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

House Bill 4474 (as reported without amendment)
Sponsor: Representative Jerry Vander Roest
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the State Aid to Public Libraries Act to require maintenance of 3/10 of a mill on taxable value, instead of 3/10 of a mill on State equalized valuation (SEV).

Currently, to be eligible for membership in a cooperative library, a local library must meet criteria listed in the Act, including a requirement that it maintain a minimum local support of 3/10 of a mill on SEV in the fiscal year before October 1 of the year before distribution of State aid. (Local support includes funds from taxes, gifts, endowment funds, fines, and other funds received from local sources.) The bill would refer to taxable value, rather than SEV.

(Under Article 9, Section 3 of the State Constitution, annual assessment increases on each parcel of property (adjusted for additions and losses) are limited to the lesser of 5% or the rate of inflation. When property is subsequently transferred (as defined by law), the assessed value reverts to 50% of true cash value (the SEV). As a result of the cap, each parcel has two values: the taxable value, which reflects the parcel's capped value and is the basis upon which taxes are levied; and the SEV, which is a measure of the value of the property on the open market.)

MCL 397.555 Legislative Analyst: G. Towne

FISCAL IMPACT

In FY 1999-2000, 386 public libraries applied for State aid to public libraries. Of those, 379 were approved and seven were denied. The bill therefore would result in a minimal impact on State funding. The FY 2000-01 appropriation of $14,350,700 is sufficient for continued full-funding of State aid to public libraries pursuant to Public Act 89 of 1977.

Date Completed: 11-29-00 Fiscal Analyst: B. Bowerman