

**SENATE BILL NO. 1370**

(As passed the Senate, December 3, 1998)

November 12, 1998, Introduced by Senator V. SMITH and referred to the Committee on Finance.

A bill to amend 1990 PA 100, entitled "City utility users tax act," by amending the title and section 2 (MCL 141.1152).

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

1 TITLE

2 An act to permit the imposition, revival, and continued col-  
3 lection by cities of a population of ~~1,000,000~~ 750,000 or more  
4 of a utility users tax; to provide the procedure for, and to  
5 require the adoption of a prescribed uniform city utility users  
6 tax ordinance by cities desiring to impose and collect such a  
7 tax; to limit the rate of such tax; to prescribe the powers and  
8 duties of the state commissioner of revenue; and to provide for  
9 appeals.

10 Sec. 2. (1) The governing body of a city having a  
11 population of ~~1,000,000~~ 750,000 or more, by a lawfully adopted

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1 ordinance ~~which~~ THAT incorporates by reference the uniform city  
2 utility users tax ordinance set forth in chapter 2, may levy,  
3 assess, and collect from those users in that city a utility users  
4 tax as provided in the ordinance. However, a uniform city util-  
5 ity users tax ordinance containing substantially the same provi-  
6 sions provided for in chapter 2 adopted by the governing body of  
7 a city before ~~the effective date of this act~~ JUNE 13, 1990 that  
8 has not been rescinded by that governing body is considered an  
9 ordinance adopted under this act and a tax imposed and collected  
10 under that ordinance is revived. The governing body shall set  
11 the rate of tax in increments of 1/4 of 1% ~~which~~ THAT shall not  
12 exceed 5%.

13 (2) A uniform city utility users tax ordinance may be law-  
14 fully adopted or rescinded by the governing body at any time and  
15 its adoption shall become effective on the first day of any  
16 month, following adoption of the ordinance, as specified in the  
17 ordinance. The ordinance may ~~thereafter~~ be rescinded at any  
18 time by the governing body in the same manner in which the ordi-  
19 nance was adopted and with appropriate enforcement, collection,  
20 and refund provisions with respect to liabilities incurred before  
21 the effective date of its rescission. The ordinance shall not be  
22 amended except as provided by the legislature. A village and a  
23 city under ~~1,000,000~~ 750,000 population shall not impose and  
24 collect a utility users tax. A city ~~which~~ THAT adopts or  
25 rescinds the tax shall notify within 7 days by certified mail all  
26 public utilities or resale customers affected by the action of  
27 the governing body. Except as otherwise provided in this

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1 section, a city now having or ~~which~~ THAT may ~~hereafter~~ attain  
2 a population of ~~1,000,000~~ 750,000 or more ~~may~~ SHALL not  
3 impose a utility users tax except by adopting the entire uniform  
4 city utility users tax ordinance as set forth in chapter 2.

5 (3) The administrator, as THAT TERM IS defined ~~by~~ IN chap-  
6 ter 2, of the tax shall file a report indicating the total amount  
7 of revenue collected in the prior fiscal year with the state rev-  
8 enue commissioner by August 1 of each year, beginning on  
9 August 1, 1985. The administrator shall make the report avail-  
10 able to the public at the same time.

11 (4) The first \$45,000,000.00 of revenue generated from this  
12 tax shall be used exclusively to retain or hire police officers.

13 (5) If the amount of revenue collected in a fiscal year is  
14 in excess of \$45,000,000.00 and if the amount of excess funds  
15 collected equals or exceeds 5% of \$45,000,000.00, the city shall  
16 comply with 1 of the following:

17 (a) The rate of tax imposed for the following fiscal year  
18 shall be lowered in decrements of 1/4 of 1% for each full 5% col-  
19 lected in excess of \$45,000,000.00. By August 1 of a fiscal year  
20 following a fiscal year in which the amount of revenue collected  
21 was in excess of \$45,000,000.00, the city shall notify by certi-  
22 fied mail each collector of the tax subject to this act and the  
23 state revenue commissioner of the rate of tax to be applied. The  
24 rate shall become effective for bills issued beginning October 1  
25 of a fiscal year following a fiscal year in which the amount of  
26 revenue collected was in excess of \$45,000,000.00. If the tax  
27 expires, an adjustment shall not be made for an excess or

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1 deficiency in collections for a fiscal year or other period not  
2 already adjusted pursuant to this section.

3 (b) The amount collected in excess of \$45,000,000.00 shall  
4 be dedicated and used exclusively to hire and retain additional  
5 police officers over the level of police officers employed on  
6 November 1, 1984. The hiring and retaining of additional police  
7 shall be limited to police officers, investigators, and police  
8 sergeants. The governing body or any other official of the city  
9 shall not intentionally lay off any police officers in anticipa-  
10 tion of rehiring the officers with the additional revenue from  
11 this tax nor shall the general fund contribution towards the  
12 police budget be reduced from the prior year.

13 (6) If a city fails to comply with subsection (5) by  
14 August 1 in any fiscal year following a fiscal year in which the  
15 amount of revenue is in excess of \$45,000,000.00, the state reve-  
16 nue commissioner shall implement the provisions of  
17 subsection (5)(a).

Enacting Section 1. This amendatory act does not take effect unless House Bill No. 5391 of the 89th Legislature is enacted into law.

