

LIMIT COUNTY AGRICULTURE ADVANTAGES TAX

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House Bill 4166 (H-1) as reported from committee

Sponsor: Rep. Rick Outman

Committee: Local Government

Complete to 4-29-15

Analysis available at
<http://www.legislature.mi.gov>

BRIEF SUMMARY: The bill would allow Michigan county commissioners to levy a special tax of up to five cents per \$100 of taxable property, for up to five years, to promote agricultural or industrial advantages of a county or region, if that tax was approved by a vote of the people in the county. Counties levying the tax now could continue doing so for five years, after which a vote of the people would be necessary.

FISCAL IMPACT: As written, the bill would enable Washtenaw County (and any other county that establishes an 'agricultural advantages tax' before the bill's effective date) to continuing levying this capped millage rate for five years, after which the levy would require approval from the voters.

In December 2014, Washtenaw County levied 0.07 mills and generated just over \$1.0 million. Although the statute allows for a maximum levy of 0.5 mills, Washtenaw County has historically levied a much smaller amount.

THE APPARENT PROBLEM:

For over 100 years—beginning in 1913—the State of Michigan has allowed counties to levy a millage not to exceed five cents on each \$100 of taxable value, to promote economic activity by advertising agricultural and industrial advantages; exhibiting products and industries; encouraging immigration; and increasing trade and advertising for tourists.

Under Public Act 88 of 1013, a county board of commissioners has the authority to approve this agriculture and economic development millage, absent a vote of the people. The property tax millage is not subject to a vote of the people, because the legislature approved this levy 65-years before the Headlee Amendment to the Michigan Constitution was adopted.

According to committee testimony, three counties in Michigan—Washtenaw, Gratiot, and Monroe—have levied this tax. Washtenaw County began doing so in the fall of 2009 and continues to the present day. Gratiot County levies the tax, but requires a vote of the people to do so. Monroe County once levied the tax for several years, using the revenue it generated to promote area museums, as county business leaders sought to enhance their tourist attractions while competing with Lucas County Ohio, on Michigan's southeastern border. Further, Ingham County, reportedly, has recently considered assessing the levy.

Legislation—originally introduced to repeal a county's authority to levy this tax—has been amended to enable the property tax levy, if a vote of the people approves it every five years.

THE CONTENT OF THE BILL:

Public Act 88 of 1913 allows any of Michigan's 83 county boards of commissioners to levy a special tax of up to five cents per \$100 of taxable property to promote the agricultural or industrial advantages of the county or region, to put on an exhibition of products and industries, to increase trade and encourage immigration, and to advertise for tourism. The bill would continue to allow this tax levy, but under certain conditions, as described below.

First, in a "grandfather clause," House Bill 4166 (H-1) specifies that the authority to levy the special tax would only apply to a county that was already levying the tax on the effective date of this legislation. However, for those counties, that authority to levy the special tax would expire on January 1, 2020.

Further, for all counties, House Bill 4166 (H-1) would allow any county board of commissioners to levy the special tax for a period of not more than five years, if a majority of the electors in the county voted to approve it. Under the bill, the special tax would be submitted to a vote, by resolution of the county board of commissioners

Finally, as is now the case in the statute, the bill again stipulates that the total tax levied in any one year could not exceed five cents on each \$100 of taxable property within that county, according to the assessment rolls.

The bill would take effect 90 days after it was enacted into law.

MCL 46.161

ARGUMENTS:

For:

Proponents of the bill argue that county commissioners should not have the authority to unilaterally levy a property tax, without first getting the approval of taxpayers at the ballot box. Further, they argue that any voter approval, once granted, should be renewed every five years.

Against:

Opponents of the bill say that voters already indirectly approve this property tax levy, because voters elect their county commissioners every two years. Therefore, county commissioners are accountable for their decisions, undertaken on behalf of their constituents.

POSITIONS:

The Farm Bureau supports the bill as amended. (4-28-15)

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