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Senate Bills 322 and 323 (as introduced 4-13-11)  
Sponsor: Senator Dave Hildenbrand (S.B. 322)  
Senator John Proos (S.B. 323)  
Committee: Finance

Date Completed: 6-8-11

### **CONTENT**

**Senate Bill 322** would amend Section 44a of the General Property Tax Act to allow mills previously billed as part of a winter tax levy to be collected as a summer tax levy, if the total amount of individual taxes levied in the winter bill did not exceed \$100, and the summer collection received the necessary approvals. The bill also would require a county to establish an "other levies reserve fund" for the deposit of mills previously billed as part of the winter tax levy; and to distribute money in the fund to the local taxing units entitled to the property taxes.

**Senate Bill 323** would amend the Act to provide for authorization of a tax levy, and the apportionment of taxes and indebtedness to the State, by July 1 for a county or local tax collecting unit that approved the levies as allowed in Section 44a.

The bills are tie-barred.

### **Senate Bill 322**

Section 44a requires a county to impose as a summer property tax levy that portion of the number of mills allocated to the county by a county tax allocation board or authorized for the county through a separate tax limitation vote. The treasurer who collects the State Education Tax must collect the summer property tax levy.

(The State Constitution provides that the total amount of general ad valorem taxes imposed on real and personal property in any one year may not exceed 15 mills, although that limitation may be increased to 18 mills by a separate tax limitation vote of a county's electors. Pursuant to the Property Tax Limitation Act, a county that levies 15 mills allocates them among local units through an allocation board, and a county authorized to levy up to 18 mills does so by separate tax limitations approved by the county's electors.)

Under the bill, in addition to the allocated or authorized mills imposed as a summer property tax levy, any or all additional mills previously billed as part of the winter property tax levy could be collected as a summer property tax levy, if the total amount of all individual taxes levied in the winter tax bill were \$100 or less. Both the county board of commissioners and the legislative body of the local tax collecting unit would have to approve a resolution authorizing the summer collection, and the county tax allocation board would have to approve the summer collection.

In addition, the county would have to establish a restricted fund known as the "other levies reserve fund" for mills previously billed as part of the winter property tax levy. The total amount required to be placed in the reserve fund would equal the amount of the county's winter property tax levy of the total number of mills allocated to the county by a county tax allocation board or authorized for the county through a separate tax limitation vote.

Revenue credited to the reserve fund from the December tax levy of a county with a fiscal year ending December 31 would have to be distributed by the county to the local taxing units entitled to the various property tax levies on December 1 of the tax year when the December property tax levy otherwise would be due and payable.

Interest earned on the reserve fund would have to be transmitted to the local taxing unit in proportion to the mills billed as part of the summer property tax levy, after a deduction of reasonable expenses the county incurred in administering the accounting and disbursement of money in the reserve fund, to the extent that those expenses were in addition to the expenses of accounting and disbursing other taxes.

### **Senate Bill 323**

The General Property Tax Act provides for a county board of commissioners to authorize the levy of a tax at the annual session in October. Under the bill, for a county or local tax collecting unit that approved the levies as allowed in Section 44a, this would have to occur before a special meeting held before the annual levy on July 1.

The Act requires the State Treasurer, by the first day of September in each year, to prepare a statement showing the taxes to be raised for State purposes that year. The bill would delete the September 1 deadline.

Before the October session of the board of commissioners, the State Treasurer must prepare and send to the clerk of each county a statement of the amount of the taxes apportioned to that county. Under the bill, for a county or local tax collecting unit that approved the levies as allowed in Section 44a, the State Treasurer would have to do this before a special meeting held before the annual levy on July 1.

The State Treasurer also is required to set forth the amount of indebtedness of a county to the State remaining unpaid at the time the statement is made. That amount must be apportioned by the county board of commissioners and be levied as a portion of the county taxes for the year, unless the indebtedness is paid to the State by October 1. Under the bill, for a county or local tax collecting unit that approved the levies as allowed in Section 44a, the indebtedness would have to be levied unless paid before the annual levy on July 1.

The Act requires a county board of commissioners, at a session held by October 31 each year, to determine the amount of money to be raised for county purposes, and apportion the amount as well as the amount of the State tax and the county's indebtedness to the State among the townships in the county. Under the bill, this would have to be done either at a session held by October 31, or at a special meeting held for a local tax collecting unit that requested an annual levy in July.

MCL 211.44a (S.B. 322)  
211.34d et al. (S.B. 323)

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bills would change the timing of property tax collections in local units that chose to shift the collection date. Given the criteria in the bills, it is unlikely any local units would be eligible to implement the shift.

In order for a local unit to be eligible to shift additional mills to a summer levy, Senate Bill 322 would require the total amount of all individual taxes levied under the winter tax bill to be \$100 or less. The \$100 limit is not specified to be on a per-parcel or per-taxpayer basis. Given the taxable values present in local units, it is unlikely any levy in any local unit is \$100 or less in aggregate.

The bill would have no fiscal impact on State government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.