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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 429 (as reported without amendment)  
Sponsor: Senator Bill Bullard, Jr.  
Committee: Finance

### **CONTENT**

The bill would amend the General Property Tax Act to provide that a special assessment levied on property in 1997 and thereafter would have to be levied on the property's taxable value, as determined under the Act.

(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.)

Proposed MCL 211.44c

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.