

Legislative Analysis



AIRPORT PARKING TAX: REDUCE RATE AND CHANGE DISBURSEMENT

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5927

Sponsor: Rep. Jeff Farrington
Committee: Tax Policy

Complete to 11-10-14

A SUMMARY OF HOUSE BILL 5927 AS INTRODUCED 11-6-14

House Bill 5927 would amend the Airport Parking Tax Act (MCL 207.371) to reduce the rate of the tax, and change its distribution. Effective January 1, 2016, the rate would be reduced from 27% to 17% of the transaction. This tax is only applied at parking facilities within the boundaries, or within five miles, of a "regional airport facility." Only Detroit-Wayne County Airport qualifies as a regional airport facility as defined in Section 2 of this act.

Revenue currently distributed from the tax to Wayne County for indigent health care would be redirected to the Comprehensive Transportation Fund, a state fund established in Section 10b of Public Act 51 of 1951 for public transportation programs.

Under current law, the tax is distributed in three ways, and in order of priority. First, a total of \$6 million per state fiscal year is distributed on a monthly basis to the State Aeronautics Fund for safety and security projects at state airports. Second, a total of \$1.5 million per calendar year is distributed to the general fund of cities that wholly contain regional airport facilities. Currently, the only city receiving this payment is Romulus. These distributions would remain unchanged.

The remainder of the tax collected is distributed on a per capita basis to counties with regional airport facilities for the purpose of funding indigent health care. Only Wayne County receives funds from this disbursement. House Bill 5927 would eliminate this disbursement and instead distribute the remaining revenue to the Comprehensive Transportation Fund.

FISCAL IMPACT:

As written, the bill could decrease total revenue collected by the airport parking facilities tax by an estimated \$8.2 million per fiscal year beginning calendar year 2016. Wayne County would lose approximately \$14.7 million in revenue for indigent health care relative to current year, while the Comprehensive Transportation Fund would receive an estimated \$6.5 million in additional revenue. In fiscal year 2013, the airport parking facilities tax collected about \$21.17 million, approximately \$13.7 million of which went to Wayne County for indigent health care.

Fiscal Analyst: Adam Desrosiers

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