



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1120 (as reported without amendment)
Sponsor: Senator Mike Goschka
Committee: Local, Urban and State Affairs

CONTENT

The bill would amend Public Act 185 of 1957, which allows counties to establish departments of public works, to increase from 30 to 40 the maximum number of annual installments of a special assessment.

Under the Act, a county establishing a department of public works may acquire, improve, and operate a water supply system, sewage disposal system, refuse system, or erosion control system, or make lake improvements. The county may finance these activities by various methods specified in the Act, including the issuance of bonds in anticipation of special assessment payments. The Act also allows a county and one or more municipalities to enter into a contract for public works projects; a municipality may pay all or part of its share of the cost by assessing the benefited land.

An assessment imposed by a county or municipality may be divided into a maximum of 30 annual installments. The bill would increase that number to 40.

MCL 123.743 & 123.755

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no effect on State revenue or expenditures. The bill would have an unknown effect on local unit expenditures and revenue and/or could change the timing of revenue received by some local governments. If local units opted to divide assessments into more than 30 installments, it presumably would lower the average annual assessment for individual taxpayers, and thus revenue received each year by local units for the special assessments. However, lengthening the term of any repayments also would increase the total interest cost, so the total cost of the special assessment (and thus assessments paid and revenue received) over the life of the assessment would be greater. The number of local units that would elect to expand the term of any assessments is not known, nor is the total cost of the assessments being financed. Furthermore, under certain conditions, obligations of the local unit already may extend for 40 years, in which case the bill would affect only the timing and amount of the individual installment payments, not the total cost of the assessment. The bill would affect only assessments related to public works projects covered by Public Act 185 of 1957, such as sewer disposal systems and water supply systems.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 3-22-06

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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