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BILL



ANALYSIS

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House Bill 4658 (as reported without amendment)

Sponsor: Representative James McNutt

House Committee: Urban Policy

Senate Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Urban Cooperation Act to permit two or more local units of government to enter into an agreement for sharing property tax revenue; require an agreement to be approved by a majority of the members of each affected unit's legislative body; provide that an agreement could be terminated by a referendum of the residents of a local unit; and validate an interlocal agreement executed before the bill's effective date.

Under provisions of the Act that were added by Public Act 286 of 1987, two or more local units of government that levied a tax under the General Property Tax Act could enter into an interlocal agreement for the sharing of all or a portion of the revenue resulting from the levy of general ad valorem property taxes or specific taxes levied in lieu of property taxes upon certain commercial or industrial property. Local units could not enter into such an agreement, however, after December 31, 1992. The bill would remove the December 31, 1992, deadline on interlocal tax-sharing agreements, and permit local units to enter into an agreement to share the revenue received from property taxes or specific taxes upon any property. The bill specifies that an agreement could be terminated or rescinded by a referendum of the residents of a local unit that was a party to the agreement within 30 days after the local unit's governing body approved of the agreement.

The bill specifies that it would validate and would not affect an interlocal agreement for a publicly authorized undertaking that was executed before the bill's effective date and that included a method or formula for equitably providing for and allocating revenues as authorized in the Urban Cooperation Act.

MCL 124.502 & 124.505a

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill is designed to develop interlocal tax agreements to share property taxes and taxes levied in lieu of property taxes on any real or personal property between two local units. Two local units, possibly as a result of annexation from a township to a city, could voluntarily enter into an interlocal tax agreement that stated the formula or formulas for sharing the revenue.

Date Completed: 5-26-95

Fiscal Analyst: R. Ross

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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.