

Legislative Analysis



DISTRICT LIBRARY DEBT MILLAGE: COLLECT WITH UNALLOCATED COUNTY TAXES

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House Bill 4421 (Substitute H-1)

Sponsor: Rep. Steve Bieda

Committee: Intergovernmental, Urban, and Regional Affairs

First Analysis (3-15-07)

BRIEF SUMMARY: The bill would require that the bond or debt millage authorized and levied by district library boards be collected with the unallocated county taxes on the winter tax roll.

FISCAL IMPACT: The bill should have no fiscal impact on state and local government.

THE APPARENT PROBLEM:

When district library boards expand, renovate, or operate their facilities, they generally seek authorization from the voters to raise taxes by levying millage on local property. If voters approve the millage in an election, then the district library boards sell bonds to finance the debt they will incur. The board members repay the principal and interest on those bonds with the tax revenue collected from the property tax millage the voters have authorized. Millages go on the tax roll for collection twice a year—generally in December (known as winter taxes) and in July (known as summer taxes). Historically, district library taxes have been collected with the winter taxes, and the board members use the revenue to make their spring payments on their debts. Often district library millage taxes are collected by township governments.

Some district library boards reportedly have recently been informed by their bond counsel that they must shift their bond millage tax collections from the winter tax bill to the summer tax bill. If required to do so, they will be unable to make their spring bond payments. This change is related to the statewide movement of county property taxes from the winter to the summer tax roll, a move that must be completed in July 2007.

Legislation has been introduced that would allow district library boards to continue collecting their bond millage taxes on the winter tax bill.

THE CONTENT OF THE BILL:

House Bill 4421 would amend the District Library Financing Act (MCL 397.288) to require that the taxes authorized and levied by district library boards to pay the principal of and interest on bonds be levied and collected at the time provided by statute for the collection of unallocated county taxes. Currently the law says only that these taxes are to be levied and collected with county taxes.

ARGUMENTS:

For:

Often, the property taxes that support district libraries are collected by township governments. According to committee testimony, the bill would allow district library boards (and the township tax collectors who assist them with collections) to continue to collect bond millage taxes on the winter tax bill. Recently, some bond counsel for district library boards have advised them they must begin collection of their bond millage taxes on the summer tax bill, beginning in July 2007. The bill also would allow townships to continue receiving \$2.50 for each parcel of property, which is paid to township governments for collecting the summer tax only if the summer tax roll contains nothing other than county taxes, village taxes, and the State Education Tax.

POSITIONS:

The Michigan Townships Association supports the bill. (3-14-07)

The Michigan Department of Treasury is neutral on the bill. (3-14-07)

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