



House
Legislative
Analysis
Section
Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

PA 198: TAXABLE VALUE

House Bill 5126

Sponsor: Rep. Susan Grimes Munsell
Committee: Tax Policy

Complete to 10-3-95

A SUMMARY OF HOUSE BILL 5126 AS INTRODUCED 9-26-95

The term "taxable value" has been added to property tax statutes to implement the constitutional limit on how much property assessments can increase from one year to the next. That limit was added to the state constitution by passage of Proposal A on March 15, 1994. It says the assessment of a parcel of property cannot increase from one year to the next by more than five percent or the percentage increase in the consumer price index, whichever is less. (When property is sold, it is re-assessed based on market value.) Property taxes are now based on "taxable value" of property, which will be lower than state equalized value where property values are increasing at a rate higher than the limit. House Bill 5126 would amend the plant rehabilitation and industrial development act (Public Act 198 of 1974), so that the tax rates under the act would be calculated using "taxable value" rather than "state equalized value." Under PA 198, industrial facilities can receive property tax abatements. Facilities that are awarded exemption certificates by a local unit of government pay a specific tax in place of property taxes.

MCL 207.553 et al.

House Bill 5126 (10-3-95)