

Date: August 5, 1987
To: Assessing Officers
From: State Tax Commission

Re: Act 116 Public Acts of 1987- Impacts revenue sharing for local units of government.

Senate Bill #40 has been enacted as 1987 PA 116. This will enable units of local government that have special assessments which qualify under the provisions of 1987 PA 116 to obtain credit for these special assessments in the calculation of their tax effort for revenue sharing payments. This will increase state revenue sharing payments for qualified units starting with the payments based on 1986 tax levies.

Each year the legislature determines the total money available for state revenue sharing payments based on collections made.

This change in the amounts used to determine the local tax effort and state wide tax effort rates for state revenue sharing will first effect revenue sharing payments based on 1986 tax levy data, and each year thereafter.

The major provisions regarding the qualifications necessary to include special assessments levied by a local unit of government as part of a unit's local tax effort rate for purposes of state revenue sharing are: 1) the special assessment must be spread throughout the entire township (including villages) or city or village, and 2) the special assessment must be levied by a millage rate applied to the state equalized value of real property.

A SEPARATE SPECIAL ASSESSMENT FORM IS INCLUDED FOR USE IN REPORTING AT THIS TIME ALL QUALIFYING SPECIAL ASSESSMENTS BASED ON 1986 TAX LEVIES. THESE FORMS MUST BE RETURNED TO THE STATE TAX COMMISSION BEFORE SEPTEMBER 4, 1987. THE ASSESSING OFFICERS REPORTS OF PROPERTY TAXES LEVIED AND SPECIAL ASSESSMENT REPORTS SUBMITTED AS OF DECEMBER 1, 1986 DO NOT CONTAIN SUFFICIENT DETAIL TO ENABLE US TO DETERMINE IF SPECIAL ASSESSMENT LEVIES REPORTED QUALIFY FOR INCLUSION IN THE TAX EFFORT RATES OF THE LOCAL UNITS PURSUANT TO THE NEW ACT #116. ADJUSTMENTS WILL BE MADE IF NECESSARY, BASED UPON THE COMPLETION AND SUBMISSION OF THIS NEW FORM.

Please list all the qualifying special assessments without regard as to whether the special assessments were already reported on the 1986 Assessing Officers Report of Property Taxes Levied or on the 1986 Special Assessment Report. These reports, together with 1986 Assessing Officers Reports and Special Assessment Reports,

Special Assessments and 1987 PA 116
August 5, 1987
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will be reviewed together to avoid duplication and to ensure proper credit for qualifying special assessments.

SPECIAL ASSESSMENTS DESCRIBED BY ACT #116 WILL NOT BE INCLUDED ON THE 1987 ASSESSING OFFICERS REPORTS OF PROPERTY TAXES LEVIED WHICH ARE TO BE SUBMITTED TO THE TAX COMMISSION BEFORE NEXT DECEMBER FIRST. SEPARATE SPECIAL ASSESSMENT FORMS FOR 1987 PA 116 SPECIAL ASSESSMENTS AND FOR OTHER SPECIAL ASSESSMENTS WILL BE MAILED WITH THE 1987 ASSESSING OFFICERS REPORTS OF PROPERTY TAXES LEVIED ALONG WITH REVISED INSTRUCTIONS.

SPECIAL ASSESSMENTS DESCRIBED BY ACT #116 WILL BE USED ONLY IN STATE REVENUE SHARING CALCULATIONS AND WILL NOT BE REPORTED ON THE ASSESSING OFFICERS REPORTS OF PROPERTY TAXES LEVIED. DATA FROM THE ASSESSING OFFICERS REPORTS OF PROPERTY TAXES LEVIED ARE USED IN THE DETERMINATION OF THE AVERAGE TAX RATE.

A copy of 1987 PA 116 is attached. If you have questions regarding this process, please contact Roland C. Andersen, Manager, Research and Statistics, at 517 373 3620.

Please return the enclosed form to the State Tax Commission as soon as possible but in no case later than September 4, 1987. A self addressed return envelope is enclosed for your convenience.

1986 SUPPLEMENTARY SPECIAL ASSESSMENT REPORT

1. County	2. <input type="checkbox"/> CITY <input type="checkbox"/> TOWNSHIP <input type="checkbox"/> VILLAGE	3. Governmental Unit Name
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NOTE: List only those special assessments applied to the state equalized value of real property which are levied on a millage rate basis throughout the entire township, city or village.

Enter the public act number or Michigan Compiled Laws section (s) in column 5 that applies to the special assessments in column 4. If the assessments were issued under a Home Rule City Charter or Home Rule Village Charter, enter the charter section (s).

