



SENATE JOINT RESOLUTION W

February 13, 1996, Introduced by Senators BERRYMAN, YOUNG, HART, DINGELL, A. SMITH, V. SMITH, STALLINGS, O'BRIEN and VAUGHN and referred to the Committee on Appropriations.

A joint resolution proposing an amendment to the state constitution of 1963, by adding sections 37, 38, 39, and 40 to article IX, to provide for assistance to counties, townships, cities, and villages from the collections of the income and single business taxes, or successor taxes.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to provide for assistance to counties, townships, cities, and villages from the collections of the income and single business taxes, or successor taxes, is proposed, agreed to, and submitted to the people of the state:

ARTICLE IX

SEC. 37. THE DEFINITIONS IN THIS SECTION APPLY TO THIS SECTION AND SECTIONS 38, 39, AND 40 OF THIS ARTICLE.

1 (A) "INVENTORY" MEANS, IN THE CASE OF A PERSON FILING THE
2 SWORN STATEMENT OF PERSONAL PROPERTY INVENTORIES FOR TAX DAY
3 DECEMBER 31, 1974, UNDER THE GENERAL PROPERTY TAX ACT, ACT
4 NO. 206 OF THE PUBLIC ACTS OF 1893, THE STOCK OF GOODS HELD FOR
5 RESALE IN THE REGULAR COURSE OF TRADE OF A RETAIL OR WHOLESALE
6 BUSINESS; FINISHED GOODS, GOODS IN PROCESS, AND RAW MATERIALS OF
7 A MANUFACTURING BUSINESS; AND MATERIALS AND SUPPLIES, INCLUDING
8 REPAIR PARTS AND FUEL. INVENTORY DOES NOT INCLUDE PERSONAL PROP-
9 ERTY UNDER LEASE OR PRINCIPALLY INTENDED FOR LEASE RATHER THAN
10 SALE. INVENTORY DOES NOT INCLUDE PROPERTY ALLOWED A DEDUCTION OR
11 ALLOWANCE FOR DEPRECIATION OR DEPLETION UNDER THE INTERNAL REVE-
12 NUE CODE.

13 (B) "LOCAL INCOME AND EXCISE TAXES" MEANS COLLECTIONS OF
14 TAXES PURSUANT TO THE CITY INCOME TAX ACT, ACT NO. 284 OF THE
15 PUBLIC ACTS OF 1964, THE CITY UTILITY USERS TAX ACT, ACT NO. 100
16 OF THE PUBLIC ACTS OF 1990, OR ANY ACTS AUTHORIZING LOCAL INCOME
17 OR EXCISE TAXES BY A CITY, VILLAGE, OR TOWNSHIP. HOWEVER, FOR A
18 CITY LEVYING A LOCAL INCOME TAX, BEFORE DETERMINING THE RATES
19 PURSUANT TO THIS SECTION, THERE SHALL BE EXCLUDED FROM COLLEC-
20 TIONS AN AMOUNT DETERMINED BY A PROPORTION TO BE THE RATIO WHOSE
21 NUMERATOR IS $1/2$ OF 1% AND WHOSE DENOMINATOR IS THE SUM OF THE
22 RESIDENT RATE MULTIPLIED BY 2 AND THE NONRESIDENT RATE MULTIPLIED
23 BY 1. IF THE LOCAL INCOME TAX ACTUALLY COLLECTED BY A CITY FROM
24 NONRESIDENT INDIVIDUALS IS LESS THAN THE AMOUNT OTHERWISE
25 EXCLUDED PURSUANT TO THE PRECEDING SENTENCE, THE AMOUNT EXCLUDED
26 PRIOR TO DETERMINING THE RATES INSTEAD SHALL BE THE AMOUNT OF

1 ACTUAL COLLECTIONS FROM NONRESIDENTS AS CERTIFIED BY THE CITY TO
2 THE DEPARTMENT OF TREASURY.

3 (C) "LOCAL PROPERTY TAXES" MEANS AD VALOREM PROPERTY TAXES
4 LEVIED BY A CITY, VILLAGE, OR TOWNSHIP.

5 (D) "LOCAL TAX EFFORT RATE" FOR A CITY, VILLAGE, OR TOWNSHIP
6 MEANS ITS LOCAL TAXES DIVIDED BY THE STATE EQUALIZED VALUE FOR
7 THAT CITY, VILLAGE, OR TOWNSHIP.

8 (E) "LOCAL TAXES" MEANS LOCAL PROPERTY TAXES, LOCAL INCOME
9 AND EXCISE TAXES, AND SPECIAL ASSESSMENTS IF THE SPECIAL ASSESS-
10 MENT DISTRICT IS THE ENTIRE CITY, VILLAGE, OR TOWNSHIP AND THE
11 SPECIAL ASSESSMENT IS LEVIED ON AN AD VALOREM BASIS AGAINST ALL
12 REAL PROPERTY IN THE CITY, VILLAGE, OR TOWNSHIP.

13 (F) "RELATIVE TAX EFFORT RATE" MEANS THE LOCAL TAX EFFORT
14 RATE FOR A CITY, VILLAGE, OR TOWNSHIP DIVIDED BY THE STATEWIDE
15 TAX EFFORT RATE.

