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BILL



ANALYSIS

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House Bill 5218 (S-1 as reported) Sponsor:
Representative Willis Bullard, Jr. House
Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend Public Act 282 of 1905, which provides for the assessment and taxation of certain utility property, to require the State Board of Assessors to determine each year the "taxable value" of utility property subject to taxation (along with the true cash value, which it currently must calculate), and to provide that the taxable value would be determined in the same way taxable value is determined under the General Property Tax Act.

The bill specifies that the State Board of Assessors would have to tax property subject to tax under the Act based upon taxable value. All property of a company subject to tax under the Act would be considered one parcel in determining the taxable value of the company's property.

"Taxable value", as described in Section 27a of the General Property Tax Act, was placed in the Act in response to the assessment cap that was added to the State Constitution by the adoption of Proposal A in 1994, and is the basis upon which property taxes are assessed. "Taxable value" of each parcel of property is, in general, the property's State equalized valuation (SEV) in 1994 adjusted each year by the lesser of 5% or the rate of inflation; the taxable value is calculated in this manner until ownership is transferred, at which time the property's taxable value for the calendar year following the year of the transfer is the property's SEV for the year following the transfer. In subsequent year, the property's taxable value will increase by the lesser of 5% or the rate of inflation.

MCL 207.4 et al

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would have little or no fiscal impact on State or local governments because the value of utility property typically does not change much from year-to-year.

Date Completed: 12-6-95

Fiscal Analyst: J. Wortley

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