



# HOUSE BILL No. 4523

March 7, 1995, Introduced by Reps. Bullard, Agee, Brackenridge and Profit and referred to the Committee on Tax Policy.

A bill to amend section 24e of Act No. 206 of the Public Acts of 1893, entitled as amended "The general property tax act," as amended by Act No. 253 of the Public Acts of 1994, being section 211.24e of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 24e of Act No. 206 of the Public Acts of  
2 1893, as amended by Act No. 253 of the Public Acts of 1994, being  
3 section 211.24e of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 24e. (1) As used in this section:

6 (a) "Additional millage rate" means a millage rate for oper-  
7 ating purposes in excess of the millage rate permitted by  
8 subsection (2).

1 (b) "Additions" means all increases in value caused by new  
2 construction, a physical addition of equipment or furnishings,  
3 and the value of property that was exempt from taxes in the pre-  
4 vious year or not included on the assessment unit's immediately  
5 preceding year's assessment roll.

6 (c) "Base tax rate" means a millage rate for a local unit of  
7 government equal to the dollar amount of taxes levied for operat-  
8 ing purposes for the concluding fiscal year from existing prop-  
9 erty divided by the state equalized value of existing property  
10 for ad valorem property tax levies for the ensuing fiscal year.

11 (d) "Concluding fiscal year" means the fiscal year of the  
12 taxing unit immediately preceding the fiscal year for which a  
13 limitation under this section is applied or calculated.

14 (e) "Ensuing fiscal year" means the fiscal year of the  
15 taxing unit for which a limitation under this section is applied  
16 or calculated.

17 (f) "Existing property" means all property against which ad  
18 valorem property taxes were levied by a local unit for its con-  
19 cluding fiscal year, minus all property that is considered losses  
20 for purposes of ad valorem property tax levies of the local unit  
21 for the ensuing fiscal year.

22 (g) "Local unit of government" or "taxing unit" means a  
23 city, village, township, charter township, county, charter  
24 county, local school district, intermediate school district, com-  
25 munity college district, or authority.

26 (h) "Losses" means a decrease in value caused by the removal  
27 or destruction of real or personal property, and the value of

1 property in the immediately preceding year that has been exempted  
2 or removed from the assessment unit's assessment roll.

3 (i) "Operating purposes" means all purposes for which ad  
4 valorem property taxes are levied by the taxing unit other than  
5 the levy of ad valorem property taxes to provide local school  
6 districts revenue that is deposited in a building and site fund,  
7 or to pay principal and interest due on a bond or note if and to  
8 the extent the ad valorem taxes levied for this purpose are in  
9 addition to charter or statutory limitations, as authorized by  
10 section 1a of chapter VII of the municipal finance act, Act  
11 No. 202 of the Public Acts of 1943, ~~as amended,~~ being section  
12 137.1a of the Michigan Compiled Laws.

13 (2) Except as provided by subsection (3), the governing body  
14 of a taxing unit shall not levy ad valorem property taxes for  
15 operating purposes for an ensuing fiscal year of the taxing unit  
16 that yield an amount more than the sum of the taxes levied at the  
17 base tax rate on additions within the taxing unit for the ensuing  
18 fiscal year plus an amount equal to the taxes levied for operat-  
19 ing purposes for the concluding fiscal year on existing  
20 property. If the taxing unit is a county, for purposes of this  
21 calculation the resulting sum shall be reduced by an amount equal  
22 to the estimate of the distribution as certified by the state  
23 treasurer to be received by the county pursuant to section 10 of  
24 the state convention facility development act, Act No. 106 of the  
25 Public Acts of 1985, being section 207.630 of the Michigan  
26 Compiled Laws, to the extent that the distribution has been  
27 appropriated by the legislature and the estimate has been

1 certified by the state treasurer ~~or~~ before the final date on  
2 which a county millage rate can be certified for the ensuing  
3 year. For purposes of this section, the state treasurer shall  
4 certify an amount that is an estimate of the amount to be dis-  
5 tributed to each county pursuant to section 10 of Act No. 106 of  
6 the Public Acts of 1985.

7 (3) A governing body of a taxing unit may approve a levy of  
8 an additional millage rate only after providing the notice  
9 required by subsections (6) and (9) and holding a public hearing  
10 of the governing body as prescribed by subsection (6). To  
11 approve the levy of the additional millage rate, the governing  
12 body shall adopt a separate resolution or ordinance.

13 (4) If, as a result of an appeal of county equalization or  
14 state equalization, the state equalized valuation of a unit of  
15 local government changes, and an incorrect amount of property  
16 taxes has been levied, the amount of additional tax revenue or  
17 the shortage of tax revenue shall be deducted from or added to  
18 the next regular tax levy for that unit of local government after  
19 the determination of the rate authorized pursuant to this  
20 section. If the legislature makes an appropriation to a county  
21 pursuant to section 10 of Act No. 106 of the Public Acts of 1985,  
22 after the final date a county millage rate can be certified for  
23 the ensuing year, if an appropriation made pursuant to section 10  
24 of Act No. 106 of the Public Acts of 1985 is reduced by an execu-  
25 tive order, or if the amount of a distribution pursuant to  
26 section 10 of Act No. 106 of the Public Acts of 1985 varies from  
27 the estimated amount certified by the state treasurer pursuant to

1 subsection (2), the amount of additional tax revenue or the  
2 shortage of tax revenue shall be deducted from or added to the  
3 next regularly estimated amount for purposes of the next required  
4 calculations under subsections (2) and (11).