4. Special Assessments that qualify under P.A. 116 of 1987	5. Public Act (Number & Year) or Compiled Laws or Charter Sections	6. Total of Original Roll Less Municipality paid Portion	7. Number of years of Spread	8. Average Yearly Spread (Col. 6 ÷ Col. 7)
Fire Protection				
Police Protection				
Street Lights				
Other (Specify)				

SIGNATURE	TITLE	DATE
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MAIL TO: Michigan Department of Treasury, State Tax Commission
4th Floor Treasury Building, Lansing, Michigan 48922

1986 SUPPLEMENTARY SPECIAL ASSESSMENT REPORT

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Fire Protection				
Police Protection				
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Other (Specify)				

SIGNATURE	TITLE	DATE
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4th Floor Treasury Building, Lansing, Michigan 48922

NOTE: PLEASE PLACE THIS STATUTE WITH STC BULLETIN # 6

PUBLIC ACT # 166
Approved 7/13/87
Filed 7/14/87

STATE OF MICHIGAN
84TH LEGISLATURE
REGULAR SESSION OF 1987

Introduced by Senators Gast, DiNello, Carl, Miller, Engler, DeGrow, Welborn, Cropsey, Mack, Binsfeld, Geake, Arthurhultz, Sederburg, Shinkle, Ehlers, Cruce, Dillingham, Schwarz, Fessler and Nichols

ENROLLED SENATE BILL No. 40

AN ACT to amend section 4 of Act No. 140 of the Public Acts of 1971, entitled as amended "An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; and to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both," being section 141.904 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 4 of Act No. 140 of the Public Acts of 1971, being section 141.904 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 4. (1) "Local property taxes" means ad valorem property taxes levied by a city, village, or township.

(2) "Local income and excise taxes" means collections of taxes pursuant to the city income tax act, Act No. 284 of the Public Acts of 1964, as amended, being sections 141.501 to 141.787 of the Michigan Compiled Laws, or pursuant to the city utility users tax act, Act No. 198 of the Public Acts of 1970, as amended, being sections 141.801 to 141.837 of the Michigan Compiled Laws, or pursuant to any acts authorizing local income or excise taxes by a city, village, or township, which collections are modified as follows:

(a) For a city levying a local income tax, an amount shall be excluded prior to determining the rates pursuant to this act, which amount shall be determined by a proportion to be the ratio whose numerator is 1/2 of 1% and whose denominator is the sum of the resident rate multiplied by 2 and the nonresident rate multiplied by 1.

(b) If the local income tax actually collected by a city from nonresident individuals is less than the amount determined pursuant to subdivision (a), the amount excluded prior to determining the rates shall be the amount of actual collections from nonresidents as certified by the city to the department of treasury.

(3) "Local taxes" means local property taxes, local income and excise taxes, and, for distributions after June 30, 1987, special assessments, which special assessments meet all of the following criteria:

(a) The assessment district is the entire city, village, or township.

(b) The assessment is levied on an ad valorem basis against all real property in the city, village, or township.

(4) "Overlapping taxes" means ad valorem property taxes, income taxes, and excise taxes levied in a city, village, or township by any of the following:

- (a) A county.
- (b) A school district, intermediate school district, or community college district.
- (c) An authority or other governmental unit or agency except the state.

(5) "Special assessments" means any of the following, except as otherwise provided in subsection (6):

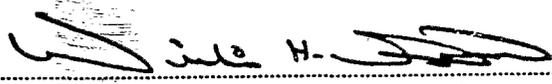
(a) Special assessments imposed by a city, village, or township against property in the city, village, or township for streets, sidewalks, storm or sanitary sewers, water supply, drains, street lights, fire protection, police protection, or any other public improvement, facility, or service authorized by charter, ordinance, or statute to be imposed on the basis of benefit to the property.

(b) Special assessments imposed by a county against property in the city, village, or township to pay a portion of the cost of constructing or maintaining a county public improvement determined on the basis of the benefit of the public improvement to the property.

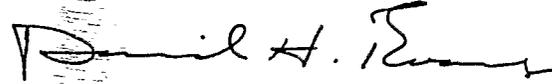
(c) For distributions after June 30, 1976, capital improvement charges imposed in lieu of special assessments pursuant to charter, ordinance, or statute by a city, village, or township to pay for a portion of the cost of constructing a public improvement determined on the basis of the benefit of the public improvement to the property.

(6) "Special assessment" does not include a special assessment that is included in local taxes under subsection (3).

This act is ordered to take immediate effect.



Secretary of the Senate.



Clerk of the House of Representatives.

Approved.....

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Governor.

