

Legislative Analysis



COMMUNITY COLLEGE MILLAGE: PROHIBIT IF COLLEGE OFFERS CERTAIN B.A. PROGRAMS

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House Bill 5611 (H-2, as adopted by House committee)
House Bill 5612 as introduced
Sponsor: Rep. Jeff Farrington
Committee: Tax Policy
Complete to 5-24-16

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

SUMMARY:

The bills would prohibit a community college from levying property taxes if it offered any baccalaureate degrees beyond those currently authorized (cement technology, maritime technology, energy production technology, or culinary arts).

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 nor 5612 could take effect unless all three bills are enacted.

Senate Bill 98 would amend the Community College Act to expand the kind of baccalaureate programs community colleges could establish so as to include ski area management, allied health, information technology, manufacturing technology, and nursing. Senate Bill 98 has been reported from committee in the Senate.

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 could not levy property taxes if it offered any baccalaureate degrees beyond those currently authorized (cement technology, maritime technology, energy production technology, or culinary arts).

FISCAL IMPACT:

The bills would have a significant negative fiscal impact on community colleges who offer B.A. programs beyond those currently authorized by statute. 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.

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