

Legislative Analysis



LIMIT COUNTY AGRICULTURE ADVANTAGES TAX

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House Bill 5666 (Substitute H-1)

Sponsor: Rep. Rick Outman

Committee: Agriculture

Complete to 7-15-14

A SUMMARY OF HOUSE BILL 5666 AS REPORTED FROM COMMITTEE 6-14-14

Public Act 88 of 1913 allows any county to levy a special tax up of to five cents per \$100 of taxable property or to appropriate money from the county general fund, for the purposes of promoting the agricultural advantages of that county or region, putting on an exhibition of products and industries, increasing trade and encouraging immigration, and advertising for tourism.

House Bill 5666 would amend the act so that it would only apply to a county with a population of more than 325,000 and less than 400,000. Currently, there is no population requirement. Only Washtenaw County, with a population of 344,791 in the 2010 U.S. Census, meets the requirement contained in the bill.

[Genesee County, with a population of 418,408 according to 2012 U.S. Census estimates, would be the county that comes next closest to meeting the population requirement. If current downward population trends continue—the county has lost more than 18,300 people since 2002—Genesee County could meet the bill's criteria in the near future. However, MCL 8.3v says, generally, that population figures in statute are determined based on the most recent federal decennial census, unless otherwise specified, and so it appears no other county could qualify until after the 2020 census.]

MCL 46.161

FISCAL IMPACT:

As noted in the fiscal impact for House Bill 5379, which proposes to repeal this tax, the levy is in use in at least one county, Washtenaw. Based on FY 2013-14 estimates, the levy would generate \$938,000 in Washtenaw County. The 0.0700 mill levy in Washtenaw County is approximately 1.5% of its total operating levy.

DISCUSSION:

The bill represents a compromise in that it restricts the use of a controversial tax that now is available to all county governments so that it will be available only to the one county currently using it.

Some people oppose this tax because it does not require voter approval; it can be levied solely with the approval of the county commissioners. Supporters of the legislation would prefer that if commissioners wish to levy the tax, they should put it before a county's voters as a millage. A bill previously discussed in committee (House Bill 5379) would have repealed the act entirely.

Others see this as a matter of local control; they point out that this is a longstanding tax statute (a 1913 act), and argue that elected county officials should continue to be able to decide whether to levy the tax. Opponents of repealing or modifying the act note that if a county's voters disagree with commissioners' decision to levy the tax, they will vote them out, as was previously done in Gratiot County when commissioners there levied the tax and were later voted out in favor of commissioners who put the issue before voters as a millage.

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