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BILL ANALYSIS

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Senate Bill 1286 (as introduced 5-06-08)  
Sponsor: Senator Jason E. Allen  
Committee: Local, Urban and State Affairs

Date Completed: 9-23-08

### **CONTENT**

**The bill would amend Public Act 33 of 1951, which provides for police and fire protection for townships, certain incorporated villages, and certain cities, to refer to land and premises exempt from general ad valorem property taxes under the General Property Tax Act and not subject to a specific tax, instead of land and premises exempt from taxes under that Act, in provisions that exclude this property from a special assessment to defray the costs of police and fire protection.**

Under Public Act 33, the township board of a township, or the township boards of adjoining townships acting jointly, may purchase police and fire motor vehicles, apparatus, equipment, and housing, and may appropriate funds for that purpose. Annually, the township board or boards may appropriate funds for maintenance and operation of police and fire departments.

The township board or boards also may provide that the sums for purchasing and housing equipment, for the operation of the equipment, or both, may be defrayed by special assessment on the land and premises in the township or townships to be benefited, except land and premises exempt from the collection of taxes under the General Property Tax Act, and may issue bonds in anticipation of the collection of the special assessment.

If a special assessment district is proposed, the township board or boards must estimate the cost and expenses of the vehicles, apparatus, equipment, and housing and police and fire protection, and fix a day for a hearing on the estimate and on the question of creating a special assessment district and defraying the expenses of the district by special assessment on the property to be especially benefited, except property exempt from the collection of taxes under the General Property Tax Act.

If the township board or boards determine to create a special assessment district, they must determine the boundaries, determine the amount of the special assessment levy, and direct the supervisor or supervisors to spread the assessment levy on the taxable value of all of the land and premises in the district that are to be especially benefited by the police and fire protection, according to benefits received, except land and premises exempt from the collection of taxes under the General Property Tax Act, to defray the expenses of police and fire protection.

In the provisions described above, instead of "lands and premises exempt from the collection of taxes under the General Property Tax Act", the bill would refer to land and

premises exempt from the collection of general ad valorem property taxes under the Act and not subject to a specific tax.

MCL 41.801

Legislative Analyst: Craig Laurie

### **FISCAL IMPACT**

The bill would have no impact on State or local revenue, or State expenditures, but could increase local unit revenue from special assessments. The amount of any increase would depend upon the number of local units affected, the applicable millage rates, and the specific characteristics of the affected property.

It is possible that the bill would have no impact on local unit revenue, because the bill would change the size of the tax base available for a special assessment. To the extent that a local unit generated the same amount of revenue from the special assessment, the bill would allow a lower millage rate by expanding the taxable value of property against which the assessment could be levied. As a result, taxpayers who pay the levy under current law could experience a reduction in taxes while those exempted from the levy under current law would experience an increase.

Fiscal Analyst: David Zin

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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.