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BILL



ANALYSIS

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House Bill 4705 (as discharged)
Sponsor: Representative Ed McBroom
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the State Education Tax Act to require a school district that had collected millage for bonds that were retired, to transmit the excess to the State Treasurer; and require a credit to be given to property in the district against its State Education Tax.

Specifically, a "qualified local school district" would have to transmit to the State Treasurer all excess debt levy retirement funds held by the district. The Treasurer would have to credit the funds to the State School Aid Fund.

Each parcel of property subject to the State Education Tax (SET) in that district would have to receive a credit against the SET levied in July 2013. The credit would have to be calculated by multiplying the taxable value of the property by the applied millage rate (the rate determined by the State Treasurer by dividing the excess debt levy retirement funds transferred from the district by the total taxable value of all property subject to the SET located in the district).

"Qualified local school district" would mean a local school district that, on or after July 1, 2012, levied and collected debt millage tax for bonds that were retired on May 1, 2012, and were no longer outstanding as of July 1, 2012.

"Excess debt levy retirement funds" would mean the amount that the qualified local school district collected on or after July 1, 2012, to retire outstanding bonded indebtedness in excess of the amount necessary to retire the indebtedness of the district on December 1, 2012. Excess debt levy retirement funds would include any accrued investment income, interest, and penalties on delinquent accounts.

Proposed MCL 211.905c

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 5-29-13

Fiscal Analyst: David Zin