



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5545 (Substitute S-1 as reported)
Sponsor: Representative John Moolenaar
House Committee: Local Government and Urban Policy
Senate Committee: Local, Urban and State Affairs

CONTENT

The bill would amend the State Education Tax (SET) Act to require that cities, counties, and townships collecting the tax retain \$2.50 for each parcel of property upon which the tax is levied under the Act, before transmitting the remainder of the funds collected to the State Treasurer. The bill also would require county treasurers to give the State Treasurer annual statements regarding SET collections.

Under the Act, cities and townships collecting the State education tax transmit the SET collected to the county treasurer. County treasurers collecting the SET, or receiving tax collections from cities and townships, must remit the funds to the State Treasurer for deposit in the State School Aid Fund. The Treasurer then transmits to the city, township, or county \$2.50 for each parcel of property in that local unit on which the SET is levied.

Under the bill, counties, cities, and townships collecting the State education tax would have to retain \$2.50 for each parcel of property in the city, county, or township on which the tax was levied, before transmitting the remainder of the funds collected to the State Treasurer.

MCL 211.905b

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would reduce State education tax revenues, and thus School Aid Fund revenues, by approximately \$4.2 million per year. In FY 2002-03, \$4.6 million from the General Fund was appropriated to make the payments to local tax collecting units required under current law, and approximately \$4.2 million was actually spent. No funds were appropriated for FY 2003-04 and no payments have been made. Compared with the allocation of funds in FY 2002-03, the bill would reduce School Aid Fund revenues and increase General Fund revenues.

Date Completed: 4-23-04

Fiscal Analyst: David Zin