



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bills 4517, 4518, and 4523 (Substitute H-1)

Sponsor: Representative Willis Bullard, Jr.

House Committee: Tax Policy

Senate Committee: Finance

Date Completed: 4-25-95

SUMMARY OF HOUSE BILLS 4517, 4518, and 4523 (Substitute H-1) as passed by the House:

The bills would amend various laws governing local taxation procedures to consolidate the notice and hearing requirements local units must meet for budget hearings and additional millage rate hearings (commonly referred to as “truth in taxation” hearings).

House Bill 4517 would amend Public Act 43 of the Second Extra Session of 1963, which requires local units to hold hearings on their proposed budgets, to require that the notice of a budget hearing include the following statement: “The property tax millage rate proposed to be levied to support the proposed budget will be a subject of this hearing.”

House Bill 4518 would amend Section 16 of the Uniform Budgeting and Accounting Act to require a local unit’s general appropriations act to set forth the total number of mills to be levied under the General Property Tax Act, and the purposes for which that millage would be levied. Currently, local units of government must pass a general appropriations act for all funds, with specified exceptions. The act must set forth the amounts appropriated by the legislative body to defray expenditures and meet the liabilities of the local unit for the ensuing fiscal year.

Section 16 of the Uniform Budgeting and Accounting Act also provides that, except as otherwise permitted by law, a legislative body may not adopt a general appropriations act or an amendment to it that causes estimated total expenditures, including an accrued deficit, to exceed total estimated revenues, including an available surplus and the proceeds from, or principal balance of, bonds or other obligations issued under the Fiscal Stabilization Act.

The bill states that it would be known and could be cited as “The Truth in Budgeting Act”.

House Bill 4523 (H-1) would amend provisions of the General Property Tax Act that prohibit a local unit of government from levying property taxes for operating purposes if the tax rate would produce more revenue in the coming year than it did in the current year, after accounting for additions to the assessment roll. A local unit may approve a levy of an additional millage rate, however, after providing public notice and holding a public hearing. Under the bill, these provisions would apply unless the local unit complied with Section 16 of the Uniform Budgeting and Accounting Act.

The bill is tie-barred to House Bills 4517 and 4518.

MCL 141.412 (H.B. 4517)
141.436 & 141.437 (H.B. 4518)
211.24e (H.B. 4523)

Legislative Analyst: S. Margules

FISCAL IMPACT

House Bills 4517 and 4518 would have no fiscal impact on State or local government.

House Bill 4523 (H-1) would have no fiscal impact on State government. The bill would save administrative costs for local units, by combining two public hearings into one, thereby reducing the number of public notices published in newspapers and the number of hearings scheduled.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.