Michigan Association of Municipal Attorneys
Municipal Law Program

Headlee Amendment Legal Issues

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WHAT IS THE HEADLEE AMENDMENT?

- 1978 Constitutional Amendment approved by voters on November 7, 1978
- Proposal E - Tax Limitations Amendment
  - Now known by its nickname after its principal proponent Richard Headlee
- Initiatory amendment written by Taxpayers United in the spirit of “Tax Revolt”

WHAT IS THE HEADLEE AMENDMENT?

PROPOSAL E - PROPOSAL FOR TAX LIMITATION.

THE PROPOSED AMENDMENT WOULD:

- Limit all state taxes and revenues, excepting federal aid, to its current proportion of total state personal income and to provide for exception for a declared emergency.
- Prohibit local government from adding new or increasing existing taxes without voter approval.
- Prohibit the state from adopting new or expanding present local programs without full state funding.
- Prohibit the state from reducing existing level of aid to local governments, taken as a group.
- Require voter approval of certain bonded indebtedness.
- Should this amendment be adopted?

https://ballotpedia.org/Michigan_Proposal_E,_Tax_Limitations_and_Funding_Requirements_Initiative_(1978)

Michigan Proposal E		
Result	Votes	Percentage
✔ **Yes**	**1,450,150**	52.46%
No	1,313,984	47.54%

WHAT IS THE HEADLEE AMENDMENT?

michigan municipal league

Fact Sheet

Headlee Rollback and Headlee Override

Introduction

The term "Headlee Rollback" became part of municipal finance lexicon in 1978 with the passage of the Headlee Amendment to Michigan's Constitution. In a nutshell, Headlee requires a local unit of government to reduce its millage when annual growth on existing property is greater than the rate of inflation. As a consequence, the local unit's millage rate gets "rolled back" so that the resulting growth in property tax revenue, community-wide, is no more than the rate of inflation. A "Headlee override" is a vote by the electors to return the millage to the amount originally authorized via charter, state statute, or a vote of the people, and is necessary to counteract the effects of the "Headlee Rollback."

HEADLEE MILLAGE ROLLBACKS

- The Headlee property tax revenue limitation requires that if the assessed value of a local tax unit's total taxable property increases by more than the inflation rate, the maximum property tax millage must be reduced so that the local unit's total taxable property yields the same gross revenue, adjusted for inflation.
- This is calculated looking at the total value change from one year to the next.
- It is based on the entire tax unit's jurisdiction, not based in each parcel.
- Changes that resulted from new construction are not taken into account.

CURRENT NEWS

WEMU News

Chelsea Area Fire Authority seeks millage hike

89.1 WEMU | By Kevin Meerschaert
Published October 9, 2025 at 4:00 PM EDT

LISTEN • 0:44

Chelsea Area Fire Authority

Voters in Chelsea and Lima, Lyndon, and Sylvan Township are being asked for a hike in the Area Fire Authority Millage rate to hire additional staff.

The Authority's current funding is 2.4 mills, which is actually assessed at a slightly low rate due to the Headlee Amendment. The ballot question would add an additional 0.75 mills to the tax levy.

https://www.wemu.org/wemu-news/2025-10-09/chelsea-area-fire-authority-seeks-millage-hike

CURRENT NEWS

The Holland Sentinel

Holland officials need 'yes' vote in November to maintain existing services

Mitchell Boatman, Holland Sentinel
Tue, October 7, 2025 at 1:55 PM EDT
3 min read

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The ballot language for a city of Holland proposal in November is confusing — officials know that — but it's also incredibly important.

In the simplest terms, the proposal is a proactive measure to protect the city from future millage reductions that would result in cuts to essential services, with no plans to change the actual levied tax rate, which has remained the same since 2012.

CURRENT NEWS

City Manager Keith Van Beek said he understands why citizens might think the ballot measure requests a tax increase based on the language, which he said takes a "doctorate" to understand without further context.

"Even though the ballot totally sounds like we're (asking for an increase), we're not," he said. "We're just looking to maintain what we've levied historically."

According to charter, Holland can levy a maximum of 17.5 mills for a general operating tax, although the municipality has never levied that full amount, Van Beek said.

For the past 14 years, the city has levied 13.8692 mills. That funds city operations and services including police, fire, parks and recreation, and more. One mill is equal to $1 per $1,000 of taxable value on a property.

Over the years, the maximum allowable levy has been reduced to 14.448 mills through rollbacks under the Headlee Amendment, a provision in the state of Michigan that automates millage rollbacks when property values rise faster than the rate of inflation.

