



## House Legislative Analysis Section

Manufacturer's Bank Building, 12th Floor  
Lansing, Michigan 48909  
Phone 517/373-6466

### THE APPARENT PROBLEM:

The Grand Rapids Junior College (GRJC) is one of three state colleges whose function is the same as community colleges but whose authority and funding is tied to a local public school district. In essence, the school is an arm of the Grand Rapids Public School District (this type of arrangement is known as "K-14") and receives its funding via the State School Aid Act, as determined by the school district. The college plans to convert to a true community college where it would have its own district territory, operating board, and taxing powers, and plans to begin the process of conversion by holding a vote on the question in February of 1991. Planners of the conversion, however, fear that the timetable for converting (assuming it is approved) as well as current tax collection schedules could result in cash-flow problems and a difficult transition. As local taxing units are required to certify the tax rate and amount to be collected for a given year to the proper assessing officer before the end of the preceding year, if approval was made in early 1991 the college's levies would not be available for use until 1992. Though most of the municipalities that would be located in GRJC's proposed district boundaries do not collect summer property taxes, those that do so have indicated they would perform that function for the college as long as statutory approval was made. Thus, some people would like to amend the Community College Act to provide for the levy and collection of summer property taxes specifically to ease GRJC's transition to a regular community college.

### THE CONTENT OF THE BILL:

The bill would amend the Community College Act to allow a community college district created between January 1 and May 1 of any calendar year, by board resolution on or before May 15 of the year of its establishment, to impose a summer property tax levy of either the total or half of the district's property taxes for that tax year. The board resolution would have to determine the total taxes that would be needed for that tax year and certify the approved tax rate to be levied and the amount of taxes to be raised to the proper assessing officer of each city or township in which the district's territory was located.

Upon receipt of the board resolution, cities and townships in which the district was located (that collected summer property tax according to provisions within the School Code) would have to collect the summer levy for that year. Reasonable and actual expenses incurred by a municipality in collecting the taxes, to the extent the expenses were in addition to the cost of other tax collections at the same time and exceeded the amount of any fees imposed for collecting community college property taxes, would be billed to and paid by the community college district. For the bill's purposes, these expenses could not exceed the current collection agreements negotiated with the largest intermediate school district within the community college district. The provisions of the bill would expire December 31, 1992.

House Bill 5979 with committee amendments  
First Analysis (9-25-90)

Sponsor: Rep. Thomas C. Mathieu  
Committee: Colleges & Universities

MCL 389 144

### FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would not affect state expenditures and would have only minimal cost to certain local governments. As the bill is intended to apply only to GRJC's plans to convert to a community college, the only costs would be those related to holding an election and collecting taxes to facilitate the changeover. According to a spokesman from GRJC, an agreement between college officials and the Grand Rapids Public School District will call for transferring 1.9 mills from the school district to the proposed community college district upon voter approval. Assuming this is approved, the agreed-upon millage amount should be enough to cover the cost of changing over. Also, the agreement will provide for reducing the amount of money allocated from the school district to GRJC by the same amount as the voter-approved millage amount, resulting in no additional millage costs to local governments that would lie within the proposed community college district boundaries (9-20-90).

### ARGUMENTS:

#### For:

The bill would help Grand Rapids Junior College convert from working under a "K-14" system (in which it is directed and funded by the Grand Rapids Public School District) to a true community college, where it would have its own board of trustees, a distinct community college taxing district, and its own taxing powers. Unfortunately, due to the timing of plans for the changeover the proposed district may not be able to raise enough cash via tax levies to allow for a smooth transition. The bill would allow the school to work with local tax assessment officials in the levy and collection of summer property taxes in the event the proposal for conversion is approved by voters. The bill's language, however, is worded to apply only to GRJC's situation: the December 31, 1992 sunset added to the bill would give the school up to three chances (an election could be held once every nine months) to get voter approval of various ballot questions related to the issue. Also, other language has been added to protect both the interests of townships and municipalities who would be affected as well as the school itself in carrying out and paying for a tax levy and collection.

#### POSITIONS:

The Grand Rapids Junior College supports the bill (9-20-90)

The City of Grand Rapids supports the concept of the bill (9-21-90)

The Michigan Townships Association does not oppose the bill (9-20-90)

H B 5979 (9-25-90)