5 (5) If, at any time, the taxing unit determines that the  
6 published, proposed additional millage rate or an adopted addi-  
7 tional millage rate is insufficient, the taxing unit shall read-  
8 vertise, hold another public hearing of the governing body, and,  
9 if necessary, revote.

10 (6) The public hearing of the governing body of a taxing  
11 unit required pursuant to subsections (3) and (5) shall be held  
12 for the purpose of receiving testimony and discussing a levy of  
13 an additional millage rate for its ensuing fiscal year. In addi-  
14 tion to satisfying the requirements under the open meetings act,  
15 Act No. 267 of the Public Acts of 1976, ~~as amended,~~ being sec-  
16 tions 15.261 to 15.275 of the Michigan Compiled Laws, the local  
17 unit of government or taxing unit shall publish notice of this  
18 public hearing in a newspaper of general circulation within the  
19 local unit of government or taxing unit. This notice shall be  
20 published not less than 6 days before the public hearing and may  
21 be jointly published with the notice of the public hearing on the  
22 taxing unit's proposed budget as required by section 2 of Act  
23 No. 43 of the Public Acts of the Second Extra Session of 1963,  
24 being section 141.412 of the Michigan Compiled Laws, if both  
25 public hearings are held jointly. This notice shall specify the  
26 time, date, and place of the public hearing and shall include, in  
27 addition to other pertinent information the local unit of

1 government or taxing unit may elect to include, a statement  
2 indicating the proposed additional millage rate, the percentage  
3 by which this proposed additional millage rate would increase  
4 revenues for operating purposes from ad valorem property tax  
5 levies permitted by operation of subsection (2), the percentage  
6 of increased revenue from the immediately preceding year that the  
7 taxing unit would receive if the additional millage rate is not  
8 approved, and that the date and location the taxing unit plans to  
9 take action on the proposed resolution or ordinance will be  
10 announced at the public hearing. This notice shall also provide  
11 a statement that the taxing unit publishing the notice has com-  
12 plete authority to establish the number of mills to be levied  
13 from within its authorized millage rate. The notice shall be in  
14 not less than 12-point type, shall be preceded by a headline  
15 stating "notice of a public hearing on increasing property taxes"  
16 which shall be in not less than 18-point type, shall be not less  
17 than 8 vertical column inches and 4 horizontal inches, and shall  
18 not be placed in that portion of the newspaper reserved for legal  
19 notice and classified advertisements.

20 (7) The proposed additional millage rate, which is required  
21 by subsection (6) to be part of the notice of the public hearing,  
22 shall be established by a resolution adopted by the governing  
23 body of the taxing unit before conducting the public hearing.

24 (8) Not more than 10 days after a public hearing, a taxing  
25 unit may approve the levy of an additional millage rate, but  
26 shall not approve an additional millage rate that is greater than

1 a proposed additional millage rate that was published pursuant to  
2 subsection (6) and on which the public hearing has been held.

3 (9) Each local unit shall send timely written notice of the  
4 time, date, and place of a public hearing to be held pursuant to  
5 this section to all newspapers of general circulation within the  
6 local unit.

7 (10) This section shall not serve to extend or authorize the  
8 levy of ad valorem property taxes at a tax rate in excess of the  
9 maximum permitted by law, or to prevent the reduction of the tax  
10 rate either by action of the governing body of the taxing unit or  
11 pursuant to this act, including sections 34 and 34d. Reductions  
12 in millage rates that may be required by the compound operation  
13 of sections 34 and 34d shall be calculated independently of the  
14 tax rate limitation determined by operation of this section.

15 (11) If the sum of a county's operating property tax levy  
16 for the ensuing fiscal year plus the county's distribution to be  
17 received pursuant to section 10 of Act No. 106 of the Public Acts  
18 of 1985, exceeds the product of the county's state equalized  
19 value for the ensuing fiscal year times the greater of the  
20 county's base tax rate or concluding fiscal year's operating  
21 millage rate, then an amount equal to the lesser of 50% of the  
22 excess or 50% of the state convention facility development act  
23 distribution shall be used for substance abuse treatment programs  
24 within the county. The proceeds received by the taxing unit  
25 shall be distributed to the coordinating agency designated for  
26 that county pursuant to section 6226 of the public health code,  
27 Act No. 368 of the Public Acts of 1978, being section 333.6226 of

1 the Michigan Compiled Laws, and used only for substance abuse  
2 prevention and treatment programs in the county from which the  
3 proceeds originated.

4       (12) Except as provided in subsection (13), this section  
5 applies to a fiscal year of a taxing unit for which ad valorem  
6 property taxes are levied in 1982 or in any year after 1982.  
7 This section does not apply for the ensuing fiscal year of a  
8 local unit of government that levied ad valorem property taxes  
9 for operating purposes of 1 mill or less for its concluding  
10 fiscal year.

11       (13) This section does not apply to local school districts  
12 in 1994.

13       (14) THIS SECTION DOES NOT APPLY TO A TAXING UNIT THAT COM-  
14 PLIES WITH SECTION 16 OF THE UNIFORM BUDGETING AND ACCOUNTING  
15 ACT, ACT NO. 2 OF THE PUBLIC ACTS OF 1968, BEING SECTION 141.436  
16 OF THE MICHIGAN COMPILED LAWS.