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SFA**BILL ANALYSIS**

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House Bill 4454 (Substitute S-4 as reported)
Sponsor: Representative Bruce Patterson
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Airport Parking Tax Act to do the following:

- Reduce from 30% to 15% the excise tax levied on parking charges at Detroit Metropolitan Wayne County Airport.
- Eliminate current distributions from the Airport Parking Fund (which receives the tax).
- Specify that the first \$6 million in the Fund each year would be distributed to the State Aeronautics Fund to be used for safety and security projects at State airports.
- Repeal the excise tax December 31, 2007, or on the retirement date of bonds issued by the State Transportation Commission for airport safety and security projects for which the tax was pledged, whichever was later.

Currently, the State Treasurer must make monthly distributions from the Airport Parking Fund to the City of Romulus (approximately 20% of the Fund); and to Wayne County (the remainder). The bill, instead, would require the State Treasurer to make distributions from the Fund in the following order of priority: 1) \$6 million per State fiscal year to the State Aeronautics Fund; 2) \$2 million per calendar year to the general fund of the City of Romulus; and 3) the remainder of the Airport Parking Fund to the general fund of Wayne County.

The amount distributed to the State Aeronautics Fund would have to be used exclusively for safety and security projects at State airports. The distribution could be used to pledge to pay principal and interest on bonds issued by December 31, 2007, by the State Transportation Commission to provide State matching funds for Federal funds to be used for safety and security at State airports. (The bill lists 97 airports that would be considered State airports.)

MCL 207.373 et al.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would increase State revenues by \$6.0 million and reduce local revenues by approximately \$8.0 million. Revenues raised by the airport parking tax would be reduced by approximately \$9.0 million. Of the \$18.0 million estimated to be raised during FY 2002-03 under the tax, approximately \$14.7 million is distributed to Wayne County's general fund. The remaining \$1.2 million is distributed to the City of Romulus. Under the bill, \$6.0 million would be distributed to the State Aeronautics Fund and Romulus would receive \$2.0 million. If the tax were to raise more than \$8.0 million under the bill, the amount over \$8.0 million would be distributed to Wayne County. Under the bill, Wayne County would be estimated to receive \$1.0 million from the Airport Parking Tax in FY 2002-03.

The bill also would eliminate the airport parking tax December 31, 2007, or when bonds issued by the State Transportation Commission that airport parking tax revenues had been pledged to pay were retired, whichever date was later.

Date Completed: 5-28-02

Fiscal Analyst: David Zin