
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 430 (Substitute S-1 as reported)

Sponsor: Senator Bill Bullard, Jr.

Committee: Finance

CONTENT

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 an ad valorem special assessment levied after 1996 would have to be levied on the taxable value of the property assessed; and 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 State equalized valuation (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. 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.

(Various State statutes authorize special assessments. In general, a special assessment is an assessment on a parcel of property's State equalized valuation 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.)

MCL 41.725 & 41.735b

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill specifies 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.

Date Completed: 5-21-97

Fiscal Analyst: R. Ross

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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.