

# HOUSE JOINT RESOLUTION UU

May 24, 2012, Introduced by Reps. Smiley, Liss, Haugh, Stallworth, Howze, McCann, Geiss, Cavanagh, Ananich, Brunner, Rutledge, Lane and Nathan and referred to the Committee on Tax Policy.

A joint resolution proposing an amendment to the state constitution of 1963, by adding section 43 to article IX, to provide for the replacement of certain tax revenue lost as a result of the exemption or reduction in rate of taxation of certain personal property.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to provide for the replacement of certain tax revenue lost as a result of the exemption or reduction in rate of taxation of certain personal property, is proposed, agreed to, and submitted to the people of the state:

## ARTICLE IX

**SEC. 43. IF THE LEGISLATURE EXEMPTS ANY PERSONAL PROPERTY FROM**

1 TAXATION OR REDUCES THE ALLOWABLE RATE OF TAXATION FOR PERSONAL  
2 PROPERTY, THE LEGISLATURE SHALL REPLACE ALL REVENUE LOST BY THE  
3 UNITS OF LOCAL GOVERNMENT AS A RESULT OF THAT EXEMPTION OR  
4 REDUCTION IN RATE OF TAXATION, INCLUDING ALL REVENUE RELATED TO  
5 LOCALLY VOTED MILLAGES AND MILLAGES LEVIED FOR VOTED DEBT  
6 OBLIGATIONS. THE LOST REVENUE SHALL BE REPLACED EACH YEAR IN ITS  
7 ENTIRETY BY FUNDS FROM THE GENERAL FUND PAID DIRECTLY TO THE  
8 AFFECTED UNITS OF LOCAL GOVERNMENT.

9 FOR THE FIVE CALENDAR YEARS IMMEDIATELY SUCCEEDING THE  
10 EFFECTIVE DATE OF THE EXEMPTION OR REDUCTION IN RATE OF TAXATION,  
11 EACH UNIT OF LOCAL GOVERNMENT SHALL RECEIVE ON A QUARTERLY BASIS  
12 ITS PRO RATA PORTION OF THE TOTAL PERSONAL PROPERTY TAX REPLACEMENT  
13 AMOUNT. THE PRO RATA PORTION FOR EACH UNIT OF LOCAL GOVERNMENT  
14 SHALL BE DETERMINED BY CALCULATING THE RATIO THAT THE TAX BASE OF  
15 THAT UNIT OF LOCAL GOVERNMENT BEARS TO THE TOTAL PERSONAL PROPERTY  
16 TAX REPLACEMENT AMOUNT. THE TAX BASE OF EACH UNIT OF LOCAL  
17 GOVERNMENT IS THE ANNUAL AVERAGE OF THE LAST FIVE YEARS OF TAXES  
18 COLLECTED ON PERSONAL PROPERTY LEVIED BY THAT UNIT OF LOCAL  
19 GOVERNMENT PRIOR TO THE EFFECTIVE DATE OF THE EXEMPTION OR  
20 REDUCTION IN RATE OF TAXATION. THE TOTAL PERSONAL PROPERTY TAX  
21 REPLACEMENT AMOUNT IS THE TOTAL AMOUNT TO BE PAID EACH YEAR FROM  
22 THE GENERAL FUND TO ALL UNITS OF LOCAL GOVERNMENT PURSUANT TO THIS  
23 SECTION AND SHALL BE CALCULATED BY ANNUALLY AVERAGING THE LAST FIVE  
24 YEARS OF TAXES COLLECTED ON PERSONAL PROPERTY LEVIED BY ALL UNITS  
25 OF LOCAL GOVERNMENT PRIOR TO THE EFFECTIVE DATE OF THE EXEMPTION OR  
26 REDUCTION IN RATE OF TAXATION. BEGINNING SIX CALENDAR YEARS  
27 FOLLOWING THE EFFECTIVE DATE OF THE EXEMPTION OR REDUCTION IN RATE

1 OF TAXATION AND EACH YEAR THEREAFTER, THE LEGISLATURE MAY CONSIDER  
2 OTHER FACTORS TO DETERMINE THE PERCENTAGE OF THE TOTAL PERSONAL  
3 PROPERTY TAX REPLACEMENT AMOUNT THAT SHALL BE GIVEN TO EACH UNIT OF  
4 LOCAL GOVERNMENT. IN NO EVENT SHALL ANY UNIT OF LOCAL GOVERNMENT  
5 RECEIVE MORE THAN A 5% REDUCTION EACH YEAR FROM THAT AMOUNT  
6 RECEIVED IN THE IMMEDIATELY PRECEDING YEAR PURSUANT TO THIS SECTION  
7 AND SHALL NEVER REACH A LEVEL OF FUNDING LOWER THAN 50% OF THE  
8 AMOUNTS RECEIVED IN THE FIVE CALENDAR YEARS IMMEDIATELY SUCCEEDING  
9 THE EFFECTIVE DATE OF THE EXEMPTION OR REDUCTION IN RATE OF  
10 TAXATION PURSUANT TO THIS SECTION.

11 IF TWO OR MORE UNITS OF LOCAL GOVERNMENT IN EXISTENCE ON THE  
12 EFFECTIVE DATE OF THE EXEMPTION OR REDUCTION IN RATE OF TAXATION,  
13 OR ANY SUCCESSOR LOCAL UNIT OF GOVERNMENT, CONSOLIDATE INTO ONE  
14 UNIT OF LOCAL GOVERNMENT, THE TAX BASE OF THAT CONSOLIDATED UNIT OF  
15 LOCAL GOVERNMENT IS THE SUM OF THE TAX BASES OF EACH OF THE UNITS  
16 OF LOCAL GOVERNMENT THAT CONSOLIDATED.

17 IF THE POWERS, DUTIES, AND OBLIGATIONS OF A UNIT OF LOCAL  
18 GOVERNMENT ARE ASSUMED BY ANOTHER UNIT OF LOCAL GOVERNMENT, WHETHER  
19 BY ANNEXATION, DETACHMENT, CONDITIONAL TRANSFER, OR OTHERWISE, THE  
20 CORRESPONDING PORTION OF THE TAX BASE OF THE UNIT OF LOCAL  
21 GOVERNMENT ACQUIRED SHALL BE ADDED TO THE TAX BASE OF THE UNIT OF  
22 LOCAL GOVERNMENT ASSUMING THOSE POWERS, DUTIES, AND OBLIGATIONS.

23 THE UNITS OF LOCAL GOVERNMENT THAT RECEIVE REPLACEMENT REVENUE  
24 PURSUANT TO THIS SECTION MAY USE THOSE FUNDS FOR ANY LAWFUL PURPOSE  
25 AND ARE NOT OTHERWISE RESTRICTED.

26 AS USED IN THIS SECTION, "LOCAL GOVERNMENT" MEANS ANY  
27 POLITICAL SUBDIVISION OF THIS STATE, INCLUDING, BUT NOT LIMITED TO,

1 SCHOOL DISTRICTS, CITIES, VILLAGES, TOWNSHIPS, CHARTER TOWNSHIPS,  
2 COUNTIES, CHARTER COUNTIES, AUTHORITIES CREATED BY THIS STATE,  
3 PUBLICLY FUNDED LIBRARIES HOWEVER CREATED, AND AUTHORITIES CREATED  
4 BY ANY UNIT OF LOCAL GOVERNMENT.

5 THE LEGISLATURE SHALL PROVIDE BY LAW FOR THE IMPLEMENTATION OF  
6 THIS SECTION.

7 Resolved further, That the foregoing amendment shall be  
8 submitted to the people of the state at the next general election  
9 in the manner provided by law.