

CLINTON COUNTY BOARD OF COMMISSIONERS

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RESOLUTION 2005-16 SUPPORTING AMENDMENTS TO THE GENERAL PROPERTY TAX ACT PROPOSED BY THE MICHIGAN MUNICIPAL LEAGUE

WHEREAS, property taxes are a critical revenue source for local governments; and

WHEREAS, the Headlee Amendment, ratified in 1978, limited the growth of property tax revenue by controlling how a local government's maximum authorized millage rate is calculated, particularly as it relates to growth on existing property; and

WHEREAS, the Headlee Amendment requires that when growth on existing property community wide is greater than inflation, the local government must "roll back" its maximum authorized millage rate so that the increase in property tax revenue caused by growth on existing property does not exceed inflation; and

WHEREAS, Proposal A, adopted in 1994, provides that the taxable value on each individual property cannot increase by more than the lesser of inflation or five percent annually until a property is sold or transferred; and

WHEREAS, the difference between state equalized value and taxable value when a property is sold or transferred and before taxable value is reset to state equalized is commonly referred to as the "uncapped value" or "pop up in value"; and

WHEREAS, although not taxed previously, the "uncapped values" were not included in legislation defining exempt property for purpose of the Headlee roll back calculation; and

WHEREAS, the result has been to penalize communities that have had substantial market growth in existing property values by rolling back their millage rates; and

WHEREAS, "roll ups" of a local government's maximum authorized millage rate were allowed following the Headlee Amendment in 1978, the implementing legislation after Proposal A eliminated the Headlee "roll ups"; and

WHEREAS, the overall impact of treatment of "uncapped values" and the elimination of "roll ups" have resulted in less than inflationary increases in tax payments annually, contrary to the intent of the Headlee Amendment; and

WHEREAS, changes to the treatment of "uncapped values" when property is sold or transferred and for the allowance of Headlee "roll ups" are necessary to alleviate some of the financial stress facing local governments.

NOW, THEREFORE, BE IT RESOLVED, that the Clinton County Board of Commissioners supports amendments to the General Property Tax Act as proposed by the Michigan Municipal League that will exempt "uncapped values" created by property transfers from the Headlee roll back calculation and that will allow Headlee "roll ups."

BE IT FURTHER RESOLVED, that copies of this resolution be mailed to Governor Jennifer Granholm, Senator Alan Cropsy, State Representatives Scott Hummel and Richard Ball, Michigan Association of Counties and all of the counties in Michigan.

STATE OF MICHIGAN
COUNTY OF CLINTON

I, DIANE ZUKER, Clerk of the County of Clinton do hereby certify that the foregoing resolution was duly adopted by the Clinton County Board of Commissioners at the regular meeting held June 28, 2005 and is on file in the records of this office.

Diane Zuker, Clinton County Clerk