

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5176

A bill to amend 2014 PA 86, entitled
"Local community stabilization authority act,"
by amending sections 14, 17, and 21 (MCL 123.1354, 123.1357, and
123.1361), sections 14 and 17 as amended by 2015 PA 122; and to
repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 14. (1) Not later than ~~August 15,~~ **NOVEMBER 7**, 2016, and
2 each ~~August 15-~~ **SEPTEMBER 7** thereafter, for each municipality that
3 is not a local school district, intermediate school district, or
4 tax increment finance authority, the department shall do all of the
5 following:

6 (a) Calculate the municipality's personal property exemption
7 loss.

1 (b) Multiply the municipality's personal property exemption
2 loss by the millage rates calculated under section 13(5).

3 (c) Adjust the amount calculated under subdivision (b) by the
4 amount required to reflect the final order of a court or body of
5 competent jurisdiction related to any prior year calculation under
6 this subsection. An adjustment under this subdivision shall only be
7 made for municipalities for which changes in prior year taxable
8 values can be calculated from taxable values reported under section
9 151(1) of the state school aid act of 1979, 1979 PA 94, MCL
10 388.1751.

11 (d) Adjust the amount calculated under subdivision (b), as
12 adjusted by subdivision (c), by the amount calculated under section
13 16a(2) for captured taxes levied by the municipality not including
14 taxes attributable to increased captured value.

15 (2) Not later than ~~August 15,~~ **NOVEMBER 7**, 2016, and each
16 ~~August 15~~ **SEPTEMBER 7** thereafter, for each municipality that is a
17 county, township, village, city, or authority that provides
18 essential services, the department shall do all of the following:

19 (a) Add to the amount calculated under subsection (1)(a) any
20 increased value from expired tax exemptions for the current year.

21 (b) Subtract from the amount calculated under subdivision (a)
22 the amount calculated under section 16a(2)(b) for the municipality,
23 not including any amount attributable to increased captured value.

24 (c) Multiply the result of the calculation in subdivision (b)
25 by the millage rate calculated under section 13(5) for general
26 operating millage.

27 (d) Multiply the result of the calculation in subdivision (c)

1 by the percentage of the municipality's general operating millage
2 used to fund the cost of essential services in the municipality's
3 fiscal year ending in 2012. The department shall calculate each
4 municipality's percentage of general operating millage used to fund
5 the cost of essential services in the municipality's fiscal year
6 ending in 2012, unless the municipality includes the calculation in
7 its comprehensive annual financial report for the municipality's
8 fiscal year ending in either 2014 or 2015 or otherwise reports the
9 calculation to the department in a form and in a manner prescribed
10 by the department.

11 (e) Add to the result of the calculation in subdivision (d) an
12 amount calculated by multiplying the amount calculated under
13 ~~subsection (2)(b)~~ **SUBDIVISION (B)** by the millage rates calculated
14 under section 13(5) that are dedicated solely for the cost of
15 essential services levied on industrial personal property and
16 commercial personal property. A millage levied to fund a pension
17 under the fire fighters and police officers retirement act, 1937 PA
18 345, MCL 38.551 to 38.562, is dedicated solely for the cost of
19 essential services.

20 (3) Not later than ~~September 15, 2015,~~ **MAY 10, 2016**, for each
21 municipality that is a city, the department shall do all of the
22 following:

23 (a) Calculate the municipality's **2014 AND 2015** small taxpayer
24 exemption loss.

25 (b) Multiply the ~~amount calculated under subdivision (a)~~ **2014**
26 **SMALL TAXPAYER EXEMPTION LOSS IF GREATER THAN ZERO** by the millage
27 rates calculated under section 13(5) for 2014, **EXCLUDING DEBT**

1 **MILLAGE.**

2 (c) Multiply the ~~amount calculated under subdivision (a)~~ **2015**
 3 **SMALL TAXPAYER EXEMPTION LOSS IF GREATER THAN ZERO** by the millage
 4 rates calculated under section 13(5) for 2015, **EXCLUDING DEBT**

5 **MILLAGE.**

6 (d) Add the amounts calculated under subdivisions (b) and (c).

