

Tuscola County Equalization
Frequently Asked Questions (FAQs)

**Form L-4029 Tax Rate Request, Truth-In-Taxation and Section 16 of the Uniform
Budgeting and Accounting Act**

Form L-4029

1. What is the L-4029 Tax Rate Request?

This is an important form that establishes the tax rates to be levied. This form must be submitted to the local treasurer and Equalization Director prior to property taxes being collected. The local treasurer will levy based on the amounts entered in either column 10 (summer levy) or 11 (winter levy). It is also an important source of information regarding total taxable values and expiration dates for each millage. Instructions for how to complete form L-4029 can be found at the end of these FAQs.

2. Who is responsible for completing Form L-4029?

This varies according to each taxing entity's procedures. Typically, those responsible for the budget will be involved in completing this form. The Clerk/Secretary and Chairperson/Supervisor must sign the form in addition to making sure it is verified and completed.

Note: Tuscola County Equalization will provide a **partially** completed L-4029 to some taxing entities, only as a courtesy. This will usually occur by the second week of May. You are not required to use the one prepared by the County. It is the responsibility of the taxing entity to verify each purpose of millage, date of election, original millage authorization, expiration of millage, amount and date of levy requested and any other information on the form. The County Equalization Director should be notified promptly of any errors or omissions discovered.

3. What happens if the L-4029 prepared by County Equalization does not contain any newly authorized millage rates or millage rates that will be voted on later in the year?

Again, the responsibility falls on the taxing entity to ensure the correct levy is being requested. The taxing entity should notify the County Equalization Director promptly of any upcoming millage proposals or authorized millage rates that appear to be omitted.

4. What happens if Columns 10 or 11 are not completed by the taxing entity?

If Columns 10 or 11 are not completed, the local treasurer will not be authorized to levy property taxes on behalf of that taxing entity. The unit would receive \$0 tax dollars to fund their budget.

5. Does the taxing entity need to collect the maximum allowable millage rate that is listed in Column 9?

No. The taxing entity may levy any amount, so long as it does not exceed the maximum listed in Column 9. It is not unusual for taxing entities to levy less than the maximum, if the budget allows it. If a taxing entity chooses to levy less than the maximum for the current year, it is not permanent (unlike Headlee reductions) and does not negatively impact the ability to levy the maximum in future years.

6. How does the taxing entity determine the amount of millage to be requested in Columns 10 or 11?

The amount of millage to be requested should be based on the taxing entity's adopted budget and taxable value estimates. If complying with Section 16, the amount of millage should already be stated in the unit's adopted appropriations act (see question 12). The millage requested will be applied to the taxable value. To determine the amount of millage required to fund a budget, use the formula below:

$$\text{Revenue Required to Fund Budget} \div \text{Estimated Taxable Value} \times 1,000 = \text{Millage}$$

Example

The taxing entity has a budget of \$100,000.

The estimated taxable value is \$50,000,000.

The amount of Mills required to be levied to fund this budget is 2.0

$$\$100,000 / \$50,000,000 \times 1,000 = 2$$

The taxing entity would list "2.0000" under Column 10 or 11.

Note: The example above assumes there will be no changes to taxable value, delinquent taxes, exemptions or abatements. Taxing entities should work with their finance personnel to ensure adequate taxable value estimates are being used to calculate revenue estimates for their budgets.

7. When is Form L-4029 due?

Form L-4029 may be submitted beginning in May, and as soon as a budget has been adopted (assuming there are not any upcoming millage proposals). These forms are due to local treasurers and County Equalization prior to being able to levy a property tax. If levy is to occur in the summer, it should be completed, approved and submitted by the end of May. Otherwise, the deadline is prior to September 30. Units should not wait until September to submit if a budget has been adopted and there are not any pending proposals.

8. What if our taxing entity has a current year millage proposal on the November ballot?

Taxing entities must still submit Form L-4029 by the September 30 deadline and may not include the millage proposal. Taxing entities should communicate this with County Equalization. Should the millage proposal be approved by voters in November, that taxing entity will be permitted to immediately submit a revised L-4029 Form.

Truth-In-Taxation & Section 16 of the Uniform Budgeting and Accounting Act

9. What is the purpose of Truth-in-Taxation?

Truth-in-Taxation ensures that taxing entities are not collecting more revenue than they did the prior year, without properly notifying taxpayers. This includes any increased revenue due to inflation.

Note: This differs from Headlee, which permits revenue growth within the limits of inflation.

10. Why do I need to complete a Truth-In-Taxation Certificate of Compliance?

Each taxing authority is required to comply with Truth-in-Taxation requirements under MCL 211.24e. Barry County Equalization uses this to verify compliance.

11. Do I have to complete every item on the Truth-In-Taxation checklist?

No. Only one item is required to be in compliance with Truth-in-Taxation. To be in compliance with Truth-in-Taxation, you must do one of the following items:

- Comply with Section 16 of the Uniform Budgeting and Account Act
- Hold a Truth-in-Taxation hearing (and all the requirements that come with it)

Truth-in-Taxation requirements do not apply if:

- The total operating levy (including extra voted) is less than 1 mill
- Only the base tax rate will be collected which would yield the exact same dollar amount or less than the prior year (this is uncommon due to inflation)

12. How do I know if I am in compliance with Section 16 of the Uniform Budgeting and Accounting Act?

There are many things to consider. Michigan.gov/treasury has an in-depth manual for guidance. You may also reach out to County Equalization for a copy. However, the primary items to consider are:

- The unit must hold a hearing on the proposed budget (with proper notice published)
- The local unit must adopt or pass a general appropriations act as part of its budget
- The appropriations act must set the total number of mills of ad valorem property taxes to be levied and the purpose of each mill
- The appropriations act must include estimated revenues by source in each fund

13. What if a unit does not comply with Section 16 of the Uniform Budgeting and Accounting Act?

Then a Truth-in-Taxation hearing must be held to ensure the taxpayers' right to be notified and heard when a local unit plans to collect additional revenue.

14. What are the requirements for a Truth-in-Taxation hearing public notice?

Truth-in-Taxation public notices are more complex than a budget hearing under Section 16 of the Uniform Budgeting and Accounting Act. If a truth-in-taxation hearing must be held, it is recommended that taxing entities review MCL 211.24e and reach out to County Equalization for assistance in calculating correct figures required to be included.