16 (G) "SPECIAL ASSESSMENTS" MEANS SPECIAL ASSESSMENTS IMPOSED
17 BY A CITY, VILLAGE, OR TOWNSHIP AGAINST PROPERTY IN THE CITY,
18 VILLAGE, OR TOWNSHIP FOR STREETS, SIDEWALKS, STORM OR SANITARY
19 SEWERS, WATER SUPPLY, DRAINS, STREET LIGHTS, FIRE PROTECTION,
20 POLICE PROTECTION, OR ANY OTHER PUBLIC IMPROVEMENT, FACILITY, OR
21 SERVICE AUTHORIZED BY CHARTER, ORDINANCE, OR STATUTE TO BE
22 IMPOSED ON THE BASIS OF BENEFIT TO THE PROPERTY; SPECIAL ASSESS-
23 MENTS IMPOSED BY A COUNTY AGAINST PROPERTY IN THE CITY, VILLAGE,
24 OR TOWNSHIP TO PAY A PORTION OF THE COST OF CONSTRUCTING OR MAIN-
25 TAINING A COUNTY PUBLIC IMPROVEMENT DETERMINED ON THE BASIS OF
26 THE BENEFIT OF THE PUBLIC IMPROVEMENT TO THE PROPERTY; OR CAPITAL
27 IMPROVEMENT CHARGES IMPOSED IN LIEU OF SPECIAL ASSESSMENTS

1 PURSUANT TO CHARTER, ORDINANCE, OR STATUTE BY A CITY, VILLAGE, OR
2 TOWNSHIP TO PAY FOR A PORTION OF THE COST OF CONSTRUCTING A
3 PUBLIC IMPROVEMENT, DETERMINED ON THE BASIS OF THE BENEFIT OF THE
4 PUBLIC IMPROVEMENT TO THE PROPERTY. SPECIAL ASSESSMENTS DO NOT
5 INCLUDE A SPECIAL ASSESSMENT THAT IS INCLUDED IN THE DEFINITION
6 OF LOCAL TAXES.

7 (H) "STATE INCOME TAX" MEANS THE INCOME TAX IMPOSED BY THE
8 INCOME TAX ACT OF 1967, ACT NO. 281 OF THE PUBLIC ACTS OF 1967,
9 OR A SUCCESSOR TAX OR TAXES.

10 (I) "STATE SINGLE BUSINESS TAX" MEANS THE SINGLE BUSINESS
11 TAX IMPOSED BY THE SINGLE BUSINESS TAX ACT, ACT NO. 228 OF THE
12 PUBLIC ACTS OF 1975, OR A SUCCESSOR TAX OR TAXES.

13 (J) "STATEWIDE TAX EFFORT RATE" MEANS THE TOTAL LOCAL TAXES
14 IN THE STATE DIVIDED BY THE TOTAL STATE EQUALIZED VALUE.

15 (K) "TAX EFFORT FORMULA" MEANS THE METHOD FOR COMPUTING,
16 FROM THE TOTAL AMOUNT OF REVENUE AVAILABLE FOR DISTRIBUTION UNDER
17 SUCH FORMULA AT ANY SINGLE TIME, THE AMOUNT TO BE PAID TO A PAR-
18 TICULAR CITY, VILLAGE, OR TOWNSHIP BY MULTIPLYING EACH CITY'S,
19 VILLAGE'S, AND TOWNSHIP'S RELATIVE TAX EFFORT BY ITS POPULATION;
20 DIVIDING THE TOTAL AMOUNT OF REVENUE AVAILABLE FOR DISTRIBUTION
21 UNDER SUCH FORMULA AT ANY SINGLE TIME BY THE SUM OF SUCH PROD-
22 UCTS; AND MULTIPLYING SUCH QUOTIENT BY THE INDIVIDUAL PRODUCT OF
23 THE PARTICULAR CITY'S, VILLAGE'S, OR TOWNSHIP'S RELATIVE TAX
24 EFFORT MULTIPLIED BY ITS POPULATION.

25 SEC. 38. THE STATE SHALL ANNUALLY REMIT TO CITIES, VIL-
26 LAGES, TOWNSHIPS, AND COUNTIES AN AMOUNT MEASURED BY 15.00% OF
27 GROSS COLLECTIONS BEFORE REFUNDS OF THE STATE INCOME TAX FROM THE

1 MOST RECENTLY COMPLETED JULY 1 THROUGH JUNE 30 PERIOD.
2 THIRTY-FOUR POINT SIXTY-FIVE PERCENT OF THIS AMOUNT SHALL BE DIS-
3 TRIBUTED TO COUNTIES ON A PER CAPITA BASIS AND 65.35% OF THIS
4 AMOUNT SHALL BE DISTRIBUTED TO CITIES, VILLAGES, AND TOWNSHIPS.
5 EACH CITY'S, VILLAGE'S, AND TOWNSHIP'S SHARE SHALL BE COMPUTED ON
6 THE BASIS OF THE TAX EFFORT FORMULA. THE LEGISLATURE SHALL NOT
7 REDUCE THE RATE OF THE STATE INCOME TAX OR NARROW THE DEFINITION
8 OF THE BASE OF THE STATE INCOME TAX, UNLESS THE LEGISLATURE
9 INCREASES THE PERCENT OF GROSS COLLECTIONS BEFORE REFUNDS USED
10 FOR REMITTANCES UNDER THIS PARAGRAPH TO COMPENSATE FOR THE REDUC-
11 TION IN THE RATE OR THE NARROWING OF THE DEFINITION OF THE BASE
12 OF THE STATE INCOME TAX.

