Charter Township Property Taxes

Charter townships are not subject to the same constitutional tax limitations for property taxes OR to the same allocation process for operating millage as general law townships.

Charter Township Property Tax Limitations:

Article IX, Section 6 of the Michigan Constitution, which imposes the 15- and 18-mill tax limitations on real and personal property taxes for general law townships and other governmental units, specifically exempts charter township taxes from those tax limitations:

> "The foregoing limitations **shall not** apply to taxes imposed for the payment of principal and interest on bonds approved by the electors or other evidences of indebtedness approved by the electors or for the payment of assessments or contract obligations in anticipation of which bonds are issued approved by the electors, which taxes may be imposed without limitation as to rate or amount; or, subject to the provisions of Section 25 through 34 of this article, **to taxes imposed for any other purpose** ***[****meaning "other" than bonds or indebtedness as addressed above****]*** **by any** city, village, charter county, **charter township**, charter authority or other authority, the **tax limitations of which are provided** by charter or **by general law**." (Article IX, Section 6)

Instead, the Charter Township Act provides for a charter township's property tax limits.

Note that the Charter Township Act does not refer to charter township property tax limits in "mills." Instead, MCL 42.27 requires the **township board**, in adopting its budget for the next fiscal year, to provide for a levy of taxes upon real and personal property that cannot exceed 1/2 of 1 percent of the assessed valuation of all real and personal property subject to taxation in the balance of the township. **This is often referred to as "5-mill charter millage."**

MCL 42.27 **also** authorizes the **electors of a charter township** to vote to increase the township's total tax levy, not to exceed a total of 1 percent of the assessed valuation of all real and personal property in the township, not counting debt obligation or other property taxes exempt from tax limitations by law, for a period not to exceed 20 years. **This charter township total tax limitation is commonly known as the "10-mill limit."**

In both cases, a charter township's total tax limitation is determined as a percentage of the assessed valuation of all real and personal property in the township *(excluding debt)*, and not strictly as 5 or 10 mills, but by common usage they are referred to as 5 or 10 mills.

Why does this matter? A charter township board needs to understand there are, in effect, two different "ceilings" on the property taxes that the township can levy for its purposes. No more than 5 mills, rolled back, can be levied by the township board annually as **charter millage** without a vote of the electors, and no more than 5 mills, rolled back, can be used for **voted, specific-purpose millages**.

A Charter Township May Levy Up to 5 Mills "Charter Millage":

Charter townships do not receive the same Constitutional "allocated" general operating millage as **general law townships**. Instead, charter township boards are authorized by law to annually levy **"charter millage"** for any lawful township purpose. As with allocated millage for general law townships, this is the township's annual "Monopoly bank," along with state revenue sharing payments for general operating purposes.

MCL 42.27 authorizes any charter township board to annually provide for a levy of taxes upon real and personal property that cannot exceed 5 mills (see above). The township board may choose to automatically levy up to the first 5 mills (**"charter millage"**) without additional voter approval, and without limit in the number of years.

Note that this applies to **all charter townships**, regardless of whether they incorporated as a charter township through board resolution or ballot question.

But this was not always believed to be the case, and several charter townships have operated under a more restricted millage limitation based on a misapprehension of the law.

Following the 1978 Headlee Amendment, Attorney General Opinion 6285 of 1985 stated:

> "[C]harter townships incorporated after December 22, 1978, the effective date *[the Headlee Amendment]*, by final resolution of the township board and without an approving vote of the township's electors, are prohibited from levying millage at a charter township rate higher than the township's previously authorized millage limitation as a general law township."

