

Legislative Analysis



POLICE AND FIRE SPECIAL ASSESSMENT: IMPOSE ON OTHER THAN AD VALOREM BASIS

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House Bill 4147

Sponsor: Rep. Joseph Graves

Committee: Tax Policy

Complete to 3-5-13

A SUMMARY OF HOUSE BILL 4147 AS INTRODUCED 1-30-13

The bill would permit special assessments for police and fire protection imposed by townships, villages, and qualifying cities to be levied on a specific amount-per-parcel basis, or on an ad valorem basis (that is, based on the taxable value of the property), or on another basis determined by the township board (or other appropriate legislative body).

Currently such assessments can be levied only on taxable value. The bill would amend Public 33 of 1951 (MCL 41.801).

Under current law, the legislative body of a local unit (or the legislative bodies of adjoining eligible local units acting jointly) may assess up to 10 mills of the assessed valuation of the area for fire protection and up to 10 mills for police protection. Further, the local units may defray the amounts by special assessment on the lands and premises in the townships to be benefited, and may issue bonds in anticipation of the collection of these special assessments. If the legislative body creates a special assessment district, they must determine the boundaries by resolution, as well as determine the amount of the special assessment levy, and then direct that the assessment levy be spread on the taxable value of all of the lands and premises in the district that are to benefit by the police and fire protection.

House Bill 4147 would permit the special assessment to be levied on a per-parcel basis, on an ad valorem basis, or another basis. As is now the case, the bill also requires that after December 31, 1998, a special assessment levied on an *ad valorem* basis be levied on the taxable value of the property assessed.

Currently, local units must hold a public hearing to hear objections to the distribution of the special assessment levy, and must also hold an annual hearing on the estimated costs and expenses of police and fire protection, and on the distribution of the levy. House Bill 4147 would retain these provisions.

[Section 10 of the act specifies that the act applies to "townships and adjoining townships and incorporated villages and qualified cities." It says, "If reference is made . . . to townships, that reference shall apply to townships and incorporated villages and qualified cities [and] if reference is made . . . to township boards, that reference shall apply to township boards and the legislative bodies of incorporated villages and qualified cities."

A qualified city, under the act, is either (1) a city with a population of less than 15,000; or (2) a city with a population between 15,000 and 70,000 located in a county with a population of more than 200,000 and less than 235,000, if approved by voters. [This was intended to apply to the city of Saginaw in Saginaw County.]

FISCAL IMPACT:

As written, the bill does not appear to have a significant local fiscal impact, although the distribution of the tax burden could change depending on if the tax base is on a per-parcel basis or ad valorem basis. There would be no state fiscal impact.

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