

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

Senate Bill 1027 (as reported without amendment)  
Sponsor: Senator Dave Jaye  
Committee: Finance

Date Completed: 4-1-98

### **RATIONALE**

The General Property Tax Act allows local assessors, "for the purpose of avoiding fractions in computations", to round up millages by up to one-half of 1%. This provision was placed in the Act by Public Act 109 of 1973; prior to that change, millages could be rounded up by up to 1%. It has been pointed out that with modern technology, millage rates that extend to several decimal places can be accurately calculated with little trouble, compared with the days when many assessors worked without benefit of computers or calculators. It has been suggested that the practice of rounding up millages be ended.

### **CONTENT**

The bill would amend the General Property Tax Act to eliminate a provision that allows local assessors, for the purpose of avoiding fractions in computations, to add up to one-half of 1% to the amount to be taxed. Currently, the excess generated by the rounding up of the amount taxed is placed in the contingent fund of the local taxing unit. The bill also would eliminate this provision.

MCL 211.39

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

While it is not known how many local assessors exercise their right under the Act to round up millages by up to one-half of 1%, there have been recent reports of such activity in Macomb County. Though the practice of rounding up millages to avoid difficult computations may have been valid in the past, when assessors had to compute large quantities of millages by hand, it appears that with

the availability of modern calculating devices today there is little reason for the continuation of the practice. By eliminating the ability of assessors to round up millages, the bill would ensure that taxpayers paid no more than they were assessed, and local governments collected no more than they were due.

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The bill would have no fiscal impact on State government. Property tax collections would be minimally reduced for the local units of government that currently round up the value of property taxes.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.