CURRENT NEWS

Grandville —

The current operating millage, approved by voters in 2023, remains in effect through 2026 but cannot be levied beyond that date without voter approval. As was the case in 2023, voters are being asked to approve up to 19 mills, even though the district cannot levy more than 18 mills by state law; the additional 1 mill protects against potential Headlee Amendment rollbacks.

https://www.schoolnewsnetwork.org/2025/10/08/operating-sinking-fund-millages-on-nov-4-ballot/

Mich. Const. Art. IX, Sec. 31

§ 31 Levying tax or increasing rate of existing tax; maximum tax rate on new base; increase in assessed valuation of property; exceptions to limitations.

Sec. 31.

Units of Local Government are hereby prohibited from levying any tax not authorized by law or charter when this section is ratified or from increasing the rate of an existing tax above that rate authorized by law or charter when this section is ratified, without the approval of a majority of the qualified electors of that unit of Local Government voting thereon. If the definition of the base of an existing tax is broadened, the maximum authorized rate of taxation on the new base in each unit of Local Government shall be reduced to yield the same estimated gross revenue as on the prior base. If the assessed valuation of property as finally equalized, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the General Price Level from the previous year, the maximum authorized rate applied thereto in each unit of Local Government shall be reduced to yield the same gross revenue from existing property, adjusted for changes in the General Price Level, as could have been collected at the existing authorized rate on the prior assessed value.

The limitations of this section shall not apply to taxes imposed for the payment of principal and interest on bonds or other evidence of indebtedness or for the payment of assessments on contract obligations in anticipation of which bonds are issued which were authorized prior to the effective date of this amendment.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

Mich. Const. Art. IX, Sec. 33

§ 33 Definitions applicable to sections 25 to 32.

Sec. 33.

Definitions. The definitions of this section shall apply to Section 25 through 32 of Article IX, inclusive.

"Total State Revenues" includes all general and special revenues, excluding federal aid, as defined in the budget message of the governor for fiscal year 1978-1979. Total State Revenues shall exclude the amount of any credits based on actual tax liabilities or the imputed tax components of rental payments, but shall include the amount of any credits not related to actual tax liabilities. "Personal Income of Michigan" is the total income received by persons in Michigan from all sources, as defined and officially reported by the United States Department of Commerce or its successor agency. "Local Government" means any political subdivision of the state, including, but not restricted to, school districts, cities, villages, townships, charter townships, counties, charter counties, authorities created by the state, and authorities created by other units of local government. "General Price Level" means the Consumer Price Index for the United States as defined and officially reported by the United States Department of Labor or its successor agency.

History: Add. Initiated Law, approved Nov. 7, 1978, Eff. Dec. 23, 1978

Article IX, Section 34

§ 34 Implementation of sections 25 to 33. Sec. 34.

The Legislature shall implement the provisions of Sections 25 through 33, inclusive, of this Article.

THE GENERAL PROPERTY TAX ACT

Act 206 of 1893

Section 34d

…

(11) A unit of local government may submit to the voters for their approval the levy in that year of a tax rate in excess of the limit set by this section. The ballot question must ask the voters to approve the levy of a specific number of mills in excess of the limit. The provisions of this section do not allow the levy of a millage rate in excess of the maximum rate authorized by law or charter. If the authorization to levy millage expires after 1993 and a local governmental unit is asking voters to renew the authorization to levy the millage, the ballot question must ask for renewed authorization for the number of expiring mills as reduced by the millage reduction required by this section. If the election occurs before June 1 of a year, the millage reduction is based on the immediately preceding year's millage reduction applicable to that millage. If the election occurs after May 31 of a year, the millage reduction must be based on that year's millage reduction applicable to that millage had it not expired.

LAWSUITS TO ENFORCE HEADLEE

- Headlee Amendment allows any taxpayer to file a suit to enforce the Headlee Amendment
- Lawsuit is filed in the Court of Appeals (unusual court of original jurisdiction)
- If plaintiffs win, the government has to pay their legal fees and costs too

Article IX, Section 32

§ 32 Suit to enforce sections 25 to 31.

Any taxpayer of the state shall have standing to bring suit in the Michigan State Court of Appeals to enforce the provisions of Sections 25 through 31, inclusive, of this Article and, if the suit is sustained, shall receive from the applicable unit of government his costs incurred in maintaining such suit.

