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## COOPERATIVE LIBRARIES: TAXABLE VALUE

**House Bill 5125 as introduced  
First Analysis (10-28-97)**

**Sponsor: Rep. Glenn Oxender  
Committee: Tax Policy**

### ***THE APPARENT PROBLEM:***

The term "taxable value" is the term used in property tax statutes to implement the constitutional limit on how much property assessments can increase from one year to the next. That limit was added to the constitution with the passage of Proposal A on March 15, 1994, and says the assessment -- "taxable value" -- of a parcel of property cannot increase from one year to the next by more than five percent or the percentage increase in the consumer price index, whichever is less. Property taxes are now based on "taxable value" of property, which will be lower than state equalized value (SEV) where market values are rising at a rate faster than the limit. One of the property tax acts that has not yet been amended to comport with Proposal A is the State Aid to Public Libraries Act. Under that act, one of the requirements imposed on a local library to be eligible for membership in a cooperative library is to maintain a minimum local support of three-tenths of one mill on SEV. Legislation has been introduced to use taxable value in that statute.

This bill is essentially a Proposal A cleanup bill. It changes the reference to SEV in the State Aid to Public

### ***THE CONTENT OF THE BILL:***

Under the State Aid to Public Libraries Act, one of the requirements imposed on a local library to be eligible for membership in a cooperative library is to maintain a minimum local support of three-tenths of one mill on SEV. The bill would use taxable value instead of SEV.

MCL 397.555

### ***FISCAL IMPLICATIONS:***

The House Fiscal Agency points out that the bill would reduce the amount of revenue that must be dedicated to local libraries for eligibility in a cooperative, and this could reduce local costs for local units that are at the minimum. (Fiscal Note dated 10-14-97)

### ***ARGUMENTS:***

***For:***

House Bill 5125 (10-28-97)

Libraries Act with a reference to taxable value. To the extent that taxable value is lower than SEV, the bill will ease slightly the financial support necessary for a local library to participate in a cooperative library.

***POSITIONS:***

The Michigan Library Association has indicated support for the bill. (10-22-97)

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.