

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 6024**

A bill to authorize the creation of special assessment districts; to provide for the levy and collection of special assessments on certain property to defray the costs of essential services equipment and essential services; and to authorize the issuance of bonds and other obligations in anticipation of the collection of special assessments.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the "local  
2 unit of government essential services special assessment act".

3       Sec. 2. As used in this act:

4       (a) "Commercial personal property" means personal property  
5 classified as commercial personal property under section 34c of the  
6 general property tax act, 1893 PA 206, MCL 211.34c.

1 (b) "Commercial real property" means real property classified  
2 as commercial real property under section 34c of the general  
3 property tax act, 1893 PA 206, MCL 211.34c.

4 (c) "Essential services" means all of the following:

5 (i) Ambulance services.

6 (ii) Fire services.

7 (iii) Police services.

8 (d) "Essential services equipment" means motor vehicles,  
9 apparatus, equipment, housing, and other items needed to provide  
10 essential services.

11 (e) "General property tax act" means the general property tax  
12 act, 1893 PA 206, MCL 211.1 to 211.155.

13 (f) "Industrial personal property" means personal property  
14 classified as industrial personal property under section 34c of the  
15 general property tax act, 1893 PA 206, MCL 211.34c.

16 (g) "Industrial real property" means real property classified  
17 as industrial real property under section 34c of the general  
18 property tax act, 1893 PA 206, MCL 211.34c.

19 (h) "Local unit of government" means a county, township,  
20 village, or city or any authority created to provide essential  
21 services.

22 (i) "Taxable value" means that value determined under section  
23 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

24 Sec. 3. (1) Beginning January 1, 2016, the legislative body of  
25 a local unit of government may by resolution propose that all or a  
26 portion of the cost of essential services equipment, the cost for  
27 maintenance of the essential services equipment, and the cost for

1 provision of essential services be defrayed by a special assessment  
2 levied on industrial real property and commercial real property  
3 located in that local unit of government, which industrial real  
4 property and commercial real property is conclusively presumed to  
5 be benefited by the provision of the essential services equipment  
6 and the essential services.

7 (2) The local unit of government shall schedule a hearing on  
8 the question of creating a special assessment district, and on the  
9 question of defraying all or a portion of the cost of the essential  
10 services equipment, the cost for maintenance of the essential  
11 services equipment, and the cost for provision of essential  
12 services by special assessment on the industrial real property and  
13 commercial real property to be especially benefited.

14 (3) The hearing required under subsection (2) shall be a  
15 public meeting held in compliance with the open meetings act, 1976  
16 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and  
17 place of the meeting shall be given in the manner required by the  
18 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. In addition,  
19 the local unit of government shall publish in a newspaper of  
20 general circulation in the proposed special assessment district a  
21 notice stating the time, place, and purpose of the meeting. If  
22 there is not a newspaper of general circulation in the proposed  
23 special assessment district, notices shall be posted in not less  
24 than 3 public places in the proposed special assessment district.  
25 This notice shall be published or posted not less than 5 days  
26 before the hearing. On the day appointed for the hearing, the  
27 legislative body of the local unit of government shall be in

1 session to hear objections that may be offered against the creation  
2 of the special assessment district and on the question of defraying  
3 the cost of the essential services equipment, the cost for  
4 maintenance of the essential services equipment, and the cost for  
5 provision of essential services by special assessment.

6 (4) Following the hearing under subsection (3), if the  
7 legislative body of the local unit of government determines to  
8 create a special assessment district, it shall by resolution  
9 determine the boundaries of the special assessment district, which  
10 shall be coterminous with the boundaries of the local unit of  
11 government.

12 (5) A local unit of government is not required to establish a  
13 special assessment district under this section more than once. A  
14 local unit of government shall modify the boundaries of the special  
15 assessment district if the boundaries of the local unit of  
16 government change after the special assessment district is  
17 established.

18 Sec. 4. (1) If a local unit of government creates a special  
19 assessment district under section 3, that local unit of government  
20 shall calculate the amount of the special assessment levy on each  
21 parcel of industrial real property and commercial real property  
22 located in the special assessment district in the following manner,  
23 subject to the limitation provided under subsection (2):

24 (a) Calculate the total taxable value of all industrial  
25 personal property and commercial personal property in the local  
26 unit of government in 2013.

27 (b) From the amount determined in subdivision (a), subtract

1 the total taxable value of all industrial personal property and  
2 commercial personal property in the local unit of government in the  
3 current year.

4 (c) Multiply the result of the calculation in subdivision (b)  
5 by the lowest general operating millage rate levied by the local  
6 unit of government in the period between 2012 and the year  
7 immediately preceding the current year.

8 (d) Subtract from the result of the calculation in subdivision  
9 (c) the reduction in revenue in 2014 resulting from the exemption  
10 of personal property under section 90 of the general property tax  
11 act, 1893 PA 206, MCL 211.90, from general operating millage.

12 (e) Multiply the result of the calculation in subdivision (d)  
13 by the percentage of the local unit of government's general  
14 operating millage used to fund essential services and essential  
15 services equipment in fiscal year 2012.

