

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 453 (as enrolled)  
Sponsor: Senator William Van Regenmorter  
Committee: Finance

Date Completed: 4-20-00

### **RATIONALE**

Under the General Property Tax Act, by resolution of its governing body, a local tax collecting unit may levy a property tax administration fee to offset the costs incurred by the collecting unit in assessing property values, collecting the property tax, and conducting the review and appeal processes. If a local unit decides to levy a property tax administration fee, the Act requires the amount of the fee to be 1% of the amount of the tax bill. It has been pointed out that this provision precludes a local unit from levying a property tax administration fee of less than 1%; it must levy 1% or no fee at all. It has been suggested that local units be allowed to levy less than a 1% fee if they desire.

### **CONTENT**

The bill would amend the General Property Tax Act to allow a local tax collecting unit to levy a property tax administration fee of up to 1% of the total tax bill per parcel of property.

MCL 211.44

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

Currently, if a local unit decides to levy a property tax administration fee, the fee must be exactly 1% of the amount of the tax bill. This is an inflexible requirement, as it means that a local unit cannot collect anything less than 1%. A local unit that has actual administrative costs of less than 1%, or that simply wishes to levy a lower fee, is precluded from lowering the fee. The bill would correct this problem by allowing a local unit to levy up to 1%, rather than all or nothing.

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

This bill would have no fiscal impact on State government, but there would be a fiscal impact on each local unit of government that would choose to reduce its property tax administration fee. The total fiscal impact of this bill cannot be estimated, because there is no way of knowing how many property tax collecting local units would choose to lower their administration fee, and for those that would choose to do so, it is not known by how much they would lower their fee.

Fiscal Analyst: J. Wortley

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