

# Legislative Analysis



## ALLOW LOCAL UNITS TO ADOPT BUDGET PRIOR TO COUNTY ALLOCATION BOARD MEETING

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**Senate Bill 872 (Substitute H-2)**

**Sponsor: Sen. Wayne Kuipers**

**House Committee: Local Government and Urban Policy**

**Senate Committee: Local, Urban and State Affairs**

**Complete to 5-3-06**

### A SUMMARY OF SENATE BILL 872 AS REPORTED FROM HOUSE COMMITTEE

Public Act 43 of 1963 (2<sup>nd</sup> Ex Sess) requires that each local unit of government hold a public hearing prior to final adoption of its budget. [Article VII, Section 32 of the State Constitution also requires this.] Under Public Act 43, local units that must submit budgets to a county tax allocation board are required to hold the budget hearing after its tax rate allocation has been fixed by the allocation board.

Senate Bill 872 (H-2) would allow a local unit to hold a public hearing on its budget prior to the allocation of its tax rate by the allocation board if the unit's fiscal year begins before the convening of the county tax allocation board.

MCL 141.413

### BACKGROUND INFORMATION:

Some townships have fiscal years that begin on April 1. The convening of the county tax allocation board (in the 11 counties that use one) is after that date, in mid-April. In 2006, county tax allocation boards first meet on April 17. As a result, the requirement that these townships delay holding a hearing to adopt its final budget until after the county allocation board has allocated tax rates is impractical. The budget needs to be adopted prior to the beginning of the fiscal year, township representatives say. A 1963 Attorney General's opinion (No. 4392) addressed this subject, pointing out that Section 3 of Public Act 43 of 1963 (2<sup>nd</sup> Ex Sess) "does not properly implement" the State Constitution's requirement that a township hold a public hearing prior to adoption of its budget. Reportedly, the townships have been relying on the AG opinion to adopt budgets in time for the fiscal year. The House substitute for Senate Bill 872 finally addresses this problem statutorily.

### FISCAL IMPACT:

The bill would have no fiscal impact on the state or local units of government.

**POSITIONS:**

The Michigan Townships Association testified in support of the bill. (4-26-06)

Legislative Analyst: Chris Couch  
Fiscal Analyst: Jim Stansell

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