16 (f) Add to the result of the calculation in subdivision (e) an  
17 amount calculated as follows:

18 (i) Multiply the result of the calculation in subdivision (b)  
19 by the lowest millage rate for a millage dedicated solely for  
20 essential services and essential services equipment levied by the  
21 local unit of government in the period between 2012 and the year  
22 immediately preceding the current year. If a local unit of  
23 government has levied more than 1 millage dedicated solely for  
24 essential services and essential services equipment, perform the  
25 calculation under this subparagraph for each individual dedicated  
26 millage and add the results of each calculation to determine a  
27 total sum.

1           (ii) Subtract from the result of the calculation in  
2 subparagraph (i) the reduction in revenue in 2014 resulting from the  
3 exemption of personal property under section 9o of the general  
4 property tax act, 1893 PA 206, MCL 211.9o, from the millages  
5 included in the calculation in subparagraph (i).

6           (g) Divide the result of the calculation in subdivision (f) by  
7 the total taxable value of all industrial real property and  
8 commercial real property in the local unit of government on which  
9 is located personal property exempt under sections 9m and 9n of the  
10 general property tax act, 1893 PA 206, MCL 211.9m and 211.9n.

11           (h) Multiply the essential services millage rate calculated in  
12 subdivision (g) by the taxable value of each parcel of industrial  
13 real property and commercial real property in the local unit of  
14 government on which is located personal property exempt under  
15 sections 9m and 9n of the general property tax act, 1893 PA 206,  
16 MCL 211.9m and 211.9n, in the current year.

17           (2) Subject to subsection (3), for each parcel of industrial  
18 real property and commercial real property subject to the special  
19 assessment levy calculated under subsection (1), the amount of the  
20 special assessment levy calculated under subsection (1) shall not  
21 exceed an amount calculated as follows:

22           (a) Multiply the lowest general operating millage rate levied  
23 by the local unit of government in the period between 2012 and the  
24 year immediately preceding the current year by the percentage of  
25 the local unit of government's general operating millage used to  
26 fund essential services and essential services equipment in the  
27 2012 fiscal year.

1 (b) Add to the result of the calculation under subdivision (a)  
2 the lowest millage rate for a millage dedicated solely for  
3 essential services and essential services equipment levied by the  
4 local unit of government in the period between 2012 and the year  
5 immediately preceding the current year. If a local unit of  
6 government has levied more than 1 millage dedicated solely for  
7 essential services and essential services equipment, perform the  
8 calculation under this subparagraph for each individual dedicated  
9 millage and add the results of each calculation to determine a  
10 total sum.

11 (c) Multiply the result of the calculation under subdivision  
12 (b) by 50% of the true cash value of all personal property exempt  
13 under sections 9m and 9n of the general property tax act, 1893 PA  
14 206, MCL 211.9m and 211.9n, located on that industrial real  
15 property or commercial real property in the current year.

16 (3) The limitation under subsection (2) on the special  
17 assessment levied under this section does not apply unless an owner  
18 of the industrial real property or commercial real property subject  
19 to the special assessment submits an affidavit claiming the  
20 limitation with the local unit of government within 30 days after  
21 the special assessment is assessed. The affidavit shall be in a  
22 form prescribed by the department of treasury. The affidavit shall  
23 include, but is not limited to, a statement of the estimated true  
24 cash value of all personal property exempt under sections 9m and 9n  
25 of the general property tax act, 1893 PA 206, MCL 211.9m and  
26 211.9n, located on that industrial real property or commercial real  
27 property in the year in which the limitation is claimed.

## House Bill No. 6024 as amended December 12, 2012

1           (4) The special assessment calculated under this section shall  
2 be assessed and collected at the same time and in the same manner  
3 as taxes collected in the July levy under the general property tax  
4 act.

5           (5) It is the intent of the legislature that the special  
6 assessment levied under this section results in a proportionate  
7 allocation of the financial cost of essential services and  
8 essential services equipment across all classes of real property  
9 and that the amount of the special assessment levied under this  
10 section accurately corresponds to the benefit received by the  
11 industrial real property and commercial real property that is  
12 conclusively presumed to be benefited by the essential services  
13 equipment and the essential services provided under this act.

14           Sec. 5. (1) A local unit of government may issue bonds or  
15 other obligations in anticipation of the collection of a special  
16 assessment authorized under this act.

17           (2) Bonds or other obligations issued under this act are  
18 subject to the revised municipal finance act, 2001 PA 34, MCL  
19 141.2101 to 141.2821.

20           (3) If authorized by a majority vote of the qualified electors  
21 of the local unit of government, the local unit of government may,  
22 at the time of issuance, pledge the full faith and credit of the  
23 local unit of government for the payment of bonds or other  
24 obligations issued under this act.

25           Sec. 6. From the amounts collected under this act, a  
26 municipality shall first replace the amount of ad valorem property  
27 taxes <<used>> for the payment of principal and interest



1 of essential service obligations incurred before 2013 pledging the  
2 unlimited or limited taxing power of the municipality, that are  
3 lost from the exemptions provided by sections 9m, 9n, and 9o of the  
4 general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and  
5 211.9o. A municipality shall not collect assessments under this act  
6 if it has increased a millage rate for essential service  
7 obligations incurred before 2013 pledging the unlimited or limited  
8 taxing power of the municipality as a result of the exemptions  
9 provided by sections 9m, 9n, and 9o of the general property tax  
10 act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

11       Sec. 7. Any charter provision of the local unit of government  
12 notwithstanding, the creation of a special assessment district, the  
13 levy of a special assessment, and the exercise of other powers  
14 under this act shall not be subject to a referendum vote of the  
15 electors of that local unit of government.