



# HOUSE BILL No. 5568

February 8, 1996, Introduced by Reps. Bullard, Brackenridge and Profit and referred to the Committee on Tax Policy.

A bill to amend section 4 of Act No. 140 of the Public Acts of 1971, entitled as amended  
"State revenue sharing act of 1971,"  
as amended by Act No. 116 of the Public Acts of 1987, being section 141.904 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 4 of Act No. 140 of the Public Acts of  
2 1971, as amended by Act No. 116 of the Public Acts of 1987, being  
3 section 141.904 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 4. (1) "Local property taxes" means ad valorem prop-  
6 erty taxes THAT ARE levied by a city, village, or township,  
7 INCLUDING AD VALOREM PROPERTY TAXES THAT, AS DETERMINED BY THE  
8 DEPARTMENT OF TREASURY, WOULD HAVE BEEN LEVIED IN A RENAISSANCE  
9 ZONE ESTABLISHED IN THE CITY, VILLAGE, OR TOWNSHIP UNDER THE

1 MICHIGAN RENAISSANCE ZONE ACT IF THE RENAISSANCE ZONE WERE NOT  
2 EXEMPT FROM TAXATION.

3 (2) "Local income and excise taxes" means collections of  
4 taxes pursuant to the city income tax act, Act No. 284 of the  
5 Public Acts of 1964, ~~as amended,~~ being sections 141.501 to  
6 141.787 of the Michigan Compiled Laws, or pursuant to the city  
7 utility users tax act, Act No. 198 of the Public Acts of 1970,  
8 ~~as amended,~~ being sections 141.801 to 141.837 of the Michigan  
9 Compiled Laws, or pursuant to any acts authorizing local income  
10 or excise taxes by a city, village, or township, ~~which~~  
11 ~~collections~~ AND INCLUDES COLLECTIONS OF THESE TAXES THAT, AS  
12 DETERMINED BY THE DEPARTMENT OF TREASURY, WOULD HAVE BEEN MADE  
13 WITH RESPECT TO A RENAISSANCE ZONE ESTABLISHED IN THE CITY, VIL-  
14 LAGE, OR TOWNSHIP UNDER THE RENAISSANCE ZONE ACT IF THE RENAISSANCE  
15 ZONE WERE NOT EXEMPT FROM TAXATION. COLLECTIONS UNDER THIS  
16 SUBSECTION are modified as follows:

17 (a) For a city levying a local income tax, an amount shall  
18 be excluded prior to determining the rates pursuant to this act,  
19 which amount shall be determined by a proportion to be the ratio  
20 whose numerator is 1/2 of 1% and whose denominator is the sum of  
21 the resident rate multiplied by 2 and the nonresident rate multi-  
22 plied by 1.

23 (b) If the local income tax ~~actually~~ collected by a city  
24 from nonresident individuals, INCLUDING LOCAL INCOME TAXES THAT  
25 WOULD HAVE BEEN COLLECTED WITH RESPECT TO A RENAISSANCE ZONE IF  
26 THE RENAISSANCE ZONE WERE NOT EXEMPT FROM TAXATION, is less than  
27 the amount determined pursuant to subdivision (a), the amount

1 excluded prior to determining the rates shall be the amount of  
2 ~~actual~~ SUCH collections from nonresidents as certified by the  
3 city to the department of treasury.

4 (3) "Local taxes" means local property taxes, local income  
5 and excise taxes, and, for distributions after June 30, 1987,  
6 special assessments, which special assessments meet all of the  
7 following criteria:

8 (a) The assessment district is the entire city, village, or  
9 township.

10 (b) The assessment is levied on an ad valorem basis against  
11 all real property in the city, village, or township.

12 (4) "Overlapping taxes" means ad valorem property taxes,  
13 income taxes, and excise taxes levied in a city, village, or  
14 township by any of the following AND INCLUDES AD VALOREM PROPERTY  
15 TAXES, INCOMES TAXES, AND EXCISE TAXES THAT, AS DETERMINED BY THE  
16 DEPARTMENT OF TREASURY, WOULD HAVE BEEN LEVIED BY ANY OF THE FOL-  
17 LOWING WITH RESPECT TO A RENAISSANCE ZONE ESTABLISHED IN THE  
18 CITY, VILLAGE, OR TOWNSHIP UNDER THE MICHIGAN RENAISSANCE ZONE  
19 ACT IF THE RENAISSANCE ZONE WERE NOT EXEMPT FROM TAXATION:

20 (a) A county.

21 (b) A school district, intermediate school district, or com-  
22 munity college district.

23 (c) An authority or other governmental unit or agency except  
24 the state.

25 (5) "Special assessments" means any of the following, except  
26 as otherwise provided in subsection (6):

1       (a) Special assessments imposed by a city, village, or  
2 township against property in the city, village, or township for  
3 streets, sidewalks, storm or sanitary sewers, water supply,  
4 drains, street lights, fire protection, police protection, or any  
5 other public improvement, facility, or service authorized by  
6 charter, ordinance, or statute to be imposed on the basis of ben-  
7 efit to the property.

8       (b) Special assessments imposed by a county against property  
9 in the city, village, or township to pay a portion of the cost of  
10 constructing or maintaining a county public improvement deter-  
11 mined on the basis of the benefit of the public improvement to  
12 the property.

13       (c) For distributions after June 30, 1976, capital improve-  
14 ment charges imposed in lieu of special assessments pursuant to  
15 charter, ordinance, or statute by a city, village, or township to  
16 pay for a portion of the cost of constructing a public improve-  
17 ment determined on the basis of the benefit of the public  
18 improvement to the property.

19       (6) "Special assessment" does not include a special assess-  
20 ment that is included in local taxes under subsection (3).