7 (e) ~~Subtract from the amount calculated under subdivision (d)~~
 8 **CALCULATE** the sum of the municipality's debt loss for 2014 and 2015
 9 **REIMBURSED UNDER SECTION 17(1)(A) FOR MILLAGES USED TO CALCULATE**
 10 **THE AMOUNTS UNDER SUBDIVISIONS (B) AND (C).**

11 (f) ~~Subtract from the amount calculated under subdivision (e)~~
 12 **CALCULATE** the amount of any tax increment small taxpayer loss for
 13 captured taxes levied by the municipality in 2014 and 2015 **FOR**
 14 **MILLAGES USED TO CALCULATE THE AMOUNTS UNDER SUBDIVISIONS (B) AND**
 15 **(C).**

16 (4) Not later than ~~August 15,~~ **SEPTEMBER 7**, 2016, and each
 17 ~~August 15~~ **SEPTEMBER 7** thereafter, for each municipality that is not
 18 a local school district, intermediate school district, or tax
 19 increment finance authority, the department shall do all of the
 20 following:

21 (a) Calculate the municipality's **2015** small taxpayer exemption
 22 loss.

23 (b) Multiply the municipality's **2015** small taxpayer exemption
 24 loss by the millage rates calculated under section 13(5).

25 (c) Adjust the amount calculated under subdivision (b) by the
 26 amount required to reflect the final order of a court or body of
 27 competent jurisdiction related to any prior year calculation under

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1 this subsection. An adjustment under this subdivision shall only be
2 made for municipalities for which changes in prior year taxable
3 values can be calculated from taxable values reported under section
4 151(1) of the state school aid act of 1979, 1979 PA 94, MCL
5 388.1751.

6 (d) Adjust the amount calculated under subdivision (b), as
7 adjusted by subdivision (c), by the amount calculated under section
8 16a(2) for captured taxes levied by the municipality not including
9 taxes attributable to increased captured value. The adjustment
10 under this subdivision shall only be made to the extent that the
11 adjustment made under subsection (1)(d) did not fully account for
12 all captured taxes levied by the municipality not including taxes
13 attributable to increased captured value.

14 Sec. 17. (1) The legislature shall appropriate funds for all
15 of the following purposes:

16 (a) For fiscal year 2014-2015 and fiscal year 2015-2016, to
17 the authority, an amount equal to all debt loss for municipalities
18 that are not a local school district, intermediate school district,
19 or tax increment finance authority, an amount equal to all school
20 debt loss for municipalities that are a local school district or
21 intermediate school district, and an amount equal to all tax
22 increment small taxpayer loss for municipalities that are a tax
23 increment finance authority. **[FUNDS APPROPRIATED UNDER THIS SUBDIVISION
FOR FISCAL YEAR 2015-2016 MAY BE USED TO PAY A CORRECTED TAX INCREMENT
SMALL TAXPAYER EXEMPTION LOSS FOR 2014 IF A TAX INCREMENT FINANCE
AUTHORITY SUBMITS BEFORE JUNE 1, 2016 A CORRECTION TO A REPORT THAT WAS
FILED UNDER SECTION 16A BEFORE OCTOBER 1, 2014.]**

24 (b) For fiscal year 2014-2015 through fiscal year 2018-2019 an
25 amount equal to the necessary expenses incurred by the department
26 in implementing this act.

27 (c) Beginning in fiscal year 2019-2020 and each fiscal year

1 thereafter, an amount equal to the necessary expenses incurred by
2 the authority and the department in implementing this act.

3 (2) In fiscal year 2014-2015 and fiscal year 2015-2016, the
4 authority shall distribute to municipalities those funds
5 appropriated under subsection (1)(a). However, in fiscal year 2014-
6 2015, if the authority is not able to make the distribution under
7 this subsection, the department shall make the distribution under
8 this subsection on behalf of the authority.

9 (3) For calendar years 2014 and 2015, the authority shall
10 distribute local community stabilization share revenue to each city
11 in an amount determined by multiplying the **SUM OF THE** local
12 community stabilization share revenue for the calendar years **AND**
13 **THE AMOUNTS CALCULATED UNDER SECTION 14(3)(E) AND (F)** by a
14 fraction, the numerator of which is that city's amount calculated
15 under section ~~14(3)~~**14(3)(D)** and the denominator of which is the
16 total amount calculated under section ~~14(3)~~**14(3)(D)**, **AND**
17 **SUBTRACTING FROM THE RESULT EACH CITY'S AMOUNTS CALCULATED UNDER**
18 **SECTION 14(3)(E) AND (F)**.

