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Senate Bill 762 (as enacted)  
Sponsor: Senator Ken Horn  
Senate Committee: Local Government  
House Committee: Local Government and Municipal Finance  
Ways and Means

**PUBLIC ACT 64 of 2020**

Date Completed: 11-17-20

**RATIONALE**

In 1979, Saginaw's city charter was amended to limit the general property tax revenue collected by the city for general operations to 7.5 mills or \$3.8 million, whichever was less, subjecting the city to both a rate cap and a dollar limit. Since then, Saginaw has been operating without an increase in revenue to its general fund. As a result, police and fire services apparently have been reduced, and ballot measures seeking to remove the caps have not passed.

Public Acts 463 and 464 of 2004 amended Public Act 33 of 1951 to enable Saginaw to fund police and fire protection by acting jointly with other municipalities under the Act, which allows townships, incorporated villages, and cities that meet certain population parameters to create a joint police administrative board, fire administrative board, or police and fire administrative board. The Act also authorizes municipalities to create special assessment districts and to levy and collect special assessments to fund these services. Initially, Saginaw was ineligible to create a special assessment district because the city's population was larger than the 15,000-person threshold specified under Public Act 33. In 2004, the population parameters of the Act were amended to create a "qualified city" that included a city with a population between 15,000 and 70,000 located in a county with a population of more than 200,000 and less than 235,000. Saginaw met this threshold.

According to the United States Census Bureau, Saginaw County had a population of 208,530 in 2004 and, in 2017, a population of 191,934. Because of the population decline within the Saginaw County, Saginaw was no longer qualified under the population parameters within the Act and could no longer put a special assessment on a ballot. Accordingly, it was suggested that the population requirements within the Act be adjusted to reflect the current population of the city and to continue to allow it to levy special assessments.

**CONTENT**

**The bill amended Public Act 33 of 1951 (Police and Fire Protection) to modify the county population requirement within the definition of "qualified city".**

The Act allows township boards and the boards of adjoining townships to establish and maintain police and fire departments; purchase police and fire equipment, vehicles, and housing; defray the cost by special assessment, with voter approval; and take other authorized actions. The Act specifies that any reference to townships applies to townships, incorporated villages, and qualified cities; and that any reference to township boards applies to township boards and the legislative bodies of incorporated villages and qualified cities.

Formerly, a "qualified city" meant either of the following:

- A city with a population of less than 15,000.
- A city with a population of 15,000 or more and less than 70,000 located in a county with a population of more than 200,000 and less than 235,000, if the question of raising money by special assessment and the amount of the special assessment to be levied annually under the Act is approved by a majority of the electors in the special assessment district.

The amount of the special assessment to be levied annually under the Act that was approved by a majority of electors may not be increased unless that increase is first approved by a majority of the electors in the special assessment district.

Under the bill, instead, a "qualified city" means a city with a population of less than 15,000, or a city with a population of 15,000 or more and less than 70,000 located in a county with a population of more than 180,000 and less than 215,000, subject to the special assessment provisions described above.

The bill took effect on March 17, 2020.

MCL 48.810

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

According to testimony presented before the Senate Committee on Local Government, Saginaw voters historically have rejected proposals to remove the 1979 tax cap; however, special assessments for public safety usually are approved by voters. During the March 2020 election, Saginaw voters approved a 7.5 mills district assessment to provide funding for the operation of police and fire services until 2025. By continuing to maintain Saginaw as a qualified city under the Act, voters will be allowed to approve other special assessments that will provide a continued avenue for the city to fund its police and fire protection obligations.

Legislative Analyst: Dana Adams

## **FISCAL IMPACT**

The bill will have no fiscal impact on State or local government compared to current practice. The only city with a population of over 15,000 that qualifies under the Act is Saginaw. Absent the population changes in the bill, Saginaw will cease to meet the requirements of a "qualified city" and no longer will be able to raise the additional revenue available under the Act. Based on current population estimates, no other cities will meet the bill's requirements.

Fiscal Analyst: Ryan Bergan

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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.