



House  
Legislative  
Analysis  
Section

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**THE APPARENT PROBLEM:**

Several cities, villages, and townships must provide state facilities with protection against fires. The law exempts these facilities from the property tax, so the burden of paying for fire protection falls entirely upon the citizens of the local units where the state has erected its buildings. The cost of fire protection has increased markedly in recent times, and many believe that the state should help pay for it.

**THE CONTENT OF THE BILL:**

Public Act 91 of 1977 appropriated \$3 million for this fiscal year to be paid to local units "in lieu of taxes" for providing state buildings with fire protection. Senate Bill 602 would require the Director of the Department of Management and Budget (DMB) to present to the House and Senate Appropriations Committees a plan for distributing the money and make payments before July 1, 1978. Beginning with the next fiscal year, the Director of the DMB would have to prepare by July 1 a report for each municipality listing the value of state facilities situated there. The report would be made after the director consulted with the State Tax Commission, and Director of the Bureau of Facilities in the DMB, and the assessor of each local unit where a state building is located. The local assessor and the tax commission would have 30 days after receiving the report to make recommendations to change valuations.

The Director of the DMB would have to make a final decision on value by September 1, and that decision could not be appealed. The director would notify the local assessor and treasurer, and the agency using the building of the final value. The local unit would, by September 1, have to report to the DMB the amount of money it spent for all fire protection in the previous fiscal year, its current state valuation, and certify that the fire protection it provided a state facility was the same as that provided the municipality at large.

The municipality would receive by December 1 a warrant on the state treasury in an amount determined by dividing the estimated equalized value of the state facility by the state equalized valuation of the municipality added to the value of the state building, and then multiplying the result by the amount spent for fire protection.

**SENATE BILL 602 (proposed House committee substitute H-1)**

Sponsor: Sen. Gilbert Bursley  
Senate Committee: Municipalities & Elections  
House Committee: Appropriations

Material in this analysis complete to 11-17-77.  
Additional information may follow.

**FISCAL IMPLICATIONS:**

The Department of Management and Budget estimates that the bill could cost between \$3 million and \$4 million. The department has provided these estimates of payments that local units would receive:

**MAJOR STATE FACILITIES**

	Est. Value of Facility	Est. Payment
Ann Arbor	\$264,000,000	\$ 618,000
Big Rapids	35,000,000	100,000
Detroit	70,000,000	641,000
East Lansing (1)	200,000,000	269,000
Houghton	32,000,000	53,000
Kalamazoo	82,000,000	340,000
Lansing	77,000,000	242,000
Marquette	24,000,000	76,000
Mt. Pleasant	86,000,000	112,000
Pontiac	22,000,000	77,000
Sault Ste. Marie	10,000,000	48,000
Traverse City (1)	10,000,000	33,000
Ypsilanti	46,000,000	220,000
		\$2,829,000

**OTHER FACILITIES (2)**

Allendale Township	Grand Valley State	\$ 5,600
Avon Township	Oakland University (part)	2,600
Berlin Township	Ionia State Hospital, etc.	10,000
Coldwater Township	Coldwater State Home	25,000
Frankenlust Township	Saginaw Valley College	10,000
Indianfields Township	Caro State Home	700
Marion Township	Howell State Home	500
Northville Township	Northville State Home, etc.	10,000
Pentland Township	Newberry State Hospital	2,528
Pontiac Township	Oakland University (part)	20,000
York Township	Ypsilanti State Hospital	10,000

- (1) - adjoining township will share payment
- (2) - Facilities have been located by reference to map. Errors are possible in a few cases.

**ARGUMENTS ADVANCED FOR AND AGAINST THE BILL:**

**For:**

It is unfair that the citizens of local units have to pay the entire cost of providing fire protection to state buildings, when these facilities exist to benefit all the people of the state.

ANALYSIS - S.B. 610 (5-30-78)\*  
ANALYSIS - S.B. 602 (11-17-77)\*

***Against:***

Most state facilities generate revenue and jobs for municipalities, and these benefits far outweigh the amount they must spend for extra fire protection. Moreover, the state Revenue Sharing Act takes student and inmate population into consideration, and aid payments are made accordingly.

***POSITIONS:***

The Department of Management and Budget supports a bill based on the actual cost of protection provided.  
(7-7-77)

The State Tax Commission supports the bill.  
(11-15-77)

The Michigan Municipal League supports the bill.  
(11-15-77)

The Michigan Townships Association has taken no official position, but supports the concept of the bill.  
(11-15-77)