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### WAYNE COUNTY AND DETROIT BALLOT ISSUES

There will be two issues each in Detroit and Wayne County on the August 7, 1984, ballot. Proposal A seeks to renew the extra-voted one-mill property tax for Wayne County; Proposal B would abolish the Wayne County Road Commission; Proposal C asks whether to retain the Office of Ombudsman in Detroit; and Proposal L seeks voter approval of a one-mill property tax to operate the Detroit Public Library.

#### PROPOSAL A – WAYNE COUNTY MILLAGE RENEWAL

From 1959 to the adoption of the Wayne County Charter, the county had received an annual allocation by the county tax allocation board of 6.07 mills from within the constitutional 15-mill limit. The county also received voter authorization to levy an additional mill in 1964 and that authorization has been renewed every five years since then. State law now grants a permanent allocation of 6.07 mills to the county as a result of the adoption of the new charter. Following state law, the charter provides that the county may levy up to 10 mills for operating purposes. Any increase above 6.07 mills must receive voter authorization, which may last for up to 20 years. Proposal A on the ballot is a request for voter approval to continue to levy the additional mill for operating purposes for another five years (1985-1989). One mill in Wayne County currently yields \$18.1 million plus \$1.5 million in state reimbursement for taxes lost when inventory was exempted from the property tax in 1975.

At the time of the adoption of the charter, Wayne County had a significant accumulated deficit together with a chronic imbalance between revenues and expenditures that was adding to the deficit each year. As of November 30, 1981, Wayne County had an accumulated deficit of \$66.8 million. This total increased to \$118.8 million a year later and in early 1983 was expected to grow by \$38 million in 1982-83 and \$60 million in 1983-84 absent action by the county to close the gap.

In the face of this problem, the county executive laid out a 10-point "Fiscal Integrity Plan" aimed at bringing expenditures into balance with revenues and eliminating the accumulated deficit. A major part of the plan was a negotiated settlement with the state to eliminate the substantial debt owed by the county to the state. Under the agreement, a total of \$37.4 million was forgiven by the state and a debt settlement schedule involving repayment over 10 years was established for the remaining \$89.5 million owed the state. Efforts are underway to eliminate the remaining deficit of \$35.6 million.

The 1983-84 budget was balanced when adopted. The first quarterly report, however, projected an imbalance of \$4.0 million. If the county is successful in its leasing arrangement for Wayne County General Hospital, the growth in the imbalance may be stopped, but without voter authorization the extra-voted mill would not be levied in 1985-86 and the county would lose revenues of nearly \$20 million. This would represent a loss of 5.6 percent of the county's total revenues of approximately \$360 million.

## PROPOSAL B – ABOLISHMENT OF THE WAYNE COUNTY ROAD COMMISSION

The first proposed amendment to the Wayne County Charter will be submitted to the voters as Proposal B. The amendment, which was placed on the ballot by the County commission, would abolish the Wayne County Road Commission and divide its powers between the executive branch and the Commission. Specifically, the Chief Executive Officer (CEO) would “administer and coordinate” under road system laws, while the County Commission would approve the budget, contracts, appointments, rules, and borrowing; oversee budget compliance; and exercise other legislative powers and duties as provided by the charter. The functions of the abolished Road Commission would be carried out by the Office of Public Services, which was created by the 1983 county reorganization plan and which would receive charter status under the proposed amendment.

The County Charter provides for the appointment of a three-member Road Commission to head a Department of Road Commission. The department is to exercise “all powers and duties provided by law.” This provision was included in pursuance of requirements of the Michigan Charter County Act. In 1982, following the adoption of the Charter, the act was changed to permit the charter to be amended to abolish the Road Commission and provide for another way of performing its functions. In early 1983, the new county reorganization plan submitted by the CEO to carry out the public works functions of the county, including roads, airports, and parks, now performed by the Road Commission which would be abolished. An interim plan was also adopted until the charter could be amended to eliminate the Road Commission. Proposal B would accomplish this objective.

Although adoption of Proposal B would permit partial adoption of the 1983 reorganization plan with respect to public works, the entire plan could not be adopted without elimination of the elected drain commissioner. This would also require charter amendment.

## PROPOSAL C – DETROIT OMBUDSMAN

Proposal C asks Detroit voters to decide whether to retain the Office of Ombudsman established by the 1974 Detroit City Charter to receive, investigate and seek to resolve citizen complaints involving City of Detroit departments and agencies. The City charter requires that a referendum on the question be held before the end of the 10<sup>th</sup> anniversary on which the first Ombudsman was appointed. If the proposition is disapproved, the charter calls for termination of the office on January 1, 1984. A favorable vote would continue the office indefinitely.