19 (4) Beginning for calendar year 2016, the authority shall
20 distribute local community stabilization share revenue as follows
21 in the following order of priority:

22 (a) The authority shall distribute to each municipality an
23 amount equal to all of the following:

24 (i) 100% of that municipality's school debt loss in the
25 current year and 100% of its amount calculated under section 15.

26 (ii) 100% of that municipality's amount calculated under
27 section 16.

1 (iii) 100% of that municipality's school operating loss not
2 reimbursed by the school aid fund in the current year.

3 (iv) 100% of the amount calculated in section 14(2). However,
4 the amount distributed to a municipality under this subparagraph
5 shall not exceed the amount calculated in section 14(1)(d). All
6 distributions under this subparagraph shall be used to fund
7 essential services.

8 (v) For a municipality that is a tax increment finance
9 authority, 100% of its amount calculated under section 16a(2).

10 (vi) 100% of that municipality's amount calculated under
11 section 14(4).

12 (b) Beginning for calendar year 2019, after the distributions
13 under subdivision (a), and subject to subparagraph (viii), the
14 authority shall distribute 5% of the remaining balance of the local
15 community stabilization share fund for the current calendar year to
16 each municipality that is not a local school district, intermediate
17 school district, or tax increment finance authority in an amount
18 determined as follows:

19 (i) Calculate the total acquisition cost of all eligible
20 personal property in the municipality.

21 (ii) Multiply the result of the calculation in subparagraph

22 (i) by the sum of the lowest rate of each individual millage levied
23 by the municipality in the period between 2012 and the year
24 immediately preceding the current year that is not used to
25 calculate a distribution under subdivision ~~(a)~~. **(A) (i) TO (iv)**. For
26 an individual millage rate not levied in 1 of the years, the lowest
27 millage rate is zero. A millage used to make the calculation under

1 this subparagraph must be eligible to be levied against both real
2 property and personal property.

3 (iii) Divide the sum of the amounts calculated under
4 subparagraph (ii) for all municipalities subject to the calculation
5 by total qualified loss.

6 (iv) Multiply the result of the calculation in subparagraph
7 (iii) by the amount calculated under section 16a(2) for captured
8 taxes levied by the municipality not including taxes attributable
9 to increased captured value.

10 (v) Subtract from the amount calculated under subparagraph
11 (ii) the amount calculated under subparagraph (iv).

12 (vi) Divide the result of the calculation in subparagraph (v)
13 by the sum of the calculation under subparagraph (v) for all
14 municipalities.

15 (vii) Multiply the result of the calculation in subparagraph
16 (vi) by the amount to be distributed under this subdivision.

17 (viii) For calendar year 2020, and each calendar year
18 thereafter, the percentage amount described in this subdivision
19 shall be increased an additional 5% each year, not to exceed 100%.

20 (c) After the distributions in subdivisions (a) and (b), the
21 authority shall distribute the remaining balance of the local
22 community stabilization share fund for a calendar year to each
23 municipality in an amount determined by multiplying the remaining
24 balance by a fraction, the numerator of which is that
25 municipality's qualified loss and the denominator of which is the
26 total qualified loss.

27 (5) The authority shall make the payments required by

1 subsection (3) not later than ~~October 20, 2015,~~ **MAY 20, 2016**, and
2 payments required by subsection (4) not later than on the following
3 dates:

4 (a) For county allocated millage, **NOVEMBER 20, 2016 AND**
5 **THEREAFTER** September 20 of the year the millage is levied.

6 (b) For county extra-voted millage, township millage, and
7 other millages levied 100% in December of a year, February 20 of
8 the following year.

9 (c) For other millages, **NOVEMBER 20, 2016 AND THEREAFTER**
10 October 20 of the year the millage is levied.

11 (6) If the authority has insufficient funds to make the
12 payments on the dates required in subsection (5), the department
13 shall advance to the authority the amount necessary for the
14 authority to make the required payments. The authority shall repay
15 the advance to the department from the local community
16 stabilization share.

17 (7) For each fiscal year from fiscal year 2015-2016 through
18 fiscal year 2018-2019, the authority may use up to \$300,000.00 of
19 the local community stabilization share revenue for purposes
20 consistent with implementing and administering this act.

21 (8) The authority shall distribute local community
22 stabilization share revenue under this section as follows:

23 (a) From fiscal year 2015-2016 local community stabilization
24 share revenue, \$19,200,000.00 for calendar years 2014 and 2015 and
25 \$76,900,000.00 for calendar year 2016.

