

Legislative Analysis



LOCAL REVENUE INCREASE ON EVEN-YEAR NOVEMBER BALLOT

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5219

Sponsor: Rep. Marty Knollenberg
Committee: Redistricting and Elections

Complete to 1-31-12

A SUMMARY OF HOUSE BILL 5219 AS INTRODUCED 12-13-11

House Bill 5219 would amend the General Property Tax Act to require that any ballot question put before the voters of a taxing unit that would result in an increase in revenue for that taxing unit be placed on the ballot for the November election held in even-numbered years. (This election is referred to in the Michigan Election Law as the General November Election.)

The section being amended currently requires certain information be on the ballot when a taxing unit submits a proposal to authorize a bond issue, to impose a new millage, or to increase or renew an existing millage (except special assessments for police and fire). Those provisions would be retained without amendment.

The bill would amend Section 24f of the General Property Tax Act (MCL 211.24). That section, in subsection (4), now says that a taxing unit "shall hold not more than two elections in a calendar year concerning the authorization of a millage rate greater than the product of the immediately preceding year's reduced maximum authorized rate or rates as defined in Section 34d (16) multiplied by the current year's millage reduction fraction, regardless of the number of questions presented at the election." Under House Bill 5219, however, this language would only apply before January 1, 2012. The bill also changes the section reference from Section 34d (16) to Section 34d.

Section 34d (16) refers to the millage rollbacks required by the Headlee Amendment and the elections to override those rollbacks. Section 34d also applies to Headlee rollbacks and overrides, but it has a broader application to the determination of taxable values and millage rates, as well. Under the Headlee Amendment to the State Constitution, when the increase in property values (not counting new construction and improvements) in a local unit is greater than the rate of inflation, the millage rate must be reduced—or "rolled back"—so that the growth in revenue unit-wide does not exceed the rate of inflation. This rollback is referred to as the millage reduction factor. A local unit can hold an election to "override" this rollback of the tax rate.

However, as noted above, Section 24f would be amended by House Bill 5219 to add new language that says that, "after December 31, 2011, any question to electors of a taxing unit that will result in an increase in revenue for that taxing unit shall be placed on the November ballot of an even-numbered year" (Underlining added.) This would mean only one such election could be held every two years.

FISCAL IMPACT:

As written, the bill would potentially lower local property tax revenue by only allowing public decisions on ballot proposals that would increase local revenue to November general elections in even-numbered years.

Legislative Analyst: J. Hunault
C. Couch
Fiscal Analyst: Jim Stansell

■ 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.