

Legislative Analysis



ASSESSMENTS TO COVER JUDGMENTS AGAINST GOVERNMENT ENTITIES

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Senate Bill 615 (as reported from House committee)

Sponsor: Sen. Wayne Schmidt

House Committee: Judiciary

Senate Committee: Judiciary

Complete to 1-26-16

(Enacted as Public Act 15 of 2016)

SUMMARY:

The bill specifies that a judgment entered against a governmental entity under Section 6093 or 6094 of the Revised Judicature Act that was assessed and collected as a tax under those sections, and any specific local tax attributable to the judgment, could not be attributed or transmitted to or retained or captured by any other governmental entity for any other purpose.

The bill would apply retroactively to all judgments entered after May 6, 2015.

The cited sections of the RJA address how the amount of any judgment is assessed upon the taxable property of the municipality or district. Section 6093 deals with townships, villages, cities, and counties. Section 6094 deals with school districts and intermediate school districts.

DISCUSSION:

According to testimony in the Judiciary Committee, the bill aims at protecting revenue from an assessment levied by Wayne County to pay a judgment from a lawsuit by pensioners over retirement benefits from capture by other entities, notably tax increment finance authorities. According to testimony, without this protection, the county will be short \$5 million intended to help pay the judgment. It is retroactive.

Of course, if enacted, the bill would apply beyond that case to all such judgment levies by local units of government, including school districts.

FISCAL IMPACT:

As written, the bill would have no overall revenue effect from a judgement levy, although it could alter the distribution of the levy from a tax increment finance authority (TIFA) to a local municipality.

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