

CHARTER TOWNSHIP BUDGET

**Senate Bill 725 as passed by the Senate
First Analysis (10-21-03)**

**Sponsor: Sen. Wayne Kuipers
House Committee: Local Government
and Urban Policy
Senate Committee: Local, Urban and
State Affairs**

THE APPARENT PROBLEM:

Some people believe that charter townships are burdened by a statutory deadline regarding the adoption of a budget. The Charter Township Act requires a charter township to adopt a budget and make appropriations at least 60 days before the start of its next fiscal year. It has been pointed out that all of the information needed to make sound decisions on a budget might not be available before the 60-day deadline. It has been suggested that the deadline be eliminated.

THE CONTENT OF THE BILL:

The bill would amend the Charter Township Act to eliminate a requirement that a charter township board, at least 60 days before the start of its next fiscal year, adopt a budget, appropriate money needed for township purposes, and provide for a levy of property taxes. Under the bill, the board still would be required to adopt a budget, etc., before its next fiscal year began.

The bill provides that if a charter township operated on a calendar year budget cycle, a public hearing on its proposed budget would have to be held by December 15, and adopted by December 31, in the year preceding the next calendar year covered by the budget.

MCL 42.27

HOUSE COMMITTEE ACTION:

The House Committee on Local Government and Urban Policy reported the bill without amendment; that is, in the same form the bill passed the Senate.

BACKGROUND INFORMATION:

House Bill 4685 of the current legislative session, which passed the House on July 1, contains the same provisions as Senate Bill 725. See the House Legislative Analysis Section analysis of the House-passed version dated 9-3-03.

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the bill would have no state or local fiscal impact. (HFA analysis dated 10-13-03)

ARGUMENTS:

For:

It is impractical to require a charter township to make final budget decisions at least 60 days before the start of its next fiscal year. Much that can happen between the deadline and 60 days later might affect how a charter township board should structure its budget. In fact, the Michigan Townships Association reports that some charter townships have been forced to adopt a budget before knowing the amount of revenue sharing they were to receive from the state. Cities, villages, and general law townships are not subject to the 60-day requirement. By giving charter townships the flexibility that other local units have, the bill would enable charter townships to make informed decisions about their budgets.

POSITIONS:

The Michigan Townships has indicated support for the bill. (10-14-03)

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.

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