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Bate v. City of St. Clair Shores

Court of Appeals of Michigan - August 17, 2023 - N.W.2d - 2023 WL 5311528

Taxpayers brought putative class actions against cities for violation of Headlee Amendment, which prohibited levying any new tax or increasing any existing tax above authorized rates without approval of local governmental unit's electorate, alleging that Fire Fighters and Police Officers Retirement Act did not allow cities to impose tax to fund healthcare benefits.

The Circuit Court granted summary disposition in favor of cities. Taxpayers appealed, and appeals were consolidated.

The Court of Appeals held that:

- Under Act, municipalities are permitted to appropriate tax dollars to help pay for healthcare benefits to retired firefighters and police officers who are members of the retirement system and entitled to those benefits;
- Tax that cities imposed to fund healthcare benefits did not violate Headlee Amendment; and
- Consideration of extrinsic evidence, including legislative history and proposed amendments to Act, was unwarranted.

Headlee Amendment's exemption of taxes authorized by law when the section governing the exemption was ratified permits the levying of previously authorized taxes even where they were not being levied at the time Headlee Amendment was ratified and even though the circumstances making the tax or rate applicable did not exist before that date.

Fire Fighters and Police Officers Retirement Act's section providing that amount required by taxation to meet the appropriations to be made by municipalities under the Act shall be in addition to any tax limitation imposed upon tax rates in those municipalities by charter provisions or by state law requires municipalities to set aside tax dollars so they can fully pay benefits owed under the retirement system.

For purposes of Fire Fighters and Police Officers Retirement Act's section requiring municipalities to set aside tax dollars so it can fully pay pensions and other benefits payable under the retirement system, "other benefits payable" includes healthcare benefits, in the event the benefits must be paid, and thus municipalities are permitted to appropriate tax dollars to help pay for healthcare benefits to retired fire fighters and police officers who are members of the retirement system and entitled to those benefits.

Tax that cities imposed to fund healthcare benefits for retired fire fighters and police officers did not violate Headlee Amendment, which prohibited levying any new tax or increasing any existing tax above authorized rates without approval of local governmental unit's electorate, since tax was authorized under Fire Fighters and Police Officers Retirement Act before Headlee Amendment was ratified.

Consideration of extrinsic evidence, including legislative history and proposed amendments to Fire Fighters and Police Officers Retirement Act, was unwarranted when deciding taxpayers' claims that cities violated Headlee Amendment, which prohibited levying any new tax or increasing any existing tax above authorized rates without approval of local governmental unit's electorate, by imposing taxes to fund healthcare benefits for retired fire fighters and police officers; plain language of Amendment and Act was unambiguous, and no further judicial construction was permitted.

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