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Senate Bill 1005 (Substitute S-1 as reported) Senate Bill 1006 (Substitute S-1 as reported)

Sponsor: Senator Mike Nofs

Committee: Commerce and Tourism

CONTENT

Senate Bills 1005 (S-1) and 1006 (S-1) would amend the downtown development authority (DDA) Act and the Tax Increment Finance Authority (TIFA) Act, respectively, to revise the 2009 deadline for a DDA or TIFA to apply to the Department of Treasury to have a local treasurer retain and pay to the DDA or TIFA taxes levied under the State Education Tax (SET) Act. The bills also would revise the 2009 deadline for the Department to respond to an application.

Under the DDA and TIFA Acts, if the amount of tax increment revenue lost as a result of the personal property tax exemption in the Revised School Code, the SET Act, the plant rehabilitation and industrial development Act (commonly called PA 198), and the General Property Tax Act will reduce the allowable school tax capture received in a fiscal year, a DDA or TIFA, with the approval of the Department of Treasury, may request the local tax collecting treasurer to retain and pay to the DDA or TIFA taxes levied under the SET Act to be used for certain purposes.

A DDA or TIFA eligible to have the SET retained and paid to it had to apply with the Department for approval by June 15, 2008, and must apply by June 1 of each subsequent year. Under the bills, a DDA or TIFA would have to have applied by June 15, 2008, and September 30, 2009; and would have to apply by June 1 of each subsequent year.

In addition, the Department must approve, modify, or deny an application by August 15 of each year. Under the bills, the Department would have to have taken one of those actions by August 15, 2008; for 2009 only, the Department would have to act within 30 days after the bills' effective date. For each subsequent year, the August 15 deadline would apply.

MCL 125.1663c (S.B. 1005) 125.1812b (S.B. 1006) Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would potentially reduce the School Aid Fund by an unknown, and likely minimal, amount during FY 2008-09. The bills would potentially increase local revenue to affected authorities by the same amount. The bills would extend the deadline for DDAs and TIFAs to seek approval to capture State Education Tax revenue. The captured tax revenue would be received by the authorities affected by the bill, rather than the School Aid Fund. The magnitude of any changes would depend upon the specific characteristics of the affected DDAs and TIFAs.

Date Completed: 12-10-09 Fiscal Analyst: David Zin