

Legislative Analysis



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

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

House Bill 5361 as introduced
Sponsor: Rep. Scott VanSingel

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

House Bill 5362 as introduced
Sponsor: Rep. Stephanie Steckloff

Committee: Tax Policy
Complete to 1-25-22

SUMMARY:

House Bills 5361 and 5362 would amend the Community College Act and the General Property Tax Act, respectively, to prohibit a community college from levying property taxes if it offers any bachelor's degrees beyond those currently authorized (namely, cement technology, maritime technology, energy production technology, or culinary arts).¹

Section 144 of the Community College Act authorizes community colleges to levy property taxes. However, the bills would create an exception to that provision.

Specifically, both of the following would apply if the board of trustees of a community college district offered baccalaureate or bachelor's degrees in any discipline for which those degrees were not offered before the bill took effect:

- The board could not levy any taxes under the act.
- Any taxes previously levied by the board under the act could not be collected for or returned to the community college district.

The bills are tie-barred to each other, which means that neither could take effect unless both were enacted.

HB 5361: MCL 389.144

HB 5362: MCL 211.43

FISCAL IMPACT:

The bills would have a significant negative fiscal impact on any community college that decided to offer baccalaureate programs beyond the programs currently authorized by statute. While each community college varies, the latest data from the 2020-21 Michigan Community College Data Inventory (MCCDI) report shows that property taxes constitute an average of 36% of total community college revenues. Six community colleges have property taxes making up over 50% of their revenues. For comparison, state aid averages

¹ According to section 121 of the Community College Act: <http://legislature.mi.gov/doc.aspx?mcl-389-121>

24% of community college revenue. The forfeiting of property tax revenues would make it cost-prohibitive for a community college to offer nonauthorized baccalaureate programs. Six community colleges (Alpena, Henry Ford, Jackson, Lake Michigan, Northwestern Michigan, and Schoolcraft) currently offer baccalaureate programs.

Legislative Analyst: Jenny McInerney
Fiscal Analyst: Perry Zielak

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.