CALCULATION OF HEADLEE MILLAGE ROLLBACKS

Millage Reduction Fraction – MRF Required by MCL 211.34d

$$\text{MRF} = \frac{\text{(prior year's taxable value – losses) x inflation rate multiplier}}{\text{current year's taxable value – additions}}$$

Example:

County Operating Millage = 4 mills Inflation 3.3%

2024 Taxable Value = $2 billion 2025 Taxable Value $2.1 billion (5% increase)

$$\text{MRF} = \frac{\text{(2 billion – 0) x 1.033}}{\text{2.1 billion}} = \frac{\text{2.066 billion}}{\text{2.1 billion}} = .9838$$

CALCULATION OF HEADLEE MILLAGE ROLLBACKS

L-4029 Report– Tax Rate Request

2025 MRF = .9838

2024 Millage Rate x 2025 MRF = 2025 Maximum Allowed Rate
5.0 x 0.9838 = 4.919 mills

2024 Tax Levy = $10,000,000
2025 Tax Levy = $10,329,900

2025 Tax Levy without Rollback = $10,500,000
Impact of Rollback = $170,100

L-4029 TAX RATE REQUEST FORM

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

COPY TO: Each township or city clerk

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
Washtenaw	**24,466,134,212**
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.
Washtenaw County	

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
Law	Operating		5.5000	4.3512	0.9963	4.3351	1.0000	4.3351	4.3351		
Extra Voted	Parks	11/04/14	0.2500	0.2387	0.9963	0.2378	1.0000	0.2378		0.2378	12/2026
Extra Voted	Parks	11/06/18	0.2314	0.2260	0.9963	0.2251	1.0000	0.2251		0.2251	12/2029
Extra Voted	Natural Areas	11/03/20	0.2500	0.2474	0.9963	0.2464	1.0000	0.2464		0.2464	12/2030
Extra Voted	Roads	08/06/24	0.5000	0.5000	0.9963	0.4981	1.0000	0.4981		0.4981	12/2027
Extra Voted	EECS	03/08/16	0.2000	0.1910	0.9963	0.1902	1.0000	0.1902		0.1902	12/2025
Extra Voted	Veterans Relief	08/06/24	0.1000	0.1000	0.9963	0.0996	1.0000	0.0996		0.0996	12/2031
Extra Voted	Older Persons' Services	11/05/24	0.5000	0.5000	0.9963	0.4981	1.0000	0.4981		0.4981	12/2031

Prepared by	Telephone Number	Title of Preparer	Date
Tina Gavalier	**(734) 222-6711**	**Chief Financial Officer**	**05/21/2025**

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
[X] Clerk [ ] Secretary	Lawrence Kestenbaum	**Lawrence Kestenbaum**	**05/21/2025**
[X] Chairperson [ ] President	Katie Scott	**Katie Scott**	**05/21/2025**

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	

** 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*

L-4029 TAX RATE REQUEST FORM

2024 Tax Rate Request **(This form must be completed and submitted on or before September 30, 2024)**

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	2024 Taxable Value of ALL Properties in the Unit as of 5-28-2024
Houghton	147,912,337
Local Government Unit Requesting Millage Levy: City of Hancock	For LOCAL School Districts: 2024 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties.

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 2024 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5) ** 2023 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2024 Current Year "Headlee" Millage Reduction Fraction	(7) 2024 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	15.0000	13.2663	.9928	13.1708	1.0000	13.1707	13.1707		
Ex Voted	Fire	2020	.8000	.8000	.9928	.7942	1.0000	.7942	.7942		2035
Ex Voted	Recreation	2021	.8000	.8000	.9928	.7942	1.0000	.7942	.7942		2026
Ex Voted	Police	2022	.8000	.8000	.9928	.7942	1.0000	.7942	.7942		2037

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		Linda Kalinec	6/19/24
☒ Chairperson ☐ President		Kurt Rickard	6/19/24

** 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 2024 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	

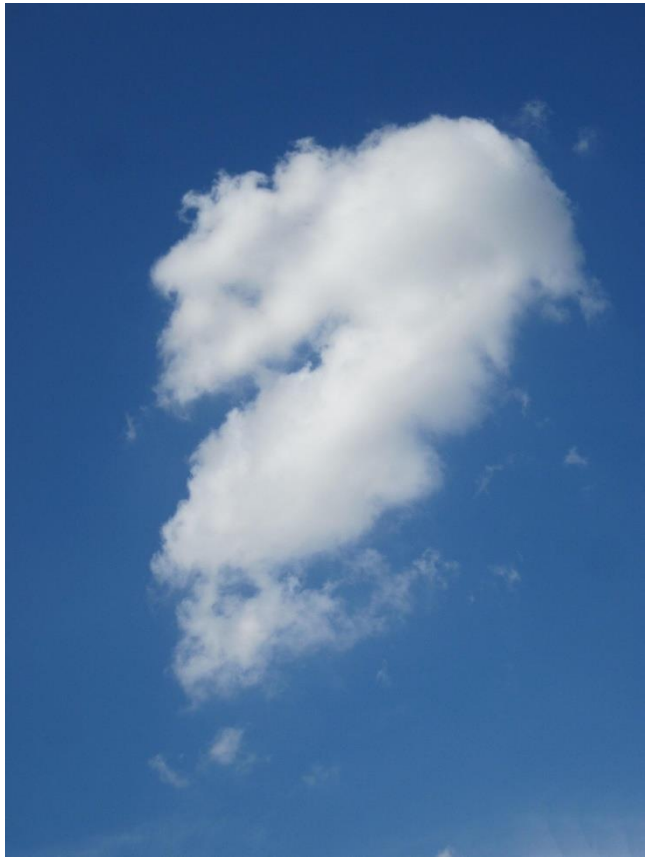
HEADLEE OVERRIDE

Question: Can we get back to 20 mills?

