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Senate Bill 341 (as reported without amendment)
Sponsor: Senator Mike Goschka
Committee: Finance

CONTENT

The bill would amend the State Education Tax Act to provide for a credit against the tax in 2001 for property located in a "qualified local school district", i.e., a local school district that, on or after July 1, 1997, levied and collected a tax to retire outstanding bonded indebtedness in an amount at least \$100,000 more than necessary to retire the debt on December 1, 1998. (This definition applies to the Saginaw public school district.)

The State education tax is a six-mill levy on all real and personal property subject to general property taxes; the tax is collected by local tax collecting units and forwarded to the State for deposit in the State School Aid Fund. The bill provides that each parcel of property subject to the tax, that was located in a qualified local school district, would have to receive a credit against the tax levied in July 2001. The amount of the credit would be calculated by multiplying the taxable value of the property by the "applied millage rate"; the local tax collecting unit would have to reflect the credit on the July 2001 tax bill for each parcel of property. The "applied millage rate" would be the rate determined (by the State Treasurer) by dividing the "excess debt levy retirement funds" by the total taxable value of all property subject to the tax located in the qualified local school district. "Excess debt levy retirement funds" would be the amount that the qualified local school collected on or after July 1, 1997, to retire outstanding bonded indebtedness in excess of the amount necessary to retire the debt on December 1, 1998, and would include any accrued investment income, interest, and penalties on delinquent accounts.

The bill would require the qualified local school district, by May 25, 2001, to transmit to the State Treasurer all excess debt levy retirement funds held by the district. The State Treasurer would have to deposit all transmitted excess debt levy retirement funds into the State Treasury to the credit of the State School Aid Fund.

Proposed MCL 211.905a

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 3-28-01

Fiscal Analyst: J. Carrasco