However, since that Attorney General opinion, the Michigan Supreme Court held in *American Axle and Manufacturing, Inc. v. Hamtramck*, 461 Mich. 352 (2000):

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

And in a significant win for the MTA Legal Defense Fund, the Michigan Court of Appeals in *Oshtemo Charter Township v. Kalamazoo County and Kalamazoo County Road Commission*, 339 Mich. App. 87 (2021) upheld MTA Legal Counsel's position that a charter township is not limited in the charter millage it can levy based on when or how the township became a charter township. The court looked to American Axle's holding that:

> "The plain language of Art 9, § 31, excludes from its scope the levying of a tax, or an increased rate of an existing tax, that was *authorized by law* when that section was ratified." [*Emphasis added.*]

The court held that, in *American Axle*:

> "the Supreme Court approved a line of Section 31 cases from this Court standing for the proposition 'that the Headlee exemption of taxes authorized by law when the section was ratified permits the levying of previously authorized taxes even where they were not being levied at the time Headlee was ratified and even though the circumstances making the tax or rate applicable did not exist before that date.' "

With this recent decision, the law has been clarified: **Regardless of how a charter township is incorporated, by ballot question or resolution, it may annually levy charter millage up to 5 mills (rolled back) without a vote of the electorate.**

Because the determination of the current rolled-back "charter millage" for a charter township that incorporated by resolution after 1978 is complicated *(the Headlee Amendment requiring property tax increases to be voted dates to 1978, the Headlee rollback dates to 1994)*, any charter township board that is considering exercising the automatic authority to levy should consult with its attorney for specific legal guidance.

Or a township board could use a millage question to "recapture" the Headlee rollback of "charter millage" to start over at the full 5 mills *(still subject to Headlee rollback going forward)*.

Sample To Offset the Headlee Rollback of "Charter Millage"
*(Not limited in duration of years)**

Shall the authorized charter millage for the Charter Township of _____, established at _____mills ($_____per $1,000 of taxable value) and reduced to _____mills ($_____per $1,000 of taxable value) by the required millage rollbacks, be increased by up to _____mills ($_____per $1,000 taxable value) to the original authorized charter millage rate to recover that millage reduction, which _____-mills increase will raise an estimated $_____in the first year the millage is levied*.

[ ] Yes
[ ] No

***Note:** While this sample was developed by MTA Legal Counsel, it is provided as example only, and not as specific legal guidance. Township boards MUST work with township's attorney to ensure language is correct, both in terms of what the township is asking for and statutory requirements for ballot questions; the county commission has authority to reject ballot questions that do not conform with statutory requirements.*

****Note:** To comply with MCL 211.24f(1), if applicable, add the following language at the asterisk(**) in any of the sample ballot questions:*

Where the millage will be disbursed to a specific unit or units, include that unit by name:

> "…of which a portion will be disbursed to the _____ (i.e., "Downtown Development Authority" or other entity)

Where the millage may be disbursed to multiple units or units under an agreement or contract subject to change, the following broad, additional language could be used as follows:

> "…of which a portion will be disbursed to such other or fewer local units of government as the Township Board determines appropriate."

Charter Townships May Also Levy up to 5 Additional Extra-Voted Mills (rolled back):

Extra-voted millage

A charter township may also levy up to five additional mills of **extra voted-specific purpose millage** (for a maximum of 10 mills), but only by voter approval and limited to 20 years. (MCL 42.27)

When a charter township goes to the voters for approval of **additional millage**, over and above the authorized "charter millage," the township must identify a **purpose** in the ballot language. It may be for **general** operating purposes, but more commonly it is for a **specific purpose**, which will restrict that millage to that purpose.

> **Sample to Authorize Additional Millage Beyond the Initial 5 Mills***
>
> Shall the Charter Township of _____ impose an increase of up to ___mills ($_____ per $1,000 of taxable value) in the charter township tax levy limitation imposed under MCL 42.27 and levy it for ___ *[number of years of levy up to 20 years]* years, 20__ through 20__ inclusive, for *[insert language identifying specified purpose, including general operating]*, which ___-mills increase will raise an estimated $_____ in the first year the millage is levied.**
>
> [ ] Yes
> [ ] No

***Note:** While this sample was developed by MTA Legal Counsel, it is provided as example only, and not as specific legal guidance. Township boards MUST work with township's attorney to ensure language is correct, both in terms of what the township is asking for and statutory requirements for ballot questions; the county commission has authority to reject ballot questions that do not conform with statutory requirements.*