The Ombudsman, an institution that originated in Sweden, is a relatively independent governmental agency designed to serve the people as a grievance officer. The Detroit charter provides that the Ombudsman be appointed for a 10-year term by a two-thirds majority vote of the city council, removable only for cause. In fiscal 1984, the city appropriated about one-half million dollars for operations for a staff of 11 budgeted positions: The Ombudsman, five professionals and five clericals. In 1983, the office processed 12,731 complaints. It is estimated that this number represents about seven percent of total citizen complaints to the city departments annually.

According to a report published by the Detroit Auditor General, the Office of Ombudsman is highly regarded by users, but many citizens do not know of its existence.

## PROPOSAL L – DETROIT PUBLIC LIBRARY OPERATING MILLAGE

In Proposal L, voters in Detroit will be asked to approve a one-mill property tax for a five-year period to operate and maintain the library system. The proposal was placed on the ballot by the Detroit Library Commission. There is some confusion regarding the taxing authority of the commission. The Detroit Library Commission is something of a step-child. It is a quasi-independent governmental unit, but its members are appointed by the Detroit School Board and its budget must be approved by the Detroit City Council. The library commission is currently allocated, by statute, 0.64-mill from the Detroit School District share of the constitutional 15 mills levied without voter approval. Voter approval is required for all property taxes exceeding the 15-mill limit levied by local units subject to the limit. The statutory definition of local unit includes a provision stating that the unit must have the power to levy taxes against property. The statutes pertaining to the Detroit Library Commission do not appear to grant any direct taxing power to the commission.

A 1901 state law, however, requires the library to submit to the Detroit City Council an annual estimate of the amount of money needed to maintain the library system. The Council is required to levy a property tax of not less than one-fifth of a mill to finance library operations. The statute states that the library tax is to be levied and collected the same as other city taxes. Thus, it appears that the library tax is supposed to be a city tax. While the city does not currently levy a property tax of one-fifth of a mill specifically for library operations, the current year general fund contribution from the city exceeds the amount a one-fifth-mill tax would yield.

The Michigan Attorney General recently opined that the library commission could schedule an election as required under the property tax limitation act to increase the constitutional 15-mill limit. The Attorney General did not express an opinion as to whether this tax was, in fact, a city tax and was not asked if the library commission may request a millage that exceeds one-fifth of a mill.

The current 0.64-mill levy is a school tax (which currently generates \$4.6 million in state school aid to Detroit schools) and it appears that the not-less-than-one-fifth mill authorized by statute is a city tax. But, the one-mill proposed does not appear to be a school tax and, since it is within the 50-mill limit, it does not appear to be a city tax. Since the legislature has not explicitly granted the library commission, an appointed body, direct taxing authority, there is a question as to who can levy millage, should it be approved by the voters.

As indicated in the table on the following page, about half of the total library budget comes from the state equity package to finance the operations of the main library. About one-quarter of the total comes from the 0.64-mill property tax, about 10 percent from the City of Detroit, and the remainder from general state library aid, fines, and so on. The city contribution declined significantly with the adoption of the state equity package. The one-mill property tax would generate approximately \$5.3 million in additional revenue. Assuming no decrease in city or state contributions, the one-mill would provide the library with a 37 percent increase in revenues over the amount budgeted for the fiscal year ending June 30, 1984.

DETROIT LIBRARY REVENUE – FY 1974 TO FY 1984  
(In Millions)

<u>Year</u>	<u>Property Taxes</u>	<u>Pct</u>	<u>City of Detroit Contribution</u>	<u>Pct</u>	<u>State Contributions</u>	<u>Pct</u>	<u>All Other Revenues</u>	<u>Pct</u>	<u>Total Revenue</u>
1974	\$3.7	35.9%	\$5.3	51.5%	\$0.0	0.0%	\$1.3	12.6%	\$10.3
1975	3.7	34.3	5.8	53.7	0.0	0.0	1.3	12.0	10.8
1976	3.7	33.0	5.8	51.8	0.0	0.0	1.7	15.2	11.2
1977	3.2	27.6	0.0	0.0	5.5	47.4	2.9	25.0	11.6
1978	3.1	22.1	1.9	13.6	6.5	46.4	2.5	17.9	14.0
1979	3.1	21.2	1.7	11.6	6.5	44.5	3.3	22.6	14.6
1980	3.3	22.0	0.9	6.0	7.5	50.0	3.3	22.0	15.0
1981	3.3	22.3	1.1	7.4	7.0	47.3	3.4	23.0	14.8
1982	3.4	22.1	1.5	9.7	7.9	51.3	2.6	16.9	15.4
1983	3.3	24.1	1.2	8.8	6.8	49.6	2.4	17.5	13.7
1984	3.3	23.2	1.3	9.2	6.8	47.9	2.8	19.7	14.2