
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 Bill 428 (Substitute S-1 as reported)
Sponsor: Senator Bill Bullard, Jr.
Committee: Finance

CONTENT

The bill would amend the Township and Village Public Improvement and Public Service Act to provide that after 1996 special assessments levied under the Act would have to be levied on the taxable value of the property assessed.

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.

(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.)

MCL 41.414

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