



**House
Legislative
Analysis
Section**

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PERMIT GARBAGE TAX INCREASE

House Bill 5581 (Substitute H-1) **RECEIVED**
First Analysis (11-29-88)

JAN 18 1989

Sponsor: Rep. David M. Gubow
Committee: Taxation

Mich. State Law Library

THE APPARENT PROBLEM:

Some cities in Michigan pay for their garbage collection and disposal programs through a special tax authorized by the legislature in 1917. A city council (or village board) can levy up to three mills for this purpose. Dramatic increases in the cost of these programs, particularly the cost of disposal, has prompted cities to ask for the ability to increase the levy, to a total of six mills. An official from Oak Park has testified that garbage disposal costs have risen from \$7 and \$8 per ton in 1974-1975 to \$30 per ton this year and next, with the expectation that costs could rise to \$70 per ton within three years.

THE CONTENT OF THE BILL:

The bill would amend Public Act 298 of 1917 to increase from three mills to six mills the maximum tax on property that cities and villages can levy for the purpose of establishing and maintaining systems or plants for the collection and disposal of garbage. The amount of bonds that can be issued for that purpose would be increased accordingly. Currently, a city council or the president and board of trustees of a village can levy up to three mills; the bill would allow allow them to levy up to an additional three mills if approved by the voters.

MCL 123.261

FISCAL IMPLICATIONS:

The Department of Natural Resources reports that the bill has no state revenue or budgetary implications. (6-7-88)

ARGUMENTS:

For:

The bill will help some Michigan cities cope with the rapidly increasing costs of operating garbage collection and disposal programs. It allows for an increase in the "garbage tax" from three mills to up to six mills with a vote of the people. This will allow cities to deal responsibly with their solid waste management problems. Without the bill, some cities that rely on this special levy will run significant deficits and will be forced to decrease other vital municipal services.

POSITIONS:

The Department of Natural Resources supports the bill. (11-23-88)

The Michigan Municipal League supports the bill. (11-16-88)

Representatives of the governments of the cities of Oak Park and Royal Oak (both members of the Southeast Oakland County Incinerator Authority) testified in support of the bill. (11-16-88)

H.B. 5581 (11-29-88)