House Bill 4454 (Substitute H-5 as passed by the House)
Sponsor: Representative Bruce Patterson
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 5-21-02

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.**
-- **Revise current distributions from the Airport Parking Fund (which receives the collections from the excise tax), including assigning two-thirds of the Fund to the State Aeronautics Fund.**
-- **Appropriate $55 million to the Department of Transportation for capital outlay projects related to airports.**

Currently, the State Treasurer must make monthly distributions from the Airport Parking Fund to the City of Romulus (approximately 20% of the amount of the Fund); and to Wayne County (the remaining amount in the Fund). The bill would delete these provisions and instead require the State Treasurer to make monthly distributions from the Fund in the following order of priority: 1) 66.66% of the amount in the Fund to the State Aeronautics Fund, but not to exceed $6 million per State fiscal year; 2) the remainder of the Fund to Wayne County.

The bill specifies that the distribution to Wayne County would have to be deposited into the county's general fund and could be used only for indigent health care, the operation of the county jail, and operations of the sheriff's department. The bill would require that at least 30% of the amount for sheriff department operations would have to be used for accelerating the process of concealed weapon license applications. The county would have to report each year to the Legislature regarding how the funds were used in the preceding fiscal year.

MCL 207.373 et al.   Legislative Analyst: George Towne

FISCAL IMPACT

The bill would increase State revenues by approximately $5.3 million and reduce local revenues by approximately $8.0 million. The bill also would appropriate $55.0 million to the Michigan Department of Transportation for capital outlay purposes related to airports.

The appropriation contained in the bill is identical to the appropriation passed by the Senate in Senate Bill 287 of 2002. Section 11a(3) of the House bill, which categorizes the appropriations in the bill for purposes of computing state spending to local units pursuant to Section 30 of Article IX of the State Constitution, appears to categorize the revenues incorrectly. None of the appropriation in the bill would come from State-source revenues; $40.0 million would come from Federal funds, while the remaining $15.0 million would come

from local unit matching funds. Neither of these funds counts toward any part of the Section 30 computation.

The tax reduction under the bill would reduce revenues raised by the airport parking tax by approximately $8.0 million. Of the $16.0 million currently raised 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, Romulus no longer would receive a distribution from the airport parking tax and Wayne County would receive a distribution equal to one-third of the first $9.0 million raised by the tax, plus any revenues that exceed $9 million. Currently, Wayne County would receive an estimated $2.7 million, $12.1 million less than under current law.

The State Aeronautics Fund would receive two-thirds of the first $9.0 million in revenue raised by the tax. Consequently, given the current tax base, State revenues to the Aeronautics Fund would increase by $5.3 million under the bill.

Fiscal Analyst: David Zin