



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

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## NUMBERED LETTER 2018-4

### DEBT LIMIT CALCULATION

**Issued By:** Community Engagement and Finance Division  
Bureau of Local Government Services

**Issue Date:** November 1, 2018

2018-4 This numbered letter clarifies the debt limit calculation as it relates to creating an assessed value equivalent for eligible reimbursements made under the Local Community Stabilization Authority Act, Public Act 86 of 2014.

The following Acts were amended on March 26, 2018 by Public Acts 86-89 of 2018:

The Charter Township Act, Public Act 359 of 1947, Section 14a(6)  
The General Law Village Act, Public Act 3 of 1895, Section 22(3)  
The Home Rule Village Act, Public Act 278 of 1909, Section 26(2)  
The Home Rule City Act, Public Act 279 of 1909, Section 4a(9)

The Acts above were amended to reference Public Act 86 of 2014 when calculating the assessed value equivalent for eligible reimbursements, thereby increasing a municipality's debt limit <sup>1</sup>.

### **Obtaining the Amount of Eligible Reimbursement**

1. Go to [michigan.gov/pptreimbursement](http://michigan.gov/pptreimbursement).
2. Under "Other Municipalities," click on "Other Municipalities – 20xx PPT Reimbursement Breakdown by Millage."

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<sup>1</sup> Public Acts 86-89 of 2018 added a specific reference in the four Acts to Public Act 86 of 2014, Section 17(4)(c). Public Act 86 of 2014 was itself amended on June 27, 2018 (Public Act 248 of 2018). As a result of this amendment, while Section 17(4)(c) was left unchanged for calendar year 2017, for calendar year 2018 and subsequent calendar years what was under Section 17(4)(c) is now under Section 17(4)(e). The four Acts above were not amended to reflect this change from Section 17(4)(c) to Section 17(4)(e). Therefore, until the four Acts are amended, for calendar year 2018 and future years Section 17(4)(c) shall mean Section 17(4)(e) for purposes of calculating the assessed value equivalent.

3. For 2017, start with the sum of the “Total 2017 Reimbursement” column and subtract the sum of the “Qualified Loss Distribution Over 100%” column. This is the amount your assessed value equivalent will be based on.
4. For 2018 and future years, the calculation will be similar to the 2017 calculation. The only difference is that in statute, in 2017 “Qualified Loss Distribution Over 100%” was under Section 17(4)(c), and in 2018 and future years “Qualified Loss Distribution Over 100%” is under Section 17(4)(e).

### **Calculation Example**

A city is reimbursed for three millages and has an operating levy of 18.6092 mills.

<b>MILLAGE NAME</b>	<b>QUALIFIED LOSS DISTRIBUTION OVER 100%</b>	<b>TOTAL 2017 REIMBURSEMENT</b>
ALLOC/CHARTER	\$ 1,151,792.51	\$ 2,561,332.90
DEBT	\$ 28,867.97	\$ 48,077.68
EV OPER GENERAL	\$ 50,511.75	\$ 112,967.52

1. The sum of the “Total 2017 Reimbursement” is \$2,722,378.
2. The sum of the “Qualified Loss Distribution Over 100%” is \$1,231,172.
3.  $\$2,722,378 - \$1,231,172 = \$1,491,206$
4.  $\$1,491,206 / 0.0186092 = \$80,132,730$  assessed value equivalent
5. Add \$80,132,730 to the assessed value of all the real and personal property in the municipality for purposes of calculating the debt limit.

If you have any questions, please contact our office at [Treas\\_MunicipalFinance@Michigan.gov](mailto:Treas_MunicipalFinance@Michigan.gov) or 517-373-3227.