



HOUSE JOINT RESOLUTION BB

September 11, 1996, Introduced by Rep. Profit and referred to the Committee on Tax Policy.

A joint resolution proposing an amendment to the state constitution of 1963, by amending sections 3, 6, 16, and 31 of article IX, to eliminate the equalization of property tax assessments.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to eliminate the equalization of property tax assessments, is proposed, agreed to, and submitted to the people of the state:

ARTICLE IX

1
2 Sec. 3. The legislature shall provide for the uniform gen-
3 eral ad valorem taxation of real and tangible personal property
4 not exempt by law except for taxes levied for school operating
5 purposes. The legislature shall provide for the determination of
6 true cash value of such property ~~—~~ AND the proportion of true

1 cash value at which such property shall be uniformly assessed,
2 which shall not, after January 1, 1966, exceed 50 percent. ~~and~~
3 ~~for a system of equalization of assessments.~~ For taxes levied in
4 1995 and each year thereafter, the legislature shall provide that
5 the taxable value of each parcel of property adjusted for addi-
6 tions and losses, shall not increase each year by more than the
7 increase in the immediately preceding year in the general price
8 level, as defined in section 33 of this article, or 5 percent,
9 whichever is less until ownership of the parcel of property is
10 transferred. When ownership of the parcel of property is trans-
11 ferred as defined by law, the parcel shall be assessed at the
12 applicable proportion of current true cash value. The legisla-
13 ture may provide for alternative means of taxation of designated
14 real and tangible personal property in lieu of general ad valorem
15 taxation. Every tax other than the general ad valorem property
16 tax shall be uniform upon the class or classes on which it
17 operates. A law that increases the statutory limits in effect as
18 of February 1, 1994 on the maximum amount of ad valorem property
19 taxes that may be levied for school district operating purposes
20 requires the approval of 3/4 of the members elected to and serv-
21 ing in the Senate and in the House of Representatives.

22 Section 6. Except as otherwise provided in this constitu-
23 tion, the total amount of general ad valorem taxes imposed upon
24 real and tangible personal property for all purposes in any one
25 year shall not exceed 15 mills on each dollar of the assessed
26 valuation of property. ~~as finally equalized.~~ Under procedures
27 provided by law, which shall guarantee the right of initiative,

1 separate tax limitations for any county and for the townships and
2 for school districts therein, the aggregate of which shall not
3 exceed 18 mills on each dollar of such valuation, may be adopted
4 and thereafter altered by the vote of a majority of the qualified
5 electors of such county voting thereon, in lieu of the limitation
6 hereinbefore established. These limitations may be increased to
7 an aggregate of not to exceed 50 mills on each dollar of valua-
8 tion, for a period of not to exceed 20 years at any one time, if
9 approved by a majority of the electors, qualified under Section 6
10 of Article II of this constitution, voting on the question.

11 The foregoing limitations shall not apply to taxes imposed
12 for the payment of principal and interest on bonds approved by
13 the electors or other evidences of indebtedness approved by the
14 electors or for the payment of assessments or contract obliga-
15 tions in anticipation of which bonds are issued approved by the
16 electors, which taxes may be imposed without limitation as to
17 rate or amount; or, subject to the provisions of Section 25
18 through 34 of this article, to taxes imposed for any other pur-
19 pose by any city, village, charter county, charter township,
20 charter authority or other authority, the tax limitations of
21 which are provided by charter or by general law.

22 In any school district which extends into two or more coun-
23 ties, property taxes at the highest rate available in the county
24 which contains the greatest part of the area of the district may
25 be imposed and collected for school purposes throughout the
26 district.

1 Sec. 16. The state, in addition to any other borrowing
2 power, may borrow from time to time such amounts as shall be
3 required, pledge its faith and credit and issue its notes or
4 bonds therefor, for the purpose of making loans to school dis-
5 tricts as provided in this section.

6 If the minimum amount which would otherwise be necessary for
7 a school district to levy in any year to pay principal and inter-
8 est on its qualified bonds, including any necessary allowances
9 for estimated tax delinquencies, exceeds 13 mills on each dollar
10 of its assessed valuation, ~~as finally equalized,~~ or such lower
11 millage as the legislature may prescribe, then the school dis-
12 trict may elect to borrow all or any part of the excess from the
13 state. In that event the state shall lend the excess amount to
14 the school district for the payment of principal and interest.
15 If for any reason any school district will be or is unable to pay
16 the principal and interest on its qualified bonds when due, then
17 the school district shall borrow and the state shall lend to it
18 an amount sufficient to enable the school district to make the
19 payment.

20 The term "qualified bonds" means general obligation bonds of
21 school districts issued for capital expenditures, including
22 refunding bonds, issued prior to May 4, 1955, or issued
23 ~~thereafter~~ AFTER MAY 4, 1955 and qualified as provided by law
24 pursuant to Section 27 or Section 28 of Article X of the
25 Constitution of 1908 or pursuant to this section.

26 After a school district has received loans from the state,
27 each year thereafter it shall levy for debt service, exclusive of

1 levies for nonqualified bonds, not less than 13 mills or such
2 lower millage as the legislature may prescribe, until the amount
3 loaned has been repaid, and any tax collections therefrom in any
4 year over and above the minimum requirements for principal and
5 interest on qualified bonds shall be used toward the repayment of
6 state loans. In any year when such levy would produce an amount
7 in excess of the requirements and the amount due to the state,
8 the levy may be reduced by the amount of the excess.

9 Subject to the foregoing provisions, the legislature shall
10 have the power to prescribe and to limit the procedure, terms and
11 conditions for the qualification of bonds, for obtaining and
12 making state loans, and for the repayment of loans.

13 The power to tax for the payment of principal and interest
14 on bonds hereafter issued which are the general obligations of
15 any school district, including refunding bonds, and for repayment
16 of any state loans made to school districts, shall be without
17 limitation as to rate or amount.

18 All rights acquired under Sections 27 and 28 of Article X of
19 the Constitution of 1908, by holders of bonds heretofore issued,
20 and all obligations assumed by the state or any school district
21 under these sections, shall remain unimpaired.

22 Sec. 31. Units of Local Government are hereby prohibited
23 from levying any tax not authorized by law or charter when this
24 section is ratified or from increasing the rate of an existing
25 tax above that rate authorized by law or charter when this sec-
26 tion is ratified, without the approval of a majority of the
27 qualified electors of that unit of Local Government voting

1 thereon. If the definition of the base of an existing tax is
2 broadened, the maximum authorized rate of taxation on the new
3 base in each unit of Local Government shall be reduced to yield
4 the same estimated gross revenue as on the prior base. If the
5 assessed valuation of property, ~~as finally equalized,~~ excluding
6 the value of new construction and improvements, increases by a
7 larger percentage than the increase in the General Price Level
8 from the previous year, the maximum authorized rate applied
9 thereto in each unit of Local Government shall be reduced to
10 yield the same gross revenue from existing property, adjusted for
11 changes in the General Price Level, as could have been collected
12 at the existing authorized rate on the prior assessed value.

13 The limitations of this section shall not apply to taxes
14 imposed for the payment of principal and interest on bonds or
15 other evidence of indebtedness or for the payment of assessments
16 on contract obligations in anticipation of which bonds are issued
17 which were authorized ~~prior to the effective date of this~~
18 ~~amendment~~ BEFORE DECEMBER 23, 1978.

19 Resolved further, That the foregoing amendment shall be sub-
20 mitted to the people of the state at the next general election in
21 the manner provided by law.