13 A CITY, VILLAGE, TOWNSHIP, OR COUNTY IS NOT ELIGIBLE FOR A
14 PAYMENT UNDER THIS SECTION OR SECTION 40 UNLESS THAT LOCAL UNIT
15 OF GOVERNMENT REQUIRES SEALED COMPETITIVE BIDDING FOR ANY CON-
16 TRACT OF \$20,000.00 OR MORE EXCEPT A CONTRACT FOR PROFESSIONAL
17 SERVICES OR EMERGENCY REPAIRS OR SERVICES EXEMPTED PURSUANT TO A
18 WRITTEN POLICY ADOPTED OR APPROVED BY THE GOVERNING BODY OF THE
19 LOCAL UNIT OF GOVERNMENT. THIS PARAGRAPH DOES NOT APPLY TO
20 TRANSACTIONS BETWEEN GOVERNMENTAL UNITS.

21 SEC. 39. THE STATE SHALL ANNUALLY REMIT TO EACH COUNTY,
22 CITY, VILLAGE, OR TOWNSHIP AN AMOUNT DETERMINED BY MULTIPLYING
23 THE AMOUNT OF STATE EQUALIZED VALUE OF TAX EXEMPT INVENTORY IN
24 THAT LOCAL UNIT TIMES THE PROPERTY TAX RATE FOR EACH TAXING
25 UNIT.

26 THE TREASURER OF ANY CITY, VILLAGE, TOWNSHIP, OR COUNTY WHO
27 COLLECTS MONEY FOR AN AUTHORITY THAT LEVIES PROPERTY TAXES SHALL

1 PAY AN ELIGIBLE AUTHORITY ITS PROPORTIONATE SHARE OF THE
2 REIMBURSEMENTS UNDER THIS SECTION. THE PROPORTIONATE SHARE IS
3 THE PERCENTAGE THAT THE PROPERTY TAXES COLLECTED BY THE AUTHORITY
4 ARE TO THE PROPERTY TAXES OF THE ASSESSING UNIT. THE PROPERTY
5 TAXES OF SUCH AUTHORITIES MAY BE ADDED TO THE MILLAGES USED IN
6 THIS SECTION. FOR AN AUTHORITY TO BE ELIGIBLE FOR COMPENSATION
7 UNDER THIS SECTION, THAT AUTHORITY MUST HAVE AN AUTHORIZATION TO
8 HAVE TAXES LEVIED FOR ITS USE AS PROVIDED BY LAW. SCHOOL DIS-
9 TRICTS, INTERMEDIATE SCHOOL DISTRICTS, AND COMMUNITY COLLEGE DIS-
10 TRICTS ARE NOT INCLUDED UNDER THE PROVISIONS OF THIS SECTION.

11 SEC. 40. SUBJECT TO SECTION 39, THE STATE SHALL ANNUALLY
12 REMIT TO CITIES, VILLAGES, AND TOWNSHIPS AN AMOUNT EQUAL TO
13 15.00% OF THE GROSS COLLECTIONS BEFORE REFUNDS OF THE SINGLE
14 BUSINESS TAX FROM THE MOST RECENTLY COMPLETED JULY 1 THROUGH
15 JUNE 30 PERIOD MINUS THE AMOUNT REMITTED UNDER SECTION 39. EACH
16 CITY'S, VILLAGE'S, AND TOWNSHIP'S SHARE SHALL BE COMPUTED ON THE
17 BASIS OF THE TAX EFFORT FORMULA.

18 THE LEGISLATURE SHALL NOT REDUCE THE RATE OF THE STATE
19 SINGLE BUSINESS TAX OR NARROW THE DEFINITION OF THE BASE OF THE
20 STATE SINGLE BUSINESS TAX UNLESS THE LEGISLATURE INCREASES THE
21 PERCENT OF GROSS COLLECTIONS BEFORE REFUNDS USED FOR REMITTANCES
22 UNDER THIS SECTION TO COMPENSATE FOR THE REDUCTION IN THE RATE OR
23 THE NARROWING OF THE DEFINITION OF THE BASE.

24 THE STATE SINGLE BUSINESS TAX REVENUE COLLECTED FROM INSUR-
25 ANCE COMPANIES SHALL NOT BE INCLUDED IN THE CALCULATION OF PAY-
26 MENTS TO CITIES, VILLAGES, AND TOWNSHIPS UNDER THIS SECTION.

1 Resolved further, That the foregoing amendment shall be
2 submitted to the people of the state at the next general election
3 in the manner provided by law.