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Senate Bill 538 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Glenn D. Steil
Committee: Finance

Date Completed: 1-11-00

RATIONALE

Currently, under the General Property Tax Act, when a millage proposal is submitted to the voters, the ballot must state the amount of the millage increase proposed, and an estimate of the revenue increase the taxing unit will collect, if the increase is approved and levied, in the first calendar year of the increase. (These provisions have been modified by Public Act 248 of 1999, effective March 10, 2000, as described in **BACKGROUND**.) It has been pointed out that the Act has no provisions that require a local taxing unit to disclose where the revenue will go if a new millage is approved, or an existing millage is increased or renewed. For instance, while a local unit of government may propose an increased or new millage, if it is approved some of the revenue may be disbursed to other governmental entities, such as an area transportation authority, a water and sewer authority, or district library board. Some people feel that millage proposals not only should disclose an estimate of the amount of revenue to be collected (as is currently required), but also should identify all the governmental entities that would benefit from disbursement of the revenue.

CONTENT

The bill would amend the General Property Tax Act to provide that if a taxing unit submitted a proposal to the voters on the question of authorizing the issuance of bonds, imposing a new millage, or increasing or renewing an existing millage, the ballot would have to disclose fully each local unit of government to which the revenue from that millage would be disbursed. "Local unit of government" would mean a county, city, village, township, school district, intermediate school district, community college district, public library, or local authority created under State law.

MCL 211.24f

BACKGROUND

Public Act 248 of 1999 amended the General Property Tax Act to revise and expand the information that must be on millage ballot proposals.

Under Public Act 248, when a proposal on the question of authorizing a millage rate is submitted to the voters, the ballot will have to state the following:

- The millage rate to be authorized.
- The estimated revenue that will be collected in the first year the millage is authorized and levied.
- The duration of the millage in years.
- A clear statement of the purpose for the millage.
- A clear statement indicating whether the proposal is a renewal of a previously authorized millage or authorization of a new millage.

When submitting a proposal to authorize the issuance of bonds, the ballot will have to state the following:

- The principal amount to be borrowed; the maximum number of years the bonds may be outstanding, exclusive of any refunding; and the purpose for which the proceeds of the bonds will be used.
- For bonds other than bonds that are intended to be paid from a separate revenue source or from taxes levied in less than the entire taxing unit, the estimated millage that will be levied for the proposed bonds in the first year that the levy is authorized and the estimated simple average annual millage that will be required to retire the debt.
- For bonds that are intended to be paid from a separate revenue source or from taxes levied in less than the entire taxing unit, the primary source of the revenue intended to be used to retire the bonds.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

When voters go to the polls to decide upon the approval or disapproval of a ballot proposal to add, increase, or renew millage, the ballot should contain all information necessary for the voters to make an informed decision. 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. Further, since ballot language typically is printed by newspapers in advance of an election, expanding the information that must be on the ballot also would provide voters with additional information before they go to the polls. By requiring disclosure of the disbursement of revenue from a proposed millage, the bill would enable people to determine where their taxes are going.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

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.