26 (b) From fiscal year 2016-2017 local community stabilization
27 share revenue, \$297,400,000.00 for calendar year 2016 and

1 \$83,200,000.00 for calendar year 2017.

2 (c) From fiscal year 2017-2018 local community stabilization
3 share revenue, \$321,500,000.00 for calendar year 2017 and
4 \$89,000,000.00 for calendar year 2018.

5 (d) From fiscal year 2018-2019 local community stabilization
6 share revenue, \$341,800,000.00 for calendar year 2018 and
7 \$95,900,000.00 for calendar year 2019.

8 (e) From fiscal year 2019-2020 local community stabilization
9 share revenue, \$364,500,000.00 for calendar year 2019 and
10 \$101,400,000.00 for calendar year 2020.

11 (f) From fiscal year 2020-2021 local community stabilization
12 share revenue, \$383,500,000.00 for calendar year 2020 and
13 \$108,000,000.00 for calendar year 2021.

14 (g) From fiscal year 2021-2022 local community stabilization
15 share revenue, \$405,700,000.00 for calendar year 2021 and
16 \$115,600,000.00 for calendar year 2022.

17 (h) From fiscal year 2022-2023 local community stabilization
18 share revenue, \$428,300,000.00 for calendar year 2022 and
19 \$119,700,000.00 for calendar year 2023.

20 (i) From fiscal year 2023-2024 local community stabilization
21 share revenue, \$438,900,000.00 for calendar year 2023 and
22 \$122,800,000.00 for calendar year 2024.

23 (j) From fiscal year 2024-2025 local community stabilization
24 share revenue, \$445,800,000.00 for calendar year 2024 and
25 \$124,000,000.00 for calendar year 2025.

26 (k) From fiscal year 2025-2026 local community stabilization
27 share revenue, \$447,100,000.00 for calendar year 2025 and

1 \$124,300,000.00 for calendar year 2026.

2 (l) From fiscal year 2026-2027 local community stabilization
3 share revenue, \$447,700,000.00 for calendar year 2026 and
4 \$124,500,000.00 for calendar year 2027.

5 (m) From fiscal year 2027-2028 local community stabilization
6 share revenue, \$448,000,000.00 for calendar year 2027 and
7 \$124,600,000.00 for calendar year 2028.

8 (n) From the local community stabilization share revenue for
9 fiscal year 2028-2029 and each fiscal year thereafter, the
10 authority shall increase the prior fiscal year's 2 distribution
11 amounts under this subsection by the personal property growth
12 factor, the first amount for the calendar year in which the fiscal
13 year begins and the second amount for the calendar year in which
14 the fiscal year ends. As used in this subdivision, "personal
15 property growth factor" means that term as defined in section 2c of
16 the use tax act, 1937 PA 94, MCL 205.92c.

17 ~~Sec. 21. From the amount received under section 17, a~~
18 ~~municipality shall first replace debt loss or school debt loss, as~~
19 ~~applicable. A municipality shall not receive a distribution under~~
20 ~~this act if it has increased its millage rate without voter~~
21 ~~approval to replace debt loss or school debt loss, as applicable,~~
22 ~~that otherwise would be reimbursed under this act.~~

23 **(1) IF A MUNICIPALITY DOES NOT ADJUST ITS DEBT MILLAGE RATE TO**
24 **REFLECT REIMBURSEMENT FOR THE SMALL TAXPAYER EXEMPTION LOSS UNDER**
25 **SECTION 17(1)(A), THE REIMBURSEMENT UNDER SECTION 17(1)(A) SHALL BE**
26 **REDUCED BY THE EXCESS DEBT TAXES LEVIED.**

27 **(2) A MUNICIPALITY SHALL USE THE AMOUNT RECEIVED UNDER SECTION**

1 17(4) FOR DEBT MILLAGE TO PAY DEBT. IF A PAYMENT UNDER SECTION
2 17(4) FOR DEBT MILLAGE IS NOT USED TO PAY DEBT, THE AMOUNT NOT USED
3 TO PAY DEBT SHALL BE DEDUCTED FROM A SUBSEQUENT PAYMENT UNDER
4 SECTION 17(4).

5 Enacting section 1. Section 20 of the local community
6 stabilization authority act, 2014 PA 86, MCL 123.1360, is repealed.