

Legislative Analysis



REVISE 2009 DDA AND TIFA FILING DEADLINES FOR RETENTION OF STATE EDUCATION TAX

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House Bills 5584 and 5585

Sponsor: Rep. Kate Segal

Committee: Intergovernmental and Regional Affairs

Complete to 12-1-09

A SUMMARY OF HOUSE BILLS 5584 - 5585 AS INTRODUCED 11-10-09

The bills would change the deadlines, for 2009 only, in the process by which tax increment finance authorities apply to the Department of Treasury for approval to receive State Education Tax revenues to be used to meet certain debt obligations.

When the new Michigan Business Tax was put in place, related legislation granted abatements from school operating taxes for commercial and industrial personal property. This had the effect of reducing school tax revenue that was previously being captured by various tax increment finance authorities. Subsequently, legislation was enacted to allow for State Education Tax revenue to be retained by tax increment authorities, in order to make up for shortfalls in revenue needed for the repayment of certain debt obligations.

A process was put in place that required the tax increment finance authorities to seek the approval of the Department of Treasury to have State Education Tax revenues retained by the local tax collecting unit and paid to an authority. An authority had to apply for Treasury approval by June 15 of 2008 (the first year) and then by June 1 of each subsequent year. The Department of Treasury was required to approve, modify, or deny an authority's application not later than August 15 each year.

The bills would allow an authority to apply to Treasury for approval in 2009 no later than August 31. The deadline for Treasury response in 2009 would be December 31.

House Bill 5584 amends the Downtown Development Authority Act (MCL 125.1663c).

House Bill 5585 amends the Tax Increment Finance Authority Act (MCL 125.1812b).

FISCAL IMPACT:

The bills would have no fiscal impact on state or local government.

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