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RESORT DISTRICT MILLAGE

House Bill 5504 as introduced
First Analysis (1-23-96)

Sponsor: Rep. Lynn Owen
Committee: Tax Policy

THE APPARENT PROBLEM:

The Resort District Rehabilitation Act was enacted in 1986 to allow Frenchtown Township in northern Monroe along the beaches of Lake Erie to create a special district in which up to three mills could be levied with voter approval to pay for public improvements in a resort area where public infrastructure had deteriorated. As described by an analysis written at the time (House Bill 4737 of 1985-86), the problem was that the densely populated subdivisions in the area were completely private and local government had no involvement in maintaining the streets or in providing such services as street lighting, drainage, flood control, or garbage collection. Attempts to impose special assessments, which required approval of those with over 50 percent of the frontage, had been frustrated by opposition from absentee owners. Some residents, moreover, opposed assessments because they could not be deducted from federal income taxes or counted in homestead property tax relief calculations. Also, the 1986 analysis said, the magnitude of the infrastructure problems would have resulted in a very heavy special assessment burden on each property owner (and the area's largest taxpayer, the Detroit Edison Fermi plant would have been virtually unaffected).

The 1986 act allowed townships to establish resort district authorities with the power to levy as much as three mills against resort property to finance certain kinds of rehabilitation projects, including roads, lighting, sewers, drains, flood controls, and garbage collection. If voters approved, taxes would apply to property within a resort district for five years, with five-year renewals subject to voter approval. Frenchtown Township has used the act as anticipated, and resort district voters have twice approved millages to support bonding for public improvements. Area representatives are seeking the ability to renew the millage beyond the five-year limit, for up to 20 years, with voter approval.

THE CONTENT OF THE BILL:

The bill would amend the Resort District Rehabilitation Act to specify that if a tax levy had been levied and approved by a majority of electors residing in a district on two previous occasions, then the authority could extend the tax levy for a period of not more than 20 years. An extension could not be for more than three mills. For the extension to be levied, it would have to be approved by the voters before September 15 following the year in which a previously approved tax levy expired.

MCL 125.2208

FISCAL IMPLICATIONS:

The bill would have no fiscal impact, according to the House Fiscal Agency. (Fiscal Note dated 1-17-96)

ARGUMENTS:

For:

The bill would allow a township in Monroe County to seek voter approval of an extension of a special resort district millage for up to 20 years. (It does not require the extension be for 20 years; local officials can determine the number of years to be placed before voters.) Currently, the millage must be re-approved every five years. Local representatives say the millage has been approved twice with little voter opposition. Other millages can be voted for this additional length of time.

Against:

Some people would prefer that the current five-year restriction remain in place so as to require more frequent voter approval of taxes.

POSITIONS:

There are no positions at present.