

Legislative Analysis



NO MILLAGE FOR COMMUNITY COLLEGES WITH B.A. PROGRAMS, IF B.A. PROGRAMS EXPANDED

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bills 5611 & 5612 as introduced

Sponsor: Rep. Jeff Farrington

Committee: Tax Policy

Complete to 5-16-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

The bills would prohibit a community college from levying property taxes if its board of trustees establishes or operates a baccalaureate degree program. This would only apply if legislation is enacted expanding baccalaureate opportunities beyond those currently authorized.

House Bill 5611 would amend the Community College Act (MCL 389.144). House Bill 5612 would amend the General Property Tax Act (211.43).

The bills are tie-barred to Senate Bill 98, and to each other, meaning neither HB 5611 or 5612 could take effect unless all three bills are enacted.

Senate Bill 98 would amend the Community College Act to expand the number of baccalaureate programs community colleges could establish to include ski area management, allied health, information technology, manufacturing technology, and nursing. Senate Bill 98 is on the Floor of the Senate. Currently, community colleges can establish education programs and grant baccalaureate degrees in cement technology, maritime technology, energy production technology, or culinary arts.

Section 144 of the Community College Act authorizes community college districts to levy property taxes. Under House Bills 5611 and 5612, if Senate Bill 98 is enacted, a community college offering any baccalaureate degrees under Section 121 of the act could not levy property taxes. (That section applies both to currently authorized programs and the proposed programs under Senate Bill 98.)

FISCAL IMPACT:

The bills would have a significant negative fiscal impact on community colleges. According to the latest figures from the Activities Classification Structure (ACS), which tracks all figures for Michigan's community colleges, property taxes constitute an average of 34% of community college revenue. Impacted community colleges would need to make up one-third of lost revenues or drop the baccalaureate programs. For comparison, state aid averages 19.6% of community college revenues.

Currently, five community colleges offer baccalaureate degrees. The potentially lost property tax revenue for each school is the following (based on 2014-15 figures):

- Alpena Community College: \$2,549,593
- Jackson College: \$4,842,394
- Lake Michigan College: \$15,248,326
- Northwestern Michigan College: \$9,530,648
- Schoolcraft College: \$22,686,332

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