Legislative Analysis

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ART INSTITUTE AUTHORITY & MILLAGE

Senate Bill 1578
Sponsor: Sen. Buzz Thomas
Senate Committee: Commerce and Tourism
House Committee: None (Referred directly to Second Reading)

Complete to 11-29-10

A SUMMARY OF SENATE BILL 1578 AS PASSED BY THE SENATE 10-10-10

The bill would create a new act, the Art Institutes Authorities Act. Under the bill, a county could establish an art institute authority that could levy a millage of up to 0.2 mill, with voter approval, to support "an encyclopedic [comprehensive] art museum whose primary art collection and facility . . . are owned by a municipality located in the state." (This would apply, at least, to the Detroit Institute of Art.)

Generally speaking, the proposed new act would mimic an existing act, the Zoological Authorities Act, created by Public Act 49 of 2008, which provides tax support for the Detroit Zoo. Following is a brief description of the proposed new act.

Under the Art Institutes Authority Act, a county could form an art institute authority that would contract for art institute services with an art institute services provider. The authority could, with voter approval, levy a tax of up to 0.2 mill for up to 20 years on all taxable property within a county to provide revenue for an art institute owned by a municipality. An authority, however, could not participate in the governance of the art institute.

Creation of Authority. An art institute authority would be created by the adoption of articles of incorporation by a majority vote of the board of county commissioners. The authority would be operated by a board of directors composed of up to 15 members (but an odd number would be required). The size of the board, the number, qualifications, and length of terms of members, and the manner of appointing members would be included in the articles of incorporation.

Powers of Authority Board. The board of the authority could: (1) provide funding to an art institute services provider; (2) levy a tax to provide revenues for that institution; (3) enter into contracts incidental or necessary for the accomplishment of the new act; (4) contract for or retain professional services. An authority could not obtain an interest in real property or participate in the governance of an art institute. An art institute authority would be considered an authority under Section 6 of Article IX of the State Constitution. The authority board would be subject to the Open Meetings Act and the Freedom of Information Act. The provisions of the state's Uniform Budgeting and Accounting Act would apply to budgets and auditing, and the State Revenue Sharing Act would govern financial plans needed to correct any fiscal year deficit.

Millage Election. The board of an authority could by resolution place a proposal on the ballot to levy up to 0.2 mill for support of art institute services. The proposal could be submitted to county voters only at a statewide general or primary election. No more than two elections on a tax proposal could be held in one calendar year. The County Election Commission would provide ballots for such an election; the election would be conducted by the city and township clerks (and other municipal election officials) within the county. The results would be canvassed by the Board of County Canvassers. If the tax levy is approved, the authority would reimburse county and local election officials for the costs of the election.

Preferences for County Residents. If the tax levy is approved by county voters, the contract for art institute services between the authority and the art institute service provider would have to include preferences for county residents, which could include discounted admission fees, discounted membership fees, discounts for schoolchildren, and access to educational programs.

FISCAL IMPACT:

The bill would allow a new kind of authority to levy a countywide property tax, with voter approval, to support an art institute, which would result in an increase in local revenue. This revenue could result in additional expenditures or could offset existing funding sources. The bill would have no direct fiscal impact on state government.

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