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BILL ANALYSIS



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Senate Bill 1235 (as introduced 11-28-18)
Sponsor: Senator Peter MacGregor
Committee: Finance

Date Completed: 12-4-18

CONTENT

The bill would amend Public Act 33 of 1951 (which provides for police and fire protection for certain villages, townships, and cities) to do the following:

- **Allow a township board or township boards to defray money appropriated for the purchase of police or fire motor vehicles, apparatus, equipment, and housing by special assessment and issue bonds in anticipation of the collection of those special assessments.**
- **Specify that a special assessment imposed under the Act would have to be levied on all properties within the special assessment district established under the Act other than properties exempt from the collection of taxes under the General Property Tax Act.**
- **Require a special assessment levied on all of the lands and premises in a township to be levied on the taxable value of the property assessed after December 31, 2018.**
- **Describe a special assessment proposal on either all lands and premises in a township or on some but not all lands and premises in a township.**
- **Specify the information that would have to be included on the special assessment proposal.**
- **Subject the special assessments that could be levied under the bill to existing provisions, such as requiring a township board or boards to estimate the cost and expenses of the police and fire motor vehicles, apparatus, equipment, and housing and police and fire protection, once a special assessment district is proposed.**

The bill would take effect on January 1, 2019.

Special Assessments

Under the Act, a township board of a township, or the township boards of adjoining townships acting jointly, whether or not the townships are located in the same county, may provide by resolution for the appropriation of general or contingent funds for the purchase of police and fire motor vehicles, apparatus, equipment, and housing and for maintenance and operation of police and fire departments.

The township board, or the township boards of adjoining townships acting jointly, may provide that the sums prescribed for purchasing and housing equipment, for the operation of the equipment, or both, may be defrayed by special assessment on the lands and premises in the township or townships to be benefited, except, beginning in 2002, lands and premises exempt from the collection of taxes under the General Property Tax Act, may issue bonds in anticipation of the collection of these special assessments. The bill also would allow the township board or township boards to defray money appropriated for the purchase of police

or fire motor vehicles, apparatus, equipment, and housing by special assessment as described above, and would allow for the issuance of bonds in anticipation of the collection of those special assessments.

After December 31, 1998, an ad valorem special assessment levied under Public Act 33 of 1951 must be levied on the taxable value of the property assessed. Under the bill, after December 31, 2018, if a special assessment were levied on all of the lands and premises in a township, the special assessment would have to be levied on the taxable value of the property assessed. A special assessment levied under the Act would have to be based on the special benefit provided to the property assessed and could not be based on police and fire protection provided in a previous year to assessed property.

"Police and fire protection" would include one or more of the following: 1) police or fire motor vehicles, apparatus, or equipment, 2) housing police or fire motor vehicles, apparatus, or equipment, or 3) maintaining and operating police or fire departments.

Special Assessment Proposals

Under the Act, the question of raising money by special assessment may be submitted to the electors of the township or townships by the township board, or township boards acting jointly, at a general election or special election called for that purpose by the township board or boards. The question of raising money by special assessment must be submitted by the township board or boards if in the affected township, or in each of the affected townships, the owners of 10% of the land to be made into a special assessment district petition the township board or boards. Under the bill, these provisions would apply before January 1, 2019.

After December 31, 2018, if a township board sought, or township boards acting jointly sought, to create a special assessment district and impose a special assessment under the bill on all lands and premises in a township other than land and premises exempt from the collection of taxes under the General Property Tax Act, the question of creating the special assessment district and imposing the assessment on the land and premises would have to be submitted to the electors of that township by the township board of the township at a general election or special election called for that purpose by the board, and the special assessment could be imposed in that township only if approved by the electors of the township at that election.

After December 31, 2018, if a township board sought, or township boards acting jointly sought, to create a special assessment district and impose a special assessment under the bill on some but not all lands and premises in a township not exempt from the collection of taxes under the Act, the question of imposing the assessment on that land and premises would have to be submitted to the record owners of the land and premises subject to the proposed assessment, and the special assessment could be imposed only if approved by 51% or more of the record owners of the land and premises subject to the proposed special assessment.

If a proposal on the question of imposing, increasing, or renewing a special assessment were submitted to the electors of a township or to record owners under the provisions above, the question presented would have to, in addition to any other requirement provided by law, clearly state all of the following:

- A statement of the purpose for the special assessment, including whether the assessment would defray the cost of purchasing the following: 1) police or fire motor vehicles, apparatus, or equipment, 2) housing police or fire motor vehicles, apparatus, or equipment, or 3) maintaining and operating police or fire departments.
- The estimated cost and expenses of the police and fire protection.

- The estimated amount of revenue that would be collected in the first year that the special assessment was authorized and imposed the rate of the special assessment.
- The duration of the special assessment in years.
- For a question submitted to record owners, the boundaries of the special assessment district.

Other Requirements

Under Public Act 33 of 1951, if a special assessment district is proposed, the township board, or township boards acting jointly, must estimate the cost and expenses of the police and fire motor vehicles, apparatus, equipment, and housing and police and fire protection and fix a day for a hearing on the estimate and on the question of creating a special assessment district and defraying the expenses of the special assessment district by special assessment on the property to be especially benefited, except, beginning in 2002, property exempt from the collection of taxes under the General Property Tax Act. The bill would modify this provision to include the special assessments allowed under the bill.

Public Act 33 of 1951 requires the township board, or township boards acting jointly, to publish in a newspaper of general circulation in the proposed district a notice stating the time, place, and purpose of the meeting. If there is not a newspaper of general circulation in the proposed district, notices must be posted in not less than three of the most public places in the proposed district. The notice must be published or posted not less than five days before the hearing. Under the bill, after December 31, 2018, a notice also would have to include the information described above for the special assessment proposal.

Under the Act, after December 31, 1998, if the township board, or township boards acting jointly, determine to create a special assessment district they must determine the boundaries by resolution, determine the amount of the special assessment levy, and direct the supervisor or supervisors to spread the assessment levy on the taxable value of all of the lands and premises in the district that are to be especially benefited by the police and fire protection, according to the benefits received, except, beginning in 2002, lands and premises exempt from the collection of taxes under the General Property Tax Act to defray the expenses of police and fire protection. The bill would make this provision subject to any requirement for approval under the bill's provisions.

Public Act 33 of 1951 requires the township board, or township boards acting jointly, to determine annually the amount to be assessed in the district for police and fire protection, direct the supervisor or supervisors to distribute the special assessment levy, and hold a hearing on the estimated costs and expenses of police and fire protection and on the distribution of the levy. The bill would require the hearing to be public.

MCL 41.801

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no fiscal impact on the State and an indeterminate fiscal impact on affected townships. It is not possible to know whether the changes in the bill would make future requests for special assessments more or less likely to pass. If more special assessments were approved, the townships affected would have the opportunity to issue bonds for police and fire protection, which could allow for more immediate purchasing power. Conversely, if fewer special assessments were approved, the affected townships would not receive the additional purchasing power.

Fiscal Analyst: Ryan Bergan

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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.