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House Bill 4536 (Substitute S-1 as reported)  
Sponsor: Representative Darwin Booher  
House Committee: Tax Policy  
Senate Committee: Finance

## **CONTENT**

The bill would amend the General Property Tax Act to require the assessor of each city or township containing property subject to payment in lieu of taxes (PILT) under Subpart 14 of Part 21 of the Natural Resources and Environmental Protection Act (NREPA) to place that property on an assessment roll that was separate from the assessment roll prepared under Section 24 of the General Property Tax Act. The bill would delete a provision under which agricultural real property includes parcels assessed to the Department of Natural Resources.

(Subpart 14 of Part 21 of NREPA provides for PILT to local governments on land owned by the Department of Natural Resources, and requires the State Tax Commission to determine the valuation of that property. Section 24 of the General Property Tax Act requires assessors each year to make an assessment roll that identifies every person, and describes all of the real property, liable to be taxed in the local tax collecting unit.)

The bill provides that, for purposes of calculating the debt limitation imposed by Article VII, Section 11 of the State Constitution, the separate assessment roll for property subject to PILT would have to be combined with the assessment roll prepared under Section 24 of the Act. (Under Article VII, Section 11, a county may not incur any indebtedness that will increase its total debt beyond 10% of its assessed valuation.)

The bill states a legislative intent that the amendments not change the status of property subject to PILT in regard to school operating mills levied under the Revised School code.

MCL 211.34c

Legislative Analyst: Suzanne Lowe

## **FISCAL IMPACT**

The bill would not increase or decrease total State or local revenue, assuming the interaction of the legislative intent and the changes in the definition of agricultural real property did not result in school operating mills' being levied on property subject to PILT. If such mills were levied on the affected property, the bill would increase State expenditures for PILT by an unknown amount, to the extent that the increased amounts were appropriated, and decrease School Aid Fund expenditures (due to local units' generating more of the basic per-pupil guarantee with locally levied taxes) by an unknown amount.

Regardless of the changes concerning mills levied for school operating purposes, the bill could alter the distribution of local unit revenue to the extent equalization and assessment were affected by placing PILT property on a separate tax roll.

Date Completed: 12-13-06

Fiscal Analyst: David Zin

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

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