

HOUSE BILL No. 5176

December 17, 2015, Introduced by Rep. Farrington and referred to the Committee on Tax Policy.

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, 2016, and each August
2 15 thereafter, for each municipality that is not a local school
3 district, intermediate school district, or tax increment finance
4 authority, the department shall do all of the following:

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

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

9 (c) Adjust the amount calculated under subdivision (b) by the

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

8 (d) Adjust the amount calculated under subdivision (b), as
 9 adjusted by subdivision (c), by the amount calculated under section
 10 16a(2) for captured taxes levied by the municipality not including
 11 taxes attributable to increased captured value.

12 (2) Not later than August 15, 2016, and each August 15
 13 thereafter, for each municipality that is a county, township,
 14 village, city, or authority that provides essential services, the
 15 department shall do all of the following:

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

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

21 **(C) SUBTRACT FROM THE AMOUNT CALCULATED UNDER SUBDIVISION (B)**
 22 **THE 2015 SMALL TAXPAYER EXEMPTION LOSS.**

23 **(D)** ~~(e)~~ Multiply the result of the calculation in subdivision
 24 ~~(b)~~ **(C)** by the millage rate calculated under section 13(5) for
 25 general operating millage.

26 **(E)** ~~(d)~~ Multiply the result of the calculation in subdivision
 27 ~~(e)~~ **(D)** by the percentage of the municipality's general operating

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

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

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

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

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

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

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

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

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

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

19 (a) Calculate the municipality's **2015** small taxpayer exemption
 20 loss.

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

23 (c) Adjust the amount calculated under subdivision (b) by the
 24 amount required to reflect the final order of a court or body of
 25 competent jurisdiction related to any prior year calculation under
 26 this subsection. An adjustment under this subdivision shall only be
 27 made for municipalities for which changes in prior year taxable

1 values can be calculated from taxable values reported under section
2 151(1) of the state school aid act of 1979, 1979 PA 94, MCL
3 388.1751.

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

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

14 (a) For fiscal year 2014-2015 and fiscal year 2015-2016, to
15 the authority, an amount equal to all debt loss for municipalities
16 that are not a local school district, intermediate school district,
17 or tax increment finance authority, an amount equal to all school
18 debt loss for municipalities that are a local school district or
19 intermediate school district, and an amount equal to all tax
20 increment small taxpayer loss for municipalities that are a tax
21 increment finance authority.

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

25 (c) Beginning in fiscal year 2019-2020 and each fiscal year
26 thereafter, an amount equal to the necessary expenses incurred by
27 the authority and the department in implementing this act.

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

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

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

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

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

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

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

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

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

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

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

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

19 (ii) Multiply the result of the calculation in subparagraph
20 (i) by the sum of the lowest rate of each individual millage levied
21 by the municipality in the period between 2012 and the year
22 immediately preceding the current year that is not used to
23 calculate a distribution under subdivision ~~(a)~~.— **(A) (i) TO (iv)**. For
24 an individual millage rate not levied in 1 of the years, the lowest
25 millage rate is zero. A millage used to make the calculation under
26 this subparagraph must be eligible to be levied against both real
27 property and personal property.

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

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

8 (v) Subtract from the amount calculated under subparagraph
9 (ii) the amount calculated under subparagraph (iv).

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

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

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

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

25 (5) The authority shall make the payments required by
26 subsection (3) not later than ~~October 20, 2015,~~ **FEBRUARY 20, 2016,**
27 and payments required by subsection (4) not later than on the

1 following dates:

2 (a) For county allocated millage, September 20 of the year the
3 millage is levied.

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

7 (c) For other millages, October 20 of the year the millage is
8 levied.

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

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

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

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

24 (b) From fiscal year 2016-2017 local community stabilization
25 share revenue, \$297,400,000.00 for calendar year 2016 and
26 \$83,200,000.00 for calendar year 2017.

27 (c) From fiscal year 2017-2018 local community stabilization

1 share revenue, \$321,500,000.00 for calendar year 2017 and
2 \$89,000,000.00 for calendar year 2018.

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

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

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

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

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

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

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

24 (k) From fiscal year 2025-2026 local community stabilization
25 share revenue, \$447,100,000.00 for calendar year 2025 and
26 \$124,300,000.00 for calendar year 2026.

27 (l) From fiscal year 2026-2027 local community stabilization

1 share revenue, \$447,700,000.00 for calendar year 2026 and
2 \$124,500,000.00 for calendar year 2027.

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

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

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

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

25 **(2) A MUNICIPALITY SHALL USE THE AMOUNT RECEIVED UNDER SECTION**
26 **17(4) FOR DEBT MILLAGE TO PAY DEBT. IF A PAYMENT UNDER SECTION**
27 **17(4) FOR DEBT MILLAGE IS NOT USED TO PAY DEBT, THE AMOUNT NOT USED**

1 TO PAY DEBT SHALL BE DEDUCTED FROM A SUBSEQUENT PAYMENT UNDER
2 SECTION 17(4).

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