAJORITY VOTE OF THE REGISTERED AND QUALIFIED
4 ELECTORS OF THAT CITY VOTING ON THE PROPOSITION. AN ORDINANCE
5 IMPOSING OR AN AMENDMENT INCREASING THE RATE OF A NONRESIDENT
6 CITY INCOME TAX IS NOT EFFECTIVE UNLESS APPROVED BY A MAJORITY
7 VOTE OF THE REGISTERED AND QUALIFIED ELECTORS OF THAT CITY AND
8 THE ELECTORS QUALIFIED FOR THAT ELECTION AS PROVIDED IN
9 SECTIONS 488 AND 492 OF THE MICHIGAN ELECTION LAW, ACT NO. 116 OF
10 THE PUBLIC ACTS OF 1954, BEING SECTIONS 168.488 AND 168.492 OF
11 THE MICHIGAN COMPILED LAWS, VOTING ON THE PROPOSITION AND COUNTED
12 TOGETHER.

13 (3) A REFERENDUM REQUIRED BY THIS SECTION SHALL BE HELD AS
14 PROVIDED IN THE MICHIGAN ELECTION LAW, ACT NO. 116 OF THE PUBLIC
15 ACTS OF 1954, BEING SECTIONS 168.1 TO 168.992 OF THE MICHIGAN
16 COMPILED LAWS.

17 Section 2. This amendatory act shall not take effect unless
18 Senate Bill No. 842
19 of the 86th Legislature is enacted into law.