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SFA**BILL ANALYSIS**

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Senate Bill 1417 (as reported without amendment)

Sponsor: Senator Bill Bullard, Jr.

Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Michigan Renaissance Zone Act to require that State annual reimbursements to intermediate school districts (ISDs) be based on property's taxable value in the present year, instead of at the time a renaissance zone was designated (as currently provided).

The Act provides for the designation of renaissance zones in which businesses and residents receive certain tax exemptions or credits, and certain property is exempt from property taxes. The State is required each year to reimburse local and intermediate school districts for revenues lost from taxes levied under the Revised School Code due to the property tax exemption. The State also must reimburse community college districts and public libraries for revenues lost from taxes levied under the General Property Tax Act.

While the law states that reimbursement to ISDs is based on the property's taxable value at the time a renaissance zone was designated, the reimbursement to local school districts, community college districts, and public libraries is based on the property's taxable value in the current year.

MCL 125.2692

Legislative Analyst: Nobuko Nagata

FISCAL IMPACT

Though current law provides for reimbursement to ISDs based on property's taxable value at the time a renaissance zone was designated, actual past practice by the Department of Treasury has been to reimburse based on the property's taxable value in the current year. Therefore, this legislation would codify the practice of treating similarly the reimbursement to ISDs, local districts, community colleges, and public libraries. Assuming this practice were to continue, the bill would have no fiscal impact. However, if in the future the Department of Treasury were to change its reimbursement practices and conform to the current letter of the law, then there would be a fiscal impact of this legislation equal to the difference between reimbursing ISDs based on current property values versus property values at the time a renaissance zone was designated.

Date Completed: 9-25-02

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