



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5176 (Substitute S-2 as reported)
Sponsor: Representative Jeff Farrington
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Local Community Stabilization Authority Act to do the following:

- Revise the calculation used to determine a city's reimbursement in 2014 and 2015 for losses of operating millage due to personal property tax exemptions.
- Revise the calculation used to determine reimbursement beginning in 2016 to a municipality that provides essential services.
- Delete a provision under which a municipality may not receive any reimbursement under the Act if it has increased its millage rate without voter approval to replace debt loss that otherwise would be reimbursed under the Act.
- Require a municipality's reimbursement for fiscal years 2014-15 and 2015-16 to be reduced if the municipality did not adjust its debt millage rate to reflect reimbursement for the small taxpayer exemption loss.
- Require a municipality to use its local community stabilization share revenue distribution beginning in 2016 for debt millage to pay debt.
- Revise several deadlines for the Department of Treasury to make initial and annual calculations of municipalities' losses, and for the Local Community Stabilization Authority to make distributions from the Local Community Stabilization Share Fund.

The bill also would repeal Section 20 of the Act, which requires a municipality to use local community stabilization share revenue first to replace property taxes used for the payment of principal and interest of essential services obligations incurred before 2013 pledging the municipality's taxing power that are lost due to personal property tax exemptions.

MCL 123.1354 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no impact on the total revenue received by the Local Community Stabilization Authority; therefore, the bill would have no impact on State revenue or expenditures. However, by altering the calculation that determines the amounts individual local units receive as payments from the Authority, the bill could change the distribution of revenue received by local units. As a result, some local units could receive greater or lesser payments than under current law.

Date Completed: 4-28-16

Fiscal Analyst: David Zin