**Senate Fiscal Agency**
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4556 (Substitute S-1 as reported)
House Bill 4558 (as reported without amendment)
Sponsor:  Representative Ken Yonker (H.B. 4556)
          Representative Jim Townsend (H.B. 4558)
House Committee:  Tax Policy
Senate Committee:  Finance

## CONTENT

House Bill 4556 (S-1) would amend the Local Community Stabilization Authority Act to do the following:

-- For each fiscal year (FY) from FY 2015-16 through FY 2018-19, allow the Local Community Stabilization Authority to use up to $300,000 of revenue from the local community stabilization share (the local share of the use tax) to implement and administer the Act.
-- Indicate by calendar year the amount of local community stabilization share revenue to be distributed between FY 2015-16 and FY 2027-28, and require increases in subsequent calendar years to be based on the personal property growth factor.
-- Allow the small taxpayer exemption loss to be based on the change in taxable value of commercial and industrial personal property between 2013 and 2015, rather than between 2013 and 2014.
-- Require the calculations of the personal property exemption loss and the small taxpayer exemption loss to be modified for municipality boundary changes to the extent those changes affected the property taxes levied by the municipality.
-- Revise the definitions of "debt loss", "school debt loss", and "specific tax".
-- Require the calculation of a municipality's general operating millage used to fund the cost of essential services to be based on the municipality's comprehensive annual financial report for its fiscal year ending in 2014 (as currently required) or its fiscal year ending in 2015 or as otherwise reported to the Department of Treasury.
-- Require city and township assessors to report the taxable value of commercial and industrial personal property to county equalization directors by June 5, 2015, instead of June 5, 2016; and require county equalization directors to report to the Department by June 20, 2015, instead of June 20, 2016.
-- Require the Department to make certain calculations for each city by September 15, 2015, rather than August 15, 2016.
-- Require the Local Community Stabilization Authority, for calendar years 2014 and 2015, to distribute local community share revenue to each city according to its proportion of the total amount calculated, and to make these payments by October 20, 2015.

House Bill 4558 would amend the Use Tax Act to increase the amount that may be generated by the local community stabilization share by $300,000 each year from FY 2015-16 through FY 2018-19.

MCL 123.1345 et al. (H.B. 4556)              Legislative Analyst:  Suzanne Lowe
    205.93 (H.B. 4558)

## FISCAL IMPACT

The bills would have little to no impact on State or local revenue relative to current estimates. While some changes in the bills, such as those regarding the definitions of "debt loss" and "small taxpayer exemption loss", could have minimal impacts relative to current law, the original estimates for the legislation exempting personal property effectively assumed the changes. Therefore, current estimates of the impact of exempting personal property would not change as a result of the bills. Some individual local units could receive slightly different reimbursements as a result of the bills; because the total amount available to reimburse local units would be unchanged, however, the net impact of any shifts would be zero.

The bills would reduce State General Fund revenue, and increase revenue to the Local Community Stabilization Authority, by $300,000 per year in FY 2015-16 through FY 2018-19. The additional $300,000 would not be distributed to local units to reimburse personal property tax losses, but would finance the Authority's operating and administrative expenses in those fiscal years.

Date Completed: 6-17-15                                      Fiscal Analyst: David Zin