

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4737**

A bill to amend 1990 PA 100, entitled
"City utility users tax act,"
by amending section 2 (MCL 141.1152), as amended by 1998 PA 548.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) The governing body of a city having a population
2 of 750,000 or more, by a lawfully adopted ordinance that
3 incorporates by reference the uniform city utility users tax
4 ordinance set forth in chapter 2, may levy, assess, and collect
5 from those users in that city a utility users tax as provided in
6 the ordinance. However, a uniform city utility users tax ordinance
7 containing substantially the same provisions provided for in
8 chapter 2 adopted by the governing body of a city before June 13,
9 1990 that has not been rescinded by that governing body is

1 considered an ordinance adopted under this act and a tax imposed
2 and collected under that ordinance is revived. The governing body
3 shall set the rate of tax in increments of 1/4 of 1% that shall not
4 exceed 5%.

5 (2) A uniform city utility users tax ordinance may be lawfully
6 adopted or rescinded by the governing body at any time and its
7 adoption shall become effective on the first day of any month,
8 following adoption of the ordinance, as specified in the ordinance.
9 The ordinance may be rescinded at any time by the governing body in
10 the same manner in which the ordinance was adopted and with
11 appropriate enforcement, collection, and refund provisions with
12 respect to liabilities incurred before the effective date of its
13 rescission. The ordinance shall not be amended except as provided
14 by the legislature. A village and a city under 750,000 population
15 shall not impose and collect a utility users tax. A city that
16 adopts or rescinds the tax shall notify within 7 days by certified
17 mail all public utilities or resale customers affected by the
18 action of the governing body. Except as otherwise provided in this
19 section, a city now having or that may attain a population of
20 750,000 or more shall not impose a utility users tax except by
21 adopting the entire uniform city utility users tax ordinance as set
22 forth in chapter 2.

23 (3) The administrator, as that term is defined in chapter 2,
24 of the tax shall file a report indicating the total amount of
25 revenue collected in the prior fiscal year with the state revenue
26 commissioner by August 1 of each year, beginning on August 1, 1985.
27 The administrator shall make the report available to the public at

1 the same time.

2 (4) The ~~first \$45,000,000.00 of~~ revenue generated from this
3 tax shall be **PLACED DIRECTLY IN THE BUDGET OF THE POLICE DEPARTMENT**
4 **OF A CITY DESCRIBED IN THIS ACT AND SHALL BE** used exclusively to
5 retain or hire police officers.

6 ~~—— (5) If the amount of revenue collected in a fiscal year is in~~
7 ~~excess of \$45,000,000.00 and if the amount of excess funds~~
8 ~~collected equals or exceeds 5% of \$45,000,000.00, the city shall~~
9 ~~comply with 1 of the following:~~

10 ~~—— (a) The rate of tax imposed for the following fiscal year~~
11 ~~shall be lowered in decrements of 1/4 of 1% for each full 5%~~
12 ~~collected in excess of \$45,000,000.00. By August 1 of a fiscal year~~
13 ~~following a fiscal year in which the amount of revenue collected~~
14 ~~was in excess of \$45,000,000.00, the city shall notify by certified~~
15 ~~mail each collector of the tax subject to this act and the state~~
16 ~~revenue commissioner of the rate of tax to be applied. The rate~~
17 ~~shall become effective for bills issued beginning October 1 of a~~
18 ~~fiscal year following a fiscal year in which the amount of revenue~~
19 ~~collected was in excess of \$45,000,000.00. If the tax expires, an~~
20 ~~adjustment shall not be made for an excess or deficiency in~~
21 ~~collections for a fiscal year or other period not already adjusted~~
22 ~~pursuant to this section.~~

23 ~~—— (b) The amount collected in excess of \$45,000,000.00 shall be~~
24 ~~dedicated and used exclusively to hire and retain additional police~~
25 ~~officers over the level of police officers employed on November 1,~~
26 ~~1984. The hiring and retaining of additional police shall be~~
27 ~~limited to police officers, investigators, and police sergeants.~~

~~The governing body or any other official of the city shall not intentionally lay off any police officers in anticipation of rehiring the officers with the additional revenue from this tax nor shall the general fund contribution towards the police budget be reduced from the prior year.~~

~~—— (6) If a city fails to comply with subsection (5) by August 1 in any fiscal year following a fiscal year in which the amount of revenue is in excess of \$45,000,000.00, the state revenue commissioner shall implement the provisions of subsection (5)(a).~~

(5) AS USED IN THIS SECTION, "POLICE OFFICER" MEANS A POLICE OFFICER, INVESTIGATOR, OR POLICE SERGEANT.