****Note:** To comply with MCL 211.24f(1), if applicable, add the following language at the asterisk(**) in any of the sample ballot questions:*

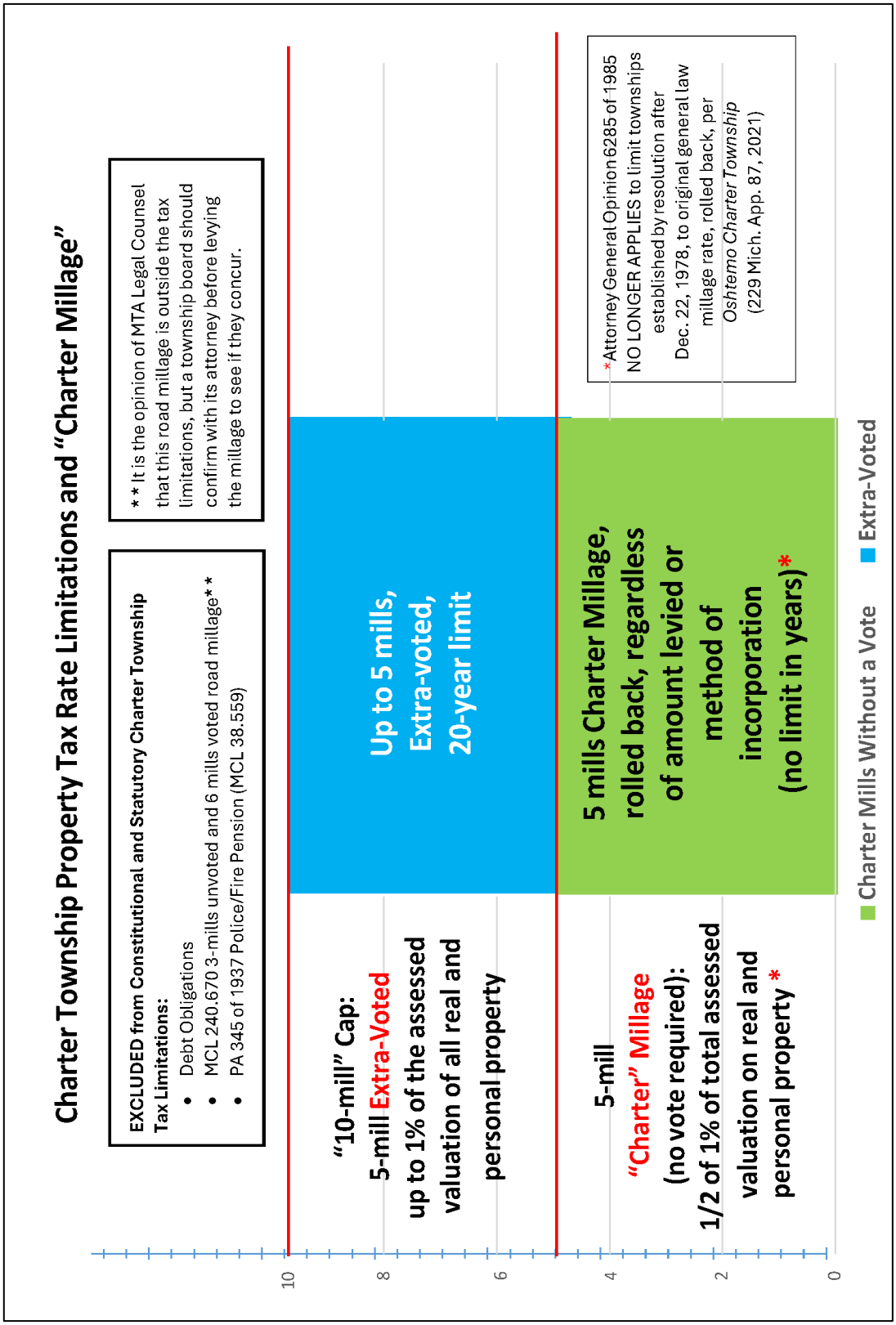
Where the millage will be disbursed to a specific unit or units, include that unit by name:

> "…of which a portion will be disbursed to the _____ (i.e., "Downtown Development Authority" or other entity)

Where the millage may be disbursed to multiple units or units under an agreement or contract subject to change, the following broad, additional language could be used as follows:

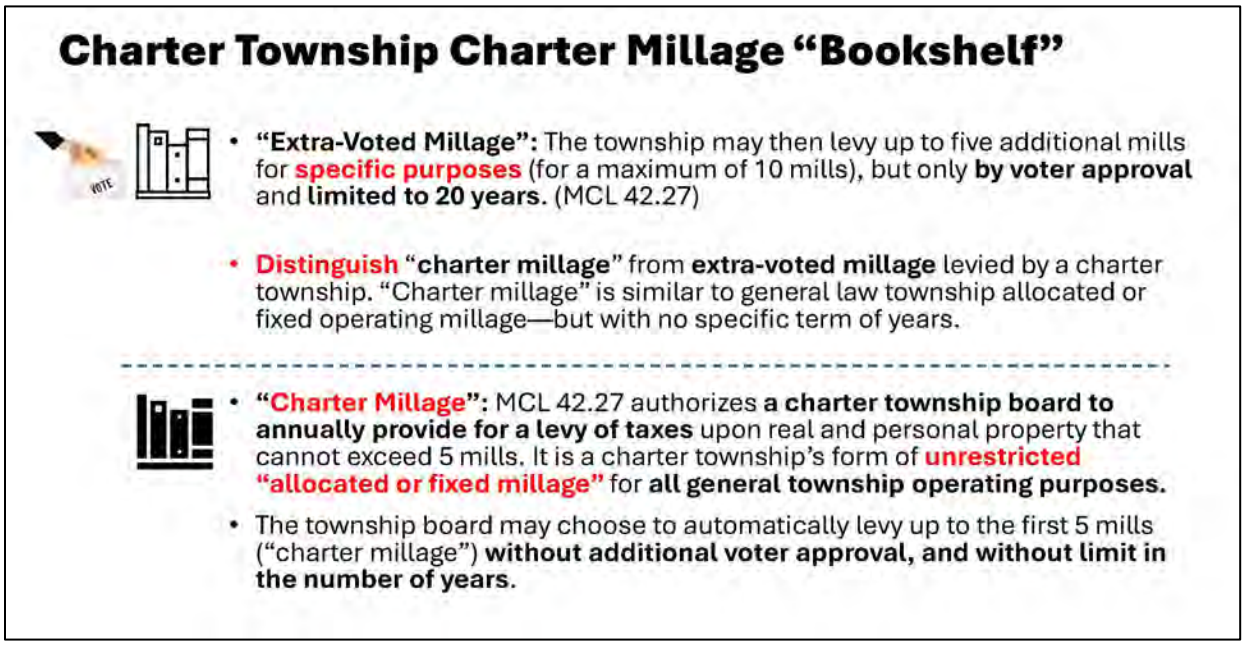
> "…of which a portion will be disbursed to such other or fewer local units of government as the Township Board determines appropriate."

How "Charter Millage" and "Extra-Voted Millage" Combine:



The "Bookshelf"

Think of the two-tiered charter township tax limitations as a two-shelf bookshelf representing the "10 mills" tax limitation:



A. Bottom Shelf—"Charter Millage":

The bottom shelf is for the up to 5 mills **Charter Millage** (general operating millage) as currently rolled back. It may be used for **any and all lawful charter township operating purposes**.

Charter Millage does not have a limited term of years—the township board determines the amount annually as part of the budgeting process. It is simply what the board decides it needs for general operating costs, which can be all of the township's costs. OR, if the board prefers to go to the voters for approval of certain costs through extra-voted millage, the amount that the township board will levy that budget year without a ballot question.

