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SFA**BILL ANALYSIS**

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House Bill 5796 (Substitute H-3 as passed by the House)
Sponsor: Representative Kirk A. Profit
House Committee: Tax Policy
Senate Committee: Financial Services

Date Completed: 9-16-98

CONTENT

The bill would amend the Metropolitan Council Act to allow the creation of a metropolitan arts council by a metropolitan district (a county meeting certain criteria) in order to develop or enhance cultural institutions and facilities within the geographic boundaries of the council. A metropolitan arts council could levy a property tax of up to 0.5 mill, with voter approval; authorize a local arts council to administer the Act; and provide funding for cultural facilities and programs.

The bill also would amend provisions in the Act concerning a metropolitan council (which the bill would refer to as a "metropolitan area council"), by increasing size of a metropolitan area, providing that a metropolitan area council could not authorize a tax levy unless each council delegate were a local elected official, and providing that a local unit of government could not participate in a council for at least one year following a vote disapproving the unit's participation.

In addition, the bill would rename the Act the "Metropolitan Councils Act".

Metropolitan Arts Council

Under the bill, "metropolitan district" would mean either a county with at least two State public universities, or a county with a maximum population of 100,000 individuals and a boundary contiguous to a county with at least two State public universities. A metropolitan district could form a metropolitan arts council if the district's county commission did the following:

- Adopted a resolution declaring an intent to participate in the formation of that council.
- Adopted articles of incorporation in compliance with the bill.

A metropolitan arts council could be established solely to develop or enhance cultural institutions and facilities within the council's geographic boundaries.

Upon adopting a resolution, the district would have to establish a metropolitan arts council board. The board could consist of up to 12 members, and each member would have to be from a different county commission district.

A council's articles of incorporation would have to state the name of the council; the purposes for which it was formed; the powers, duties, and limitations of the council and its officers; the qualifications, method of selection, and terms of office of delegates sitting on the council and of

council officers; and the general method of amending the articles.

The articles could authorize the council to levy on all taxable real and personal property within the council area an ad valorem tax of up to 0.5 mill of the taxable value of the taxable property. The council could not levy a tax except upon the approval of a majority of the electors residing in the council area, and a proposal for the tax could not be placed on the ballot unless the proposal were adopted by a resolution of the council.

The articles of a metropolitan arts council would have to be adopted and could be amended by an affirmative vote of a majority of the county commissioners. Before the articles were adopted or amended, the county clerk would have to publish the articles or amendments at least once in a newspaper generally circulated within the county. Upon adoption, the clerk would have to file a printed copy of the articles or amendments with the Secretary of State. A council also could adopt bylaws for its administration.

If specifically authorized by law, a council for a metropolitan region could make appointments to other governmental agencies.

A metropolitan arts council would have to have a chairperson, who would have to act as principal executive officer and preside at council meetings. The chairperson would have the powers and duties provided in the articles. A council also would have other officers as provided in the articles. The chairperson and other officers would have to be elected by the council and be council delegates, although a secretary and treasurer would not have to be delegates.

If provided in the articles, a metropolitan arts council could appoint an executive director to serve at its pleasure as the principal administrator for the council. The director could not be a delegate, would have to be selected on the basis of training and experience, and would have the powers and duties as provided in the council bylaws.

Metropolitan arts council members would have to serve without compensation. Upon approval of a majority of delegates, council members could be reimbursed for actual and necessary expenses incurred in the performance of the council's official duties. A council would have to prepare an annual budget that provided as a separate account anticipated expenditures for per diem compensation and expense reimbursement for the chairperson and other delegates. Compensation or reimbursement could be paid only if budgeted.

A council's articles would have to specify the maximum amount or percentage of revenues received under the Act that the council could authorize to be spent annually for administrative costs. The articles could authorize a local arts council within the metropolitan council area to administer the Act or portions of it. The articles would have to authorize that council to provide funding, supplemental to funding received from other sources, for cultural facilities and programs located within the metropolitan district the council served. A metropolitan arts council could not spend money collected under a tax levy unless the specific expenditure were included in the council's annual budget, expressly authorized in its articles, or unless the expenditure were approved by an affirmative vote of a majority of the council's delegates.

A metropolitan arts council could establish divisions, bureaus, and committees, including advisory committees. Members of advisory committees would have to serve without compensation but could be reimbursed for their reasonable expenses as determined by the council.

The bill would define “facilities and programs” as structures, fixtures, and activities provided by a tax-exempt entity that had been in existence for at least 18 consecutive months before becoming eligible for funding under the bill. Facilities and programs could include a public broadcast station, whether or not it was affiliated with an institution of higher education; a museum or historical center; a performing arts center; an orchestra; a chorus; a chorale; an opera theater; and a ballet, dance, or theater company. Facilities and programs would not include professional sports arenas or stadiums, labor organizations, political organizations, libraries, or public, private, or charter schools.

“Tax-exempt entity” would mean an organization exempt from taxation under Section 501(c) of the Internal Revenue Code; an entity or division owned by such an organization; or an entity owned by a township, city, village, community college, State university, or any other public body that was not a public school, charter school, or public school academy.

Metropolitan Area Council

The Act permits a combination of two or more local governmental units in a metropolitan area to form a metropolitan council. To the extent authorized in its articles, a metropolitan council may plan, finance, issue bonds for, acquire, improve, construct, or contract for public improvements and services. “Metropolitan area” is defined as a metropolitan statistical area, as defined on the Act’s effective date, by the U.S. Department of Commerce or a successor agency, with a population of less than 1 million people. The bill would refer to a metropolitan statistical area with a population of less than 1.5 million people.

A council’s articles may authorize the council to levy on all taxable real and personal property within the council area an ad valorem tax of up to 0.5 mill of the State equalized valuation on each dollar of assessed valuation of taxable property. The bill would allow a tax of up to 0.5 mill of the “taxable value” of the taxable property.

The bill specifies that a council’s articles could not authorize a tax levy unless each delegate serving on the council held an elected office in the local governmental unit that he or she represented on the council.

Under the Act, a local governmental unit may be added to a council after its incorporation if a majority of the members of the local unit’s legislative body adopt a resolution stating that the local unit desires to be added to the council; if the council levies a tax and the local unit is a city, village, or township, the tax must be authorized by a majority of the electors of that local unit. The Act also provides that, upon petition by at least 5% of the registered electors residing in a nonparticipating local governmental unit, the question of becoming a participating local governmental unit must be submitted to the electors of the local unit. If a majority of those voting vote “yes”, the local unit must proceed to become a participating local unit. The bill would add that, if a majority of the electors voting on the question voted “no”, the local governmental unit could not become a participating unit in a metropolitan statistical area council for at least one year after the date of the vote.

MCL 124.651 et al.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill would have no fiscal impact on the State. In local units forming a metropolitan arts council, property taxes would increase by up to 0.5 mill, if approved by the voters.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.