Answer: Yes. With the approval of the voters, as the Headlee Amendment treats this a tax increase.

These types of questions are called a “Headlee override” or “Headlee Restoration”. These are State law ballot questions and not a charter amendment.

But State law requires calling the rolled back amount an increase in taxes in the ballot proposal. It cannot be considered or called a renewal.



HEADLEE OVERRIDE BALLOT

CITY OF _____ MILLAGE RESTORATION PROPOSAL

This proposal will restore the authority of the City to levy 20 mills for general operating purposes which has been reduced by 2.8214 mills by application of the Headlee Amendment.

Shall the limitation on the amount of taxes which may be imposed on taxable property in the City of _____, County of _____, Michigan, be increased by 2.8214 mills ($2.8214 per $1,000 of the taxable value) [for a period of ten (10) years, from 2026 to 2035,][in perpetuity commencing in 2026] as new additional millage in excess of the limitation imposed by Michigan Compiled Laws section 211.34d, to provide funds for general operating purposes? It is estimated that 2.8214 mills would raise approximately $192,888 when first levied in 2026.

CORRECTING AN INCORRECT MILLAGE LEVY

THE GENERAL PROPERTY TAX ACT (EXCERPT)
Act 206 of 1893

211.34d

(13) If it is determined after the levy of a tax that an incorrect millage reduction fraction has been applied, the amount of additional tax revenue or the shortage of tax revenue must be deducted from or added to the next regular tax levy for that unit of local government after the determination of the authorized rate pursuant to this section.

RENEWING MILLAGES

In the case of municipalities seeking authorization to levy “renewed” millages, the millage reduction fraction specified in section 34d of the General Property Tax Act, MCL 211.34d, is calculated on an uninterrupted basis for each succeeding year as if the voter-approved millage it replaces had never expired. Under MCL 211.34d(11), the calculation of the millage reduction fraction does not commence at 1.0 for the first year of the “renewed” millage but with the fraction utilized for the millage levied in the last year of the millage it replaces.

2006 Mich. OAG No. 7193 (Mich.A.G.), 2006 WL 867756.

RENEWAL WITH HEADLEE OVERRIDE

SENIOR SERVICES MILLAGE RENEWAL AND RESTORATION PROPOSAL

This proposal will authorize the City of Milan to levy 0.50 mill for the purpose of funding activities and services for persons 60 years of age and older. Of the 0.50 mill, 0.4721 represents a renewal of the 0.50 mill authorization approved by the electors in 2018, which will expire with the 2025 tax levy and 0.0279 mill represents a restoration of that portion of the same authority which has been reduced by application of the Headlee Amendment.

Shall the limitation on the amount of taxes which may be imposed on taxable property in the City of Milan, Counties of Washtenaw and Monroe, Michigan be increased by 0.50 mills ($0.50 per thousand dollars of taxable value) for a period of eight (8) years, 2026 to 2033, inclusive, as a renewal of the 0.4721 mill previously authorized by the electors which expires with the 2025 levy plus new additional millage in the amount of 0.0279 mill, for the sole purpose of providing funds for services and programs for senior citizens pursuant to the authority provided to it under Act 39 of PA 1976, specifically MCL 400.576? It is estimated that, if levied, the 0.50 mills would raise approximately $32,680 when first levied in 2026.

Steven Mann is a senior principal with Miller, Canfield, Paddock and Stone, P.L.C. specializing in the area of municipal finance, representing public agencies as bond counsel. His practice covers all facets of infrastructure financing, special assessments, tax increment finance and economic development.

Steve served twelve years elective office on the Charter Township of Plymouth Board of Trustees (2000-2012), including one term as Township Supervisor (2000-2004). He also served one additional year as an appointed trustee (2016).

He is Chair of the Board of Directors of the Michigan Association of Municipal Attorneys. He has previously taught municipal finance as an adjunct professor at Cooley Law School.

He received his law degree, *cum laude*, from Cooley Law School, and his B.B.A., *summa cum laude*, from Cleary University.

QUESTIONS?

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