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BILL ANALYSIS



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Senate Bills 1112 through 1119 (as introduced 9-10-96)
Sponsor: Senator Michael J. Bouchard
Committee: Finance

Date Completed: 9-17-96

CONTENT

The bills would amend eight statutes to provide that special assessments on property would have to be based on the property's "taxable value" after 1996.

(In general, a special assessment is an assessment on property levied for a specific purpose, such as lighting, sewers, or water, that benefits the property subject to the special assessment, and is levied separately from general property taxes. Pursuant to the assessment cap placed in the State Constitution by the voters in 1994, the assessment on a parcel of property can increase, from one year to the next, only by the lesser of 5% or the rate of inflation; once a parcel is sold, the property is assessed at its market value and the new cap begins to apply again. Both the "taxable value" and the State equalized valuation (SEV) of property are calculated each year; the taxable value reflecting the value at which the property is taxed pursuant to the assessment cap, and the SEV reflecting the property's increase (or decrease) in market value.)

Following is a detailed description of each bill.

Senate Bill 1112

The bill would amend the General Property Tax Act to provide that a special assessment levied on property in 1997 and thereafter would have to be levied on the property's taxable value, as determined under the Act.

Currently, under the Act, property deeded to the State for nonpayment of property taxes can be redeemed according to the specified procedures. If property to be redeemed has been exempt from taxes levied in any year after foreclosure because it was deeded to the State, the amount to be paid must be computed by applying any special assessment and property taxes to the property's most recent SEV. The bill provides that for general property taxes and special assessments levied for 1997 and thereafter, the amount to be paid would have to be computed using the most recently established taxable value of the property.

Senate Bill 1113

The bill would amend Public Act 246 of 1931 (which provides for the construction of sidewalks and pavements along highways, and the lighting of highways, by counties and townships) to base the apportionment of costs for lighting on a local unit of government's taxable value after 1996.

Currently, under the Act, a county may provide for the lighting of roads, highways, and bridges. The board of county road commissioners may pay for the lighting from available highway funds

under its control; however, if the funds are unavailable, the county board of commissioners may vote to require that the costs of the lighting be apportioned to the townships and cities in the county, based upon their respective SEVs.

Senate Bill 1114

The bill would amend Public Act 188 of 1954 (which allows townships to make public improvements and levy special assessments to pay for the projects) to provide that if a special assessment were levied after 1996, the amount assessed against each parcel of land would be the proportionate amount of the whole sum to be levied against all parcels of land in the special assessment district, as the taxable value of the parcel bore to the total taxable value of all parcels in the special assessment district.

Under the Act, the township board of any township may create an improvement revolving fund. The township board may transfer to the revolving fund from its general fund in any one year an amount up to two mills of the SEV of the real and personal property in the township, and in each subsequent year may transfer from the general fund to the revolving fund until that fund equals five mills of the SEV of the property in the township. Under the bill, this provision would apply before January 1, 1997. The bill provides that after 1996, the township board could transfer to the revolving fund from its general fund in any one year an amount up to two mills of the taxable value of the property in the township, and in each subsequent year could transfer money until that fund equaled five mills of the taxable value of the property in the township.

Senate Bill 1115

The bill would amend the Drain Code to provide that special assessments levied for the costs of drains on a public corporation in a drainage district would be based on the corporation's taxable value after 1996.

Currently, under the Code, costs assessed for a drain are apportioned annually between the public corporations within the area served by the drain, based upon the SEV of each corporation. The bill provides that after 1996 the costs would have to be apportioned annually between the corporations on the basis of taxable value.

Senate Bill 1116

The bill would amend Public Act 33 of 1955 (which allows certain local units of government to provide for police and fire protection and to levy special assessments to pay for the equipment) to provide that appropriations to pay for the equipment would have to be based upon taxable value after 1996.

Currently, under the Act, to pay for police and fire vehicles, apparatus, equipment, and housing a township may, by resolution, provide for the appropriation of general or contingent funds; the annual appropriation cannot exceed 10 mills of the SEV of the area in which the services are to be provided. The bill provides that after 1996 the appropriation could not exceed 10 mills of the taxable value of the area to be served. Currently, if township boards acting individually or jointly determine to create a special assessment district for police and fire protection, they must determine the amount of special assessment levy to spread on the lands and premises to be benefitted by

the protection. The bill provides that after 1996 the levy would have to be assessed on the taxable value of the lands and premises to be benefitted by the protection.

Senate Bill 1117

The bill would amend the Township and Village Public Improvement and Public Service Act to provide that after 1996 special assessment levies would be based on taxable value.

Currently, under the Act, a special assessment installment for one year for an improvement authorized under the Act cannot exceed 15% of a parcel's SEV; the total assessment installments for a combination of improvements cannot exceed 45% of the property's SEV. Under the bill, after 1996 the limits would apply to property's taxable value.

Senate Bill 1118

The bill would amend Public Act 107 of 1941 (which authorizes townships to provide water and sewer services and facilities and levy special assessments to pay for the services and facilities) to provide that for special assessments levied after 1996, the assessments would have to be levied against the taxable value of a parcel subject to a special assessment. Currently, under the Act, the costs of certain township water systems financed by revenue bonds can be paid for by a special assessment levied within a district serviced by the system. The special assessment is levied against the SEV of the benefitted property in the district. The bill provides that after 1996 the assessment would have to be levied against the taxable value of benefitted property in the district.

Senate Bill 1119

The bill would amend Public Act 157 of 1905, which allows townships to acquire and maintain parks, to provide that the current budget limit would be based upon a township's taxable value after 1996. Currently, under the Act, a township park commission must submit to the township board a budget for parks and recreation that cannot exceed 1.5 mills of the township's SEV.

Further, if a township has no outstanding indebtedness and wishes to acquire land for parks and recreation, the township board may authorize the purchase or condemnation of the land if the acquisition cost is less than 1% of the township's SEV. The bill provides that after 1996 the 1% limit would have to be based on the township's taxable value.

MCL 211.131e et al. (S.B. 1112)
41.290 (S.B. 1113)
41.725 & 41.735b (S.B. 1114)
280.626 et al. (S.B. 1115)
41.801 (S.B. 1116)
41.414 (S.B. 1117)
41.350b & 41.350k (S.B. 1118)
41.426c & 41.426d (S.B. 1119)

Legislative Analyst: G. Towne

FISCAL IMPACT

The bills specify that special assessments would have to be based on the taxable value for 1997 and subsequent years. Local units that currently use the SEV for special assessments and do not increase millage rates would decrease special assessment collections by using the taxable value.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.