

**House Bill 4177 (Substitute H-1)
First Analysis (5-11-99)**

**Sponsor: Rep. Robert Gosselin
Committee: Constitutional Law and Ethics**

THE APPARENT PROBLEM:

When voters go to the polls to make decisions about operating millage rates and debt millage, the ballot should clearly explain what they are voting on. The General Property Tax Act already requires that the ballot must state the amount of any millage increase and the amount of revenue the increase will bring in during the first year of the increase. Legislation has been introduced to require certain information be disclosed whenever any millage proposal is put before voters, including the proposed millage rate, the first-year revenue estimate, the duration of the millage, the purpose of the millage, and a clear statement indicating whether the proposed millage is a renewal or is a new additional millage. Further, the act now requires previously authorized millage and new millage to be separated on the ballot, except in cases where the increase in millage is half of a mill or less. Some people believe this exception should be removed so that any increase will have to be voted on separately.

THE CONTENT OF THE BILL:

Currently, the General Property Tax Act requires that when a millage proposal is submitted, the ballot must state the amount of the proposed millage increase and an estimate of the revenue increase during the first calendar year that the taxing unit would collect if the increase were approved and levied.

The bill would amend the act to expand the information on ballots proposing a millage increase and to rewrite the current requirements. Under the bill, a ballot proposing a millage increase would have to include all of the following information:

- (1) The millage rate to be levied;
- (2) The estimated amount of revenue that would be collected in the first year that the millage was levied;
- (3) The duration of the millage in years;

- (4) A clear statement of the purpose of the millage;
- (5) For debt millage, the principal amount to be borrowed, the number of years the bonds will be outstanding, and the estimated total interest cost that will be incurred on the bond; and
- (6) A clear statement indicating whether the proposed millage was a renewal of a previously authorized millage or the authorization of a new, additional millage.

Currently, the act allows a taxing unit to submit the renewal of a millage and the authorization of a new additional millage as one ballot question if the millages together total 0.5 mills or less. The act also allows a taxing unit, in cases where a millage authorization has expired, to submit a single ballot question seeking authorization of millage greater than the millage that has expired, if the additional millage is 0.5 mills or less. The bill would delete these provisions, and require separate ballot questions in both cases, no matter how small the additional millage.

MCL 211.24f

BACKGROUND INFORMATION:

The current requirements that the millage proposal ballots state the amount of the millage increase proposed and the estimate of the first-year's revenue from the increase was added to the General Property Tax Act by Public Act 145 of 1993 (Senate Bill 1). That act also prohibited a taxing unit from submitting to the voters a single question that requests both the renewal of voter authorized millage and authorization for additional millage. The exception for increases of half of a mill or less was added to the act by Public Act 189 of 1994 (Senate Bill 882). The rationale for this amendment, as provided in a Senate Fiscal Agency analysis written at the time, was that in the wake of the passage of Proposal A, the new school financing system, various taxing units needed to make

small adjustments in millage rates, and should not have to put them to the voters separately.

FISCAL IMPLICATIONS:

There is no fiscal information at present.

ARGUMENTS:

For:

The aim of the bill is to provide voters with more and better information when they go to the polls to vote on millage issues. Since the ballot language is typically printed by newspapers in advance of an election, improving the quality of information on the ballot will also provide voters with improved information before they go to the polls. It is good public policy for local governments to offer voters clear and useful information so that they can better evaluate the consequences of their votes; for example, whether they are voting to reaffirm a previously approved millage or a new additional millage, for how many years, and for what specific purpose. Further, the bill would require that millage renewals and new millages always be separated on the ballot, by removing the provision that currently allows them to be combined when the increase is half of a mill or less. The rationale is that any increase in tax rates should receive separate approval from the voters. The state constitution requires a vote on any tax increase and it ought to be clear to voters when an increase is before them.

Against:

Representatives of townships would prefer that the current exception that allows combining millage votes on small increases (half of a mill or less) be maintained. Requiring the separation of millage questions when the increase is slight, and is meant to keep services at existing levels, could confuse voters and lead to the rejection of the additional millage, potentially harming the unit's ability to maintain services, such as basic public safety services. Further, representatives of cities oppose putting on the ballot the total interest cost of bond issues. This, they believe, would be prejudicial.

POSITIONS:

The Department of Treasury supports the bill. (5-5-99)

The Michigan Municipal League supports the concept of the bill. (5-5-99)

The Michigan Townships Association has concerns about the elimination of the one-half mill exception to the separation of millage proposals. (5-6-99)

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.