

Legislative Analysis



TREATMENT OF SPECIAL ASSESSMENTS WHEN MUNICIPALITIES AND TOWNSHIPS CONSOLIDATE

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House Bill 4520 (Substitute H-3)

Sponsor: Rep. Vicki Barnett

Committee: Intergovernmental and Regional Affairs

First Analysis (6-2-09)

BRIEF SUMMARY: Following a merger, the bill would allow a newly consolidated government to levy a property tax millage for local services in only a portion of the community, if authorized by the new charter and approved by a majority of voters.

FISCAL IMPACT: The bill would have no impact on state revenues and would be expected to have a minimal impact on local finances.

THE APPARENT PROBLEM:

Currently under the law, local elected officials must levy a uniform property tax millage rate throughout their jurisdiction. Occasionally, that requirement impedes the consolidation of local units of government, a circumstance recently experienced by residents and city officials in the cities of Farmington and Farmington Hills (located in Oakland County) who have explored the possibility of merging the two communities.

For example, when considering a merger, local officials may discover that the residents of one community have approved a single mill levy to raise revenue that maintains their roads or picks-up their fall leaves while the residents in the adjacent community have not. The citizens who have approved the road or leaf levy at an election fear that those in a newly consolidated community might fail to do so. To avoid losing their road or leaf levy, they are unwilling to merge with their neighbors.

Legislation has been introduced to allow the officials in newly merged local units of government to levy a property tax millage in a portion of their community, if that millage were authorized in the new jurisdiction's charter, and that charter was then approved by the majority of voters in both jurisdictions.

THE CONTENT OF THE BILL:

House Bill 4520 (H-3) would amend the Home Rule City Act to address the case where a city, village, or township that levies a property tax millage for local services consolidates with another city, village, or township.

Under the bill, if a city, village, or township levies a property tax millage for certain of its services, and is also consolidated with another city, village or township as allowed under the act, then the governing body of the consolidated city could, if authorized by its

charter, establish by resolution a central city district composed of the same boundaries as that city or village that levied the property tax millage.

The question of whether the consolidated city could levy a special assessment millage on property located in the central city district (in order to provide certain services to the residents who live there), as well as the amount of that special assessment, would have to be put to the voters at a general election or a special election called for that purpose. The consolidated city could levy the special assessment millage on property located in the central city district only if a majority of the voters in the central city district approved the special assessment.

MCL 117.5k

ARGUMENTS:

For:

The legislation would allow (but not require) local officials and the residents of cities, villages, and townships to consolidate their communities, yet maintain property tax levies for core services in portions of the community after the merger. Currently, the law prohibits differentiated property tax levies within a community. That prohibition has discouraged consolidation, because residents fear the loss of the services their previously voted levy provides following a merger. This bill would remove that prohibition. If authorized in a new city charter, and after a vote to approve that charter, local officials could create a 'central city district' whose residents would be subject to a special assessment levied within that district to retain their core services.

POSITIONS:

The Michigan Municipal League supports the bill. (6-2-09)

The Grand Valley Metro Council supports the bill. (6-2-09)

The Southeast Michigan Council of Governments (SEMCOG) supports the bill. (6-2-09)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.