

# Legislative Analysis



## EXEMPT RESIDENTIAL PROPERTY FROM EXTRA "HOLD HARMLESS" SCHOOL MILLAGE

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### House Bill 4125

Sponsor: Rep. Paul Condino

Committee: Education

Complete to 11-8-05

### A SUMMARY OF HOUSE BILL 4125 AS INTRODUCED 1-31-05

Under the state's school financing system owner-occupied principal residences and qualified agricultural property pay a 6-mill state education tax, and owners of other kinds of property (rental, commercial, and industrial) pay an 18-mill local property tax in addition to the 6-mill state education tax. Certain higher spending school districts are permitted to levy supplemental "hold harmless" mills sufficient to support per-pupil spending levels (based on their spending per pupil when the system took effect with the 1994 approval of Proposal A).

The first 18 mills of hold harmless mills are to be levied only on principal residences and qualified agricultural property. If additional hold harmless mills are needed, they are levied against all kinds of property. The intent of House Bill 4125 is to permit a school board, in cases where additional hold harmless mills are required (above the initial 18 mills of hold harmless mills), to exempt each principal residence and all qualified agricultural property from some or all of those mills. It would amend Section 1211 of the Revised School Code.

### FISCAL IMPACT:

There are currently two school districts, Southfield and River Rouge, which levy additional mills above the first 18 hold harmless mills. The table below shows the amount of local revenue each district would lose if their school boards chose to exempt principal residences and all qualified agricultural property from all of those additional mills.

School District	Total Homestead Taxable Value	Hold Harmless Millage Rate Above 18 Homestead Mills	Total Estimated Local Revenue Loss	Estimated Local Revenue Loss Per Pupil
Southfield	\$1,266,506,942	1.6345	\$2,070,106	\$206
River Rouge	\$38,163,038	1.6651	\$63,545	\$29

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