

Legislative Analysis



PROHIBIT LOCAL PROPERTY TAX CAPS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6160 as introduced
Sponsor: Rep. Amos O'Neal
Committee: Tax Policy
Complete to 12-11-24

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6160 would amend the General Property Tax Act to prohibit a *local governmental unit* from enacting or enforcing a *local property tax cap* on the gross dollar amount of revenue levied or raised annually if the cap would require an automatic reduction on a fixed millage rate.

If a local governmental unit had a local property tax cap in violation of the bill on the bill's effective date, the cap would be void and unenforceable, and the local unit would not be required to reduce its millage rate.

Local governmental unit would mean a county, city, township, or village.

Local property tax cap would mean a fixed limitation on the gross dollar value of a *local property tax* levied or raised annually, imposed by a local governmental unit on its own taxing authority by charter, ordinance, policy, rule, or otherwise. It would not include a limitation on a local property tax imposed by the constitution or other state law.

Local property tax would mean an ad valorem property tax levied by a local governmental unit and collected under the act.

Proposed MCL 211.34f

BACKGROUND:

The city of Saginaw currently has a \$3.8 million cap on property tax revenue (along with a cap at 7.5 mills) that was established in 1979. Since the city therefore cannot collect more revenue than it did in 1979, it is forced to forgo millions in dollars in potential revenue each year.¹

FISCAL IMPACT:

House Bill 6160 would increase revenues from existing millages for any local unit that currently enforced a local property tax cap on the gross dollar amount of revenue levied. The bill would render any local property tax cap on the gross dollar amount of revenue levied or raised annually that requires an automatic reduction on a fixed millage rate void and unenforceable and would prohibit a local government from enacting a cap of this nature in the future.

¹ <http://www.michiganpropertytax.com/saginaw/spicer/whatgoes.pdf>

The provisions of the bill would not affect constitutional Headlee Amendment limitations.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.