

Legislative Analysis



Payments in Lieu of Taxes

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Senate Bill 1105

Sponsor: Sen. Shirley Johnson

Committee: Appropriations

Complete to September 15, 2004

A SUMMARY OF SB 1105, H-1

This bill would make a number of significant changes to the manner and the amount of payments made to local governmental units for Payments in Lieu of Taxes.

- No payments from State Education Tax revenue (SET) would be made to the School Aid Fund. Valuations of purchased lands would be set at 2003 levels and would be frozen for 3 years.
- New property acquisitions would be frozen at the valuation in place at the time of purchased, and no revaluation would occur until 2006.
- A minimum of \$250 would be paid to any assessing district. This means that tax payments to local assessing units would not be made if the total tax payment is less than \$250. The bill further states that no penalties can be assessed for late payments.
- The annual appropriation for PILT would be split 50:50 from the General Fund and State Restricted funds.

FISCAL IMPACT:

Payments to local governmental units would be reduced by \$2.8 million. Of this amount, \$2.4 is related to the SET payment. Approximately \$400,000 will have been paid for penalties for late payments in 2004, but it should be noted that these payments are more than 6 months late. Savings related to the \$250 minimum valuation has been estimated to be as much as \$10,000.

The 50:50 split between the General Fund and State restricted funds would create a savings of more than \$1.0 million in payments historically made from the Game and Fish Protection Fund, the Michigan Natural Resources Trust Fund and from the State Waterways Fund.

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