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House Bill 4570 (as passed by the House)  
Sponsor: Representative Chris Ward  
House Committee: House Oversight, Elections and Ethics  
Senate Committee: Education

Date Completed: 4-21-05

### **CONTENT**

The bill would amend the General Property Tax Act to change from May 31 to April 30 the date by which a limitation on millage authorized by voters must be calculated.

The Act specifies that the number of mills permitted to be levied in a tax year is limited as provided in the Act and pursuant to Article IX, Section 31 of the State Constitution (part of the "Headlee Amendment" tax limitations). Generally, the statutory provisions that implement the Headlee Amendment require the rollback of millage rates in order to limit a local unit's annual increase in the total value of property, not including additions and losses, to the rate of inflation.

Currently, under the Act, millage authorized by the voters on or before May 31 in any year is subject to a reduction in the same year, while millage authorized after that date is not subject to a millage reduction until the following year. The bill would change that date to April 30.

MCL 211.34d

### **BACKGROUND**

Property taxes are calculated by multiplying the taxable value of property by the millage rate approved by the electorate. Under a provision of the Headlee Amendment, if the assessed valuation of property increases from the previous year by a larger percentage than the "General Price Level" (i.e., the rate of inflation), the maximum authorized rate must be reduced to yield the same gross revenue, adjusted for inflation. Local officials may, however, request that the voters approve the increase that exceeds the Headlee Amendment limitation. Voter approval of such a request is known as a "Headlee override".

Historically, school officials sometimes have asked voters to approve a Headlee override during the June school elections. Legislation enacted in 2003 and effective in September 2004, however, consolidated elections and eliminated the June school elections. School officials were given the option of holding their elections in the fall or during the month of May. Most school districts reportedly have opted for the May elections.

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The bill would have no effect on State revenue. The bill could reduce School Aid Fund expenditures by an unknown and likely minimal amount if local school districts were able to generate more revenue locally under the bill. The bill also could increase local unit revenue, except operating revenue in districts that have their per pupil funding guaranteed by the School Aid Fund, to the extent that override elections were successful and resulted in a greater levy than will occur absent the bill.

This estimate is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.