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BILL



ANALYSIS

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Senate Bill 380 (as introduced 5-16-17)
Sponsor: Senator Dave Hildenbrand
Committee: Finance

Date Completed: 5-16-17

CONTENT

The bill would amend the Local Community Stabilization Authority Act to delay several dates that specify when the Department of Treasury must calculate or adjust specific tax exemption losses, or other changes, and when the Local Community Stabilization Authority must make certain payments.

Specifically, the Act requires the Department, not later than November 7, 2016, and each September 7 thereafter, for each municipality that is not a local school district, intermediate school district, or tax increment finance authority, to do the following:

- a) Calculate the municipality's personal property exemption loss.
- b) Multiply the municipality's personal property exemption loss by the millage rates calculated under the Act.
- c) Adjust the amount calculated under b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation only for municipalities for which changes in prior year taxable values can be calculated from taxable values reported under the State School Aid Act.
- d) Adjust the amount calculated under b), as adjusted by c), by an amount calculated under the Local Community Stabilization Authority Act for captured taxes levied by the municipality not including taxes attributable to increased captured value.

The bill would change November 7, 2016, to November 7, 2017.

Under the Act, the Department must do all of the following no later than November 7, 2016, and each September 7 thereafter, for each municipality that is a county, township, village, city, or authority that provides essential services:

- a) Add to the amount calculated under a) above any increased value from expired tax exemptions for the current tax year.
- b) Subtract from the amount calculated under a) an amount calculated under the Act for the municipality, not including any amount attributable to increased captured value.
- c) Multiply the result of the calculation in b) by the millage rate calculated under the Act for general operating millage.
- d) Multiply the result of calculation c) by the percentage of the municipality's general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012.
- e) Add to the resulting d) calculation an amount calculated by multiplying the amount calculated under b) by the millage rates calculated under the Act that are dedicated

solely for the cost of essential services levied on industrial personal property and commercial personal property.

The bill would change November 7, 2016, to November 7, 2017.

The Act also requires the Department to do all of the following no later than November 7, 2016, and each September 7 thereafter, for each municipality that is not a local school district, intermediate school district, or tax increment finance authority:

- a) Calculate the municipality's 2015 small taxpayer exemption loss.
- b) Multiply the municipality's 2015 small taxpayer exemption loss by millage rates calculated under the Act.
- c) Adjust the amount calculated under b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation only for municipalities for which changes in prior year taxable values can be calculated from taxable values reported under the State School Aid Act.
- d) Under certain circumstances, adjust the amount calculated under b), as adjusted by c), by the amount calculated under the Local Community Stabilization Authority Act for captured taxes levied by the municipality not including taxes attributable to increased captured value.

The bill would change November 7, 2016, to November 7, 2017.

Under the Act, the Department must do the following no later than August 15, 2016, and each August 15 thereafter, for each municipality that is a local school district:

- a) Calculate the municipality's personal property exemption loss.
- b) Multiply the result of the a) calculation by the sum of the lowest rate of specific individual millages levied under Section 1202 of the Revised School Code (sinking fund millages) and Section 2 of Public Act 156 of 1917 (which allows school districts to "vote a tax" to fund the operation of public recreation and playground systems).
- c) Adjust the amount of the b) calculation by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation.
- d) Subtract from the result of the calculation in b), as adjusted by c), the amount calculated in the Local Community Stabilization Authority Act for captured taxes levied by the municipality under the Revised School Code and Public Act 156 of 1917, not including taxes attributable to increased captured value.

The bill would change August 15, 2016, to November 7, 2017.

In addition, under the Local Community Stabilization Authority Act, the Department must do all of the following no later than August 15, 2016, and each August 15 thereafter, for each municipality that is an intermediate school district:

- a) Calculate the municipality's personal property exemption loss.
- b) Multiply the result of the calculation of a) by millage rates calculated under the Act.
- c) Adjust the amount calculated under b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation.
- d) Subtract from the result of the b) calculation, as adjusted by c), the amount calculated under the Act for captured taxes levied by that municipality not including taxes attributable to increased captured value.

The bill would change August 15, 2016, to November 7, 2017.

The Act requires the Local Community Stabilization Authority to distribute local community stabilization share revenue according to a formula. The Authority must make the payments required no later than the following dates:

- For county allocated millage, November 20, 2016, and then September 20 of the year the millage is levied.
- For county extra-voted millage, township millage, and other millages levied 100% in December of a year, February 20 of the following year.
- For other millages, November 20, 2016, and then October 20 of the year the millage is levied.

The bill would change November 20, 2016, in both of the provisions above to November 20, 2017.

MCL 123.1354 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no fiscal impact on State or local government, but would change the timing of the State's distribution to municipalities of certain payments related to personal property tax reform.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.