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Taxpayers for Michigan Constitutional Government v. Department of Technology , Management and Budget

Supreme Court of Michigan - July 28, 2021 - N.W.2d - 2021 WL 3179659

Taxpayer organization brought action against state and state authorities to enforce state constitutional amendment requiring certain percentage of state spending to be apportioned to local government.

The Court of Appeals granted mandamus relief for organization, and the matter then came before the Court of Appeals again on motion for reconsideration. The Court of Appeals granted summary judgment in part and denied it in part for both parties. Parties' applications for leave to appeal were granted.

The Supreme Court held that:

- "Proposal A" payments should be counted as part of total state spending paid to units of local government for purposes of Headlee Amendment;
- Public school academies (PSAs) were not "school districts" as that term was used in Headlee Amendment; and
- State funding provided to units of local government had to be counted for purposes of "total state spending paid to all units of Local Government" under Headlee Amendment.

Under the Headlee Amendment requiring certain percentage of state spending to be apportioned to local government, neither specific individual units of local government nor classes of units of local government are entitled to the same proportion of the allotment for units of local government as they received in 1978-1979.

"Proposal A" payments from state sales and use tax that state directed to school districts, and state spending for state-mandated local services and activities, had to be counted as part of total state spending paid to units of local government for purposes of Headlee Amendment requiring certain percentage of state spending to be apportioned to local government.

Public school academies (PSAs) were not "school districts" as that term was used in Headlee Amendment which requires certain percentage of state spending to be apportioned to local government; although legislature authorized creation of PSAs and treated them as school districts for specific purpose of receiving aid from State School Aid Fund, PSAs were organized as nonprofit corporations by person or other entity, PSAs were not limited to defined local geographic area, governing body of PSA was made up of board of directors comprised of privately selected members, board of directors of PSA could enter into contract with education-management corporation to manage or operate PSA or to provide PSA with instructional or other services, and PSA was funded solely by state and may not levy taxes.

State funding provided to units of local government had to be counted for purposes of "total state spending paid to all units of Local Government" under Headlee Amendment which required certain

percentage of state spending to be apportioned to local government to honor voters' intent neither to freeze legislative discretion to enact necessary and desirable legislation in response to changing times and conditions nor to permit state government unrestricted discretion in its allocation of support for mandated activities and services; state funding to unit of local government was state funding to unit of local government, whether that funding was tied to state mandate or was unrestricted aid for discretionary spending.