B. Top Shelf—Extra-Voted (Non-Charter) Millage:

The top shelf is for any **extra-voted millage**, usually for a **specific purpose**, up to the "other" 5 mills, for a total of 10 mills as currently rolled back.

How Does a Charter Township Board Decide What to Levy?

There are reasons for a charter township board to decide to use an **extra-voted millage** instead of "charter millage"—even when they still have "room" to levy additional "charter millage," including:

- It will go for a public vote, and the **electors** will determine whether that specific-purpose millage will pass.

- An extra-voted millage can be for one tax year or several, up to 20 years maximum. This can provide some **continuity** in providing for integral, but specialized services and equipment including longer-term capital improvements or assets, where changing approaches or support from evolving/transitioning township board membership might make reliance on the annual determination of charter millage less predictable.

On the other hand, the **annual determination of charter millage by the board** can:

- Allow a charter township board to accommodate **suddenly changing circumstances**.

- Be more **flexible,** as well as consistent, in providing all township functions or general operating functions as needed or needs arise, from one year to the next, including avoiding delays or even gaps in scheduling and passing ballot questions for new or renewing millages.

How Does That Work in Practice?

Michigan Department of Treasury
614 (Rev. 02-25)

ORIGINAL TO: County Clerk(s)
COPY TO: Equalization Department(s)
COPY TO: Each township or city clerk

L-4029

2025 Tax Rate Request (This form must be completed and submitted on or before September 30, 2025)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

Carefully read the instructions on page 2.

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory; Penalty applies.

County(ies) Where the Local Government Unit Levies Taxes	2025 Taxable Value of ALL Properties in the Unit as of 05-27-2025
Kalamazoo	1,055,200,500
Local Government Unit Requesting Millage Levy	For LOCAL School Districts, 2025 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties.
Happy Valley Charter Township (NOT ACTUAL TOWNSHIP)	

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2025 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc	(5) ** 2024 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2025 Current Year "Headlee" Millage Reduction Fraction	(7) 2025 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy *	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized
Charter	Operating	NA	5.0000	4.7980	1.0000	4.7980	1.0000	4.7980		1.7500	NA
Extra Voted	Senior	8/5/2025	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		1.0000	2029
MCL 247.670	Roads	NA	3.0000	2.9760	1.0000	2.9760	1.0000	2.9760		2.0000	NA
PA 33 SAD	Fire	NA								2.0000	NA

Prepared by	Telephone Number	Title of Preparer	Date

CERTIFICATION: As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

	Signature	Print Name	Date
☐ Clerk ☐ Secretary			
☐ Chairperson ☐ President			

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 2 of 2025 for instructions on completing this section.

	Rate
Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	
For Principal Residence, Qualified Ag., Qualified Forest and Industrial Personal	
For Commercial Personal	
For all Other	

** Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.*

**** IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).

For example, in the illustration of a fictional township's L-4029 Form above, this charter township has 4.7980 rolled back mills available out of 5 mills to levy as **charter millage** *(on the bottom shelf)*, and an additional 4.7980 rolled back mills out of 5 mills of **extra-voted millage** available *(on the top shelf)* for a total of 9.596 out of the 10 mills, all rolled back.

Option A. The township board has the option to levy the full 4.7980 **charter mills** available under Column 9, on Line 1, but has chosen to levy only 1.7500 mills, which is a valid choice. The 1.7500 **charter millage** goes on the bottom shelf, and both the **extra-voted** Senior Services millage at 1 mill and the non-voted Roads millage at 2 mills that the board has chosen to levy out of their available extra-voted mills go on the top shelf as **extra-voted millage.** A township board may levy up to or less than its available amount of **extra-voted mills** if it described the amount of mills in the ballot question as "**up to** 1 mill," for example.

