

Property Tax—Actions of Local Units; HB 2047

HB 2047 prohibits most municipalities, absent a majority vote and publication of such vote in official county newspapers, from approving annual budgets or other appropriations funded by certain increases in property taxes over the prior year that exceed the rate of inflation. The provisions of the bill do not apply to those political subdivisions or taxing districts that receive \$1,000 or less in annual property tax receipts.

A second provision of the bill requires all other municipalities, in response to increases in total tangible property valuation, to reduce the amount of tax levied to the prior year's level, except for the inflation allowance; taxes levied on valuation added as a result of new construction; valuation added from property located within newly added jurisdictional territory; valuation added because property has changed in use; and valuation added from certain increased personal property. Also excluded from the computation are property taxes that have been previously approved by voters, taxes levied to pay principal and interest on bonds, and taxes collected pursuant to the 21.5 mills in state property tax levies.

Municipalities subject to the requirements contained in the bill generally are defined as all political subdivisions levying property taxes in excess of \$1,000, including counties, townships, municipal universities, school districts, community colleges, drainage districts, and other taxing units.