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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Joint Resolution L (Substitute S-4 as reported)  
Sponsor: Senator Michael J. Bouchard  
Committee: Finance

### **CONTENT**

The resolution proposes an amendment to Article 9 of the State Constitution to provide that an ad valorem special assessment levied in any year after 1998 would have to be levied on the taxable value of the property that was assessed; and that the assessment cap on property taxes in Article 9, Section 3 would apply to ad valorem special assessments levied in any year after 1998.

(Various State statutes authorize special assessments. In general, a special assessment is an assessment on a parcel of property's State equalized valuation (SEV) that is levied for a specific purpose, such as lighting, streets, sewers, or water, that benefits the property subject to the special assessment; however, some special assessments are levied on all taxable real property within a local unit, for such things as police and fire services. Pursuant to the assessment cap placed in Article 9, Section 3 of 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 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.)

The resolution would have to be submitted to the voters at the next general election.

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The Senate joint resolution specifies that special assessments levied after 1999 would have to be based on the taxable value of the assessed property. 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.

Date Completed: 5-21-97

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.