Note: *A Public Act 33 of 1951 special assessment for fire services must be reported on the L4029 and billed on the tax bill (unlike almost any other special assessment), BUT it is still not a property tax (with no rollback or other reduction fractions), so it should be listed separately on the L4029.*

Option B:

Michigan Department of Treasury
614 (Rev. 02-25)

ORIGINAL TO: County Clerk(s)
COPY TO: Equalization Department(s)
COPY TO: Each township or city clerk

L-4029

2025 Tax Rate Request (This form must be completed and submitted on or before September 30, 2025)

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

Carefully read the instructions on page 2.

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County(ies) Where the Local Government Unit Levies Taxes	2025 Taxable Value of ALL Properties in the Unit as of 05-27-2025
Kalamazoo	1,055,200,600
Local Government Unit Requesting Millage Levy	For LOCAL School Districts: 2025 Taxable Value excluding Principal Residence, Qualified Agricutlural, Qualified Forest, Industrial Personal and Commercial Personal Properties.
Happy Valley Charter Township	

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2025 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5) ** 2024 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2025 Current Year "Headlee" Millage Reduction Fraction	(7) 2025 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy *	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized
Charter	Operating	NA	5.0000	4.7980	1.0000	4.7980	1.0000	4.7980	NA	4.7980	NA
Extra Voted	Senior	8/5/2025	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	NA	1.0000	2029
MCL 247.670	Roads	NA	3.0000	2.9760	1.0000	2.9760	1.0000	2.9760	NA	2.0000	NA
PA 33 SAD	Fire	NA								2.0000	NA

Prepared by	Telephone Number	Title of Preparer	Date

CERTIFICATION: As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

	Signature	Print Name	Date
☐ Clerk ☐ Secretary			
☐ Chairperson ☐ President			

** Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.*

**** IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 2 of 2025 for instructions on completing this section.	
Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
For Principal Residence, Qualified Ag., Qualified Forest and Industrial Personal	
For Commercial Personal	
For all Other	

Or the township board could **choose to levy any amount up to, or for, the "full" 4.7980 mills** of **charter millage** for this tax year, even if it did not previously do so.

In other words, if the Happy Valley Charter Township board had levied 1.7500 mills for the previous year's **charter millage**, it is not "capped" at that, regardless of whether the board had believed it was legally capped by having incorporated as a charter township by resolution and not by election, or whether that is simply what the board had chosen to levy in the previous year for its **charter millage**. If the board chooses to levy the "full" 4.7980 mills of **charter millage**, it will enter that amount in Column 11.

Charter Township Millage in a Village (both "Charter millage" and Extra-Voted):

Although MCL 42.27 includes language that provides for a lower millage to be levied against property within a village in a charter township, the Michigan Court of Appeals has held that provision to be unconstitutional as violating the constitutional requirement of uniformity in taxation:

> "Thus, to comply with the Supreme Court's definition of uniformity, the township taxes must be levied at the same rate throughout the townships, 'regardless of the number of communities in which property subject to the tax is located.' We believe that the Supreme Court's definition of uniformity of taxation compels this result, even though the intent behind the 'variable millage' provision in this case was to more equitably distribute the tax burden among the township residents receiving township services. We therefore hold that the amended portion of § 27 of the charter township act, is unconstitutional because it violates Const. 1963, art. 9, § 3." (*Bailey v. Charter Twp. of Pontiac*, 138 Mich. App. 742 (1984))

As a result, all of a charter township's millages are levied on properties in a village in the township as they would be in the portion of the township outside of a village.

Statutes:

STATE CONSTITUTION (EXCERPT)
CONSTITUTION OF MICHIGAN OF 1963

§ 6 Real and tangible personal property; limitation on general ad valorem taxes; adoption and alteration of separate tax limitations; exceptions to limitations; property tax on school district extending into 2 or more counties.

Section 6.

Except as otherwise provided in this constitution, the total amount of general ad valorem taxes imposed upon real and tangible personal property for all purposes in any one year shall not exceed 15 mills on each dollar of the assessed valuation of property as finally equalized. Under procedures provided by law, which shall guarantee the right of initiative, separate tax limitations for any county and for the townships and for school districts therein, the aggregate of which shall not exceed 18 mills on each dollar of such valuation, may be adopted and thereafter altered by the vote of a majority of the qualified electors of such county voting thereon, in lieu of the limitation hereinbefore established. These limitations may be increased to an aggregate of not to exceed 50 mills on each dollar of valuation, for a period of not to exceed 20 years at any one time, if approved by a majority of the electors, qualified under Section 6 of Article II of this constitution, voting on the question.

