

SFA

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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Senate Bill 1078

Sponsor: Senator Doug Carl

Committee: Finance

Date Completed: 9-17-90

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SUMMARY OF SENATE BILL 1078 as introduced 9-13-90:

The bill would amend the General Property Tax Act to provide that property would be assessed at 45% of its true cash value on December 31, 1990, and 40% of its true cash value each year thereafter. Currently, property is assessed at 50% of its true cash value, which is the maximum allowed under Article 9, Section 3 of the State Constitution.

The bill would require the State to reimburse local taxing units from the General Fund for revenue lost due to the reduction in true cash value.

The bill provides that any taxpayer would have standing to bring suit, including class actions, in the circuit court where the property was located, to enforce the bill's provisions. A taxpayer who prevailed on any point of such litigation would have as damages from the defendant the actual expenses of the litigation, including attorney fees, times 150%. No cost of any kind could be levied against a plaintiff taxpayer.

S.B. 1078 (9-17-90)

MCL 211.27a

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would lead to an estimated gross reduction in property taxes of \$826 million in 1991 and \$1,751 million in 1992. As property taxes are reduced, homestead property tax credits are automatically lowered. Therefore, net property taxes would be reduced by an estimated \$703 million in 1991 and \$1,488 million in 1992.

Estimated Fiscal Impact
(Millions of Dollars, Calendar Year)

<u>Year</u>	<u>Gross Property Tax Reduction</u>	<u>Homestead Credit Offset</u>	<u>Net Tax Reduction</u>
1991	\$ 826	\$ (123)	\$ 703
1992	\$1,751	\$ (263)	\$1,488

It is not clear what unit of government would lose tax revenues. Although the bill would require the State to reimburse local units of government for the reduction in property taxes, prior case law has established that legislative action cannot bind future legislative appropriations. The reimbursement language would express legislative intent only.

Fiscal Analyst: N. Khouri

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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.

Page 1 of 1