

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**SFA**



**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bills 428, 429, 430, and 432 (as introduced 4-22-97)  
Sponsor: Senator Bill Bullard, Jr.  
Committee: Finance

Date Completed: 5-20-97

## **CONTENT**

**The bills would amend four statutes to provide that special assessments on property would have to be based on the property's "taxable value" after 1996.**

(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 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.)

Following is a detailed description of each bill.

### **Senate Bill 428**

The bill would amend the Township and Village Public Improvement and Public Service Act to provide that after 1996 special assessment levies would be based on taxable value.

Currently, under the Act, a special assessment installment for one year for an improvement authorized under the Act cannot exceed 15% of a parcel's SEV; the total assessment installments for a combination of improvements cannot exceed 45% of the property's SEV. Under the bill, after 1996 the limits would apply to property's taxable value.

### **Senate Bill 429**

The bill would amend the General Property Tax Act to provide that a special assessment levied on property in 1997 and thereafter would have to be levied on the property's taxable value, as determined under the Act.

### **Senate Bill 430**

The bill would amend Public Act 188 of 1954 (which allows townships to make public improvements and levy special assessments to pay for the projects) to provide that if a special assessment were levied after 1996, the amount assessed against each parcel of land would be the proportionate amount of the whole sum to be levied against all parcels of land in the special assessment district, as the taxable value of the parcel bore to the total taxable value of all parcels in the special assessment district.

Under the Act, the township board of any township may create an improvement revolving fund. The township board may transfer to the revolving fund from its general fund in any one year an amount up to two mills of the SEV of the real and personal property in the township, and in each subsequent year may transfer from the general fund to the revolving fund until that fund equals five mills of the SEV of the property in the township. Under the bill, this provision would apply before January 1, 1997. The bill provides that after 1996, the township board could transfer to the revolving fund from its general fund in any one year an amount up to two mills of the taxable value of the property in the township, and in each subsequent year could transfer money until that fund equaled five mills of the taxable value of the property in the township.

### **Senate Bill 432**

The bill would amend Public Act 33 of 1955 (which allows certain local units of government to provide for police and fire protection and to levy special assessments to pay for the equipment) to provide that appropriations to pay for the equipment would have to be based upon taxable value after 1996.

Currently, under the Act, to pay for police and fire vehicles, apparatus, equipment, and housing a township may, by resolution, provide for the appropriation of general or contingent funds; the annual appropriation cannot exceed 10 mills of the SEV of the area in which the services are to be provided. The bill provides that after 1996 the appropriation could not exceed 10 mills of the taxable value of the area to be served. Currently, if township boards acting individually or jointly determine to create a special assessment district for police and fire protection, they must determine the amount of special assessment levy to spread on the lands and premises to be benefitted by the protection. The bill provides that after 1996 the levy would have to be assessed on the taxable value of the lands and premises to be benefitted by the protection.

MCL 41.414 (S.B. 428)  
Proposed MCL 211.44c (S.B. 429)  
MCL 41.725 & 41.735b (S.B. 430)  
41.801 (S.B. 432)

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The bills specify that special assessments levied for 1997 and subsequent years 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.

Fiscal Analyst: R. Ross

S9798\S428SA

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.