The foregoing limitations shall not apply to taxes imposed for the payment of principal and interest on bonds approved by the electors or other evidences of indebtedness approved by the electors or for the payment of assessments or contract obligations in anticipation of which bonds are issued approved by the electors, which taxes may be imposed without limitation as to rate or amount; or, subject to the provisions of Section 25 through 34 of this article, to taxes imposed for any other purpose by any city, village, charter county, **charter township**, charter authority or other authority, **the tax limitations of which are provided by charter or by general law**.

In any school district which extends into two or more counties, property taxes at the highest rate available in the county which contains the greatest part of the area of the district may be imposed and collected for school purposes throughout the district.

History: Const. 1963, Art. IX, § 6, Eff. Jan. 1, 1964 ;-- Am. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

THE CHARTER TOWNSHIP ACT (EXCERPT)
Act 359 of 1947

42.27 Adoption of budget by township board; resolution; appropriation; tax levy; limitation; separate appropriation for fire and police departments; tax collection; interim budget.

Sec. 27.

(1) ***[This is the legal authority for the "first 5 mills" of "charter millage"—compared to the "other 5 mills" for the total "10 mills" which the board sets annually, NOT subject to a vote of the electors—the GREEN block in the chart on Page 6.]*** Except as otherwise provided by this subsection, prior to the commencement of the fiscal year, the **township board shall, by resolution**, adopt the budget for the next fiscal year, make an appropriation of the money needed for township purposes, and **provide for a levy of taxes upon real and personal property**. If a township operates on a calendar year budget cycle, a public hearing on the proposed budget shall be held not later than December 15 and adopted not later than December 31, in the year preceding the calendar year covered by the budget.

(2) The levy allowed under subsection (1) shall not exceed 1/10 of 1% of the assessed valuation of all real and personal property subject to taxation within the limits of a village located within the township ***[Ignore the "village" reference in the first sentence—determined not constitutional in Bailey v. Charter Twp. Of Pontiac, 138 Mich. App. 742.]*** and **1/2 of 1% of the assessed valuation of all real and personal property subject to taxation in the balance of the township. The electors of a charter township may increase the tax levy limitation not to exceed a total of 1% of the assessed valuation of all real and personal property in the township for a period not to exceed 20 years at 1 time*. [This the "other," non-charter "up to 5 mills" millage that MUST be voted and is time-limited. See the BLUE block on in the chart on Page 6.]***

(3) If a township has 1 or more villages that maintain either or both a fire department or a police department, the expense of a township fire department or police department shall be appropriated separately from the other expenses of the township and a tax levy for these expenses shall not be spread upon the township assessment roll against the property, either real or personal, located in these villages.

(4) The adoption of the resolution under this section is the final authority for the township supervisor to spread any approved levies upon the tax roll for the current year and to include the amount of each levy in his or her warrant to the township treasurer. The township treasurer shall collect and return the warrant as provided under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(5) Within 60 days after the incorporation of a township as a charter township under this act, the township board shall, by resolution, adopt an interim budget until the commencement of the next fiscal year and make an appropriation from the funds and assets of the township available for these purposes.

History: 1947, Act 359, Eff. Oct. 11, 1947 ;-- CL 1948, 42.27 ;-- Am. 1949, Act 70, Eff. Sept. 23, 1949 ;-- Am. 1953, Act 188, Eff. Oct. 2, 1953 ;-- Am. 1976, Act 90, Eff. Mar. 31, 1977 ;-- Am. 1988, Act 82, Eff. Apr. 1, 1988 ;-- Am. 2003, Act 191, Imd. Eff. Oct. 31, 2003