

House Bill 5584 (Substitute H-1 as reported without amendment)
Sponsor: Representative Kate Segal
House Committee: Intergovernmental and Regional Affairs
Senate Committee: Commerce and Tourism

CONTENT

The bill would amend the downtown development authority (DDA) Act to revise the 2009 deadline for a DDA to apply to the Department of Treasury to have a local treasurer retain and pay to the DDA taxes levied under the State Education Tax (SET) Act. The bill also would revise the 2009 deadline for the Department to respond to an application.

Under the DDA Act, if the amount of tax increment revenue lost as a result of the personal property tax exemptions 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, with the approval of the Department of Treasury, may request the local tax collecting treasurer to retain and pay to the DDA taxes levied under the SET Act to be used for certain purposes.

A DDA 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 bill, the 2009 deadline to apply would be September 30.

In addition, based on calculations specified in the DDA Act, the Department must approve, modify, or deny an application by August 15 of each year. Under the bill, for 2009 only, the Department would have to act within 30 days after the bill's effective date.

MCL 125.1663c

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would potentially reduce the School Aid Fund by an unknown, and likely minimal, amount during FY 2008-09. The bill would potentially increase local revenue to affected authorities by the same amount. The bill would extend the deadline for DDAs 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.

Date Completed: 12-17-09

Fiscal Analyst: David Zin