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NO STATE TAX EQUALIZATION

House Bill 5115

Sponsor: Rep. Shirley Johnson

House Bill 5116

Sponsor: Rep. Bill Bobier

Committee: Taxation

Complete to 10-22-93

A SUMMARY OF HOUSE BILLS 5115 AND 5116 AS INTRODUCED 10-13-93

Governor Engler's school reform/school finance plan proposes to do away with property tax assessment equalization at the state level and make county equalization the final step. The state constitution says the legislature must provide for a system of equalization of assessments. House Joint Resolution Z would specify in the constitution that the legislature must provide for "a system of county equalization." House Bill 5115 would amend the General Property Tax Act (MCL 211.9b et al.) to reflect that system, notably by eliminating the role of the State Tax Commission. As described by the Michigan Manual, the commission "establishes the state equalized value for each class of property for each county total; prepares assessment rolls for state assessed public utilities; approves applications for exemptions for air and water pollution control facilities and for industrial property abatements; and provides general supervision of all state assessing officers." The duties of the commission under the amendments to the General Property Tax Act would fall to others, including, generally, to the county commissioners or county equalization departments for equalization functions, to the Department of Treasury for administrative and informational functions, and to the Tax Tribunal for judicial-type functions. House Bill 5116 would amend Public Act 282 of 1905 (MCL 207.4 et al.), which provides for the tax commission (acting as the state board of assessors) to assess the property of certain utility companies, such as telephone and telegraph, railroad, car loaning, sleeping car, and express car companies. The tax commission's duties would be carried out by the Department of Treasury.

The General Property Tax Act, as recently amended, exempts all property from millage levied for local school district operating purposes beginning December 31, 1993. House Bill 5115 would specify that certain taxes would not be considered local school district operating taxes, including those levied by a local school district for a community college; for the payment of principal or interest on notes or bonds issued to fund an operating deficit; for payments by a first class school district to a public library commission; for the operation of certain libraries; and for a sinking fund. The act also exempts property from millage for intermediate school district purposes. The bill would exempt mills in an amount levied in 1993 for special education purposes.

House Bills 5115 and 5116 (10-22-93)