

# SENATE BILL No. 380

May 16, 2017, Introduced by Senator HILDENBRAND and referred to the Committee on Finance.

A bill to amend 2014 PA 86, entitled  
"Local community stabilization authority act,"  
by amending sections 14, 15, 16, and 17 (MCL 123.1354, 123.1355,  
123.1356, and 123.1357), sections 14 and 17 as amended by 2016 PA  
124.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 14. (1) Not later than November 7, ~~2016~~, **2017**, and each  
2       September 7 thereafter, for each municipality that is not a local  
3       school district, intermediate school district, or tax increment  
4       finance 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

1 loss by the millage rates calculated under section 13(5).

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

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

14 (2) Not later than November 7, ~~2016~~, **2017**, and each September  
15 7 thereafter, for each municipality that is a county, township,  
16 village, city, or authority that provides essential services, the  
17 department shall do all of the following:

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

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

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

26 (d) Multiply the result of the calculation in subdivision (c)  
27 by the percentage of the municipality's general operating millage

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

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

18 (3) Not later than May 10, 2016, for each municipality that is  
19 a city, the department shall do all of the following:

20 (a) Calculate the municipality's 2014 and 2015 small taxpayer  
21 exemption loss.

22 (b) Multiply the 2014 small taxpayer exemption loss if greater  
23 than zero by the millage rates calculated under section 13(5) for  
24 2014, excluding debt millage.

25 (c) Multiply the 2015 small taxpayer exemption loss if greater  
26 than zero by the millage rates calculated under section 13(5) for  
27 2015, excluding debt millage.

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

2 (e) Calculate the sum of the municipality's debt loss for 2014  
3 and 2015 reimbursed under section 17(1)(a) for millages used to  
4 calculate the amounts under subdivisions (b) and (c).

5 (f) Calculate the amount of any tax increment small taxpayer  
6 loss for captured taxes levied by the municipality in 2014 and 2015  
7 for millages used to calculate the amounts under subdivisions (b)  
8 and (c).

9 (4) Not later than ~~September 7, 2016,~~ **NOVEMBER 7, 2017**, and  
10 each September 7 thereafter, for each municipality that is not a  
11 local school district, intermediate school district, or tax  
12 increment finance authority, the department shall do all of the  
13 following:

14 (a) Calculate the municipality's 2015 small taxpayer exemption  
15 loss.

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

18 (c) Adjust the amount calculated under subdivision (b) by the  
19 amount required to reflect the final order of a court or body of  
20 competent jurisdiction related to any prior year calculation under  
21 this subsection. An adjustment under this subdivision shall only be  
22 made for municipalities for which changes in prior year taxable  
23 values can be calculated from taxable values reported under section  
24 151(1) of the state school aid act of 1979, 1979 PA 94, MCL  
25 388.1751.

26 (d) Adjust the amount calculated under subdivision (b), as  
27 adjusted by subdivision (c), by the amount calculated under section

1 16a(2) for captured taxes levied by the municipality not including  
2 taxes attributable to increased captured value. The adjustment  
3 under this subdivision shall only be made to the extent that the  
4 adjustment made under subsection (1)(d) did not fully account for  
5 all captured taxes levied by the municipality not including taxes  
6 attributable to increased captured value.

7 Sec. 15. Not later than ~~August 15, 2016,~~ **NOVEMBER 7, 2017,** and  
8 each August 15 thereafter, for each municipality that is a local  
9 school district, the department shall do all of the following:

10 (a) Calculate the municipality's personal property exemption  
11 loss.

12 (b) Multiply the result of the calculation in subdivision (a)  
13 by the sum of the lowest rate of each individual millage levied  
14 under section 1212 of the revised school code, 1976 PA 451, MCL  
15 380.1212, and section 2 of 1917 PA 156, MCL 123.52, levied by that  
16 municipality in the period between 2012 and the year immediately  
17 preceding the current year. For an individual millage rate not  
18 levied in 1 of the years, the lowest millage rate is zero.

19 (c) Adjust the amount calculated under subdivision (b) by the  
20 amount required to reflect the final order of a court or body of  
21 competent jurisdiction related to any prior year calculation under  
22 this section.

23 (d) Subtract from the result of the calculation in subdivision  
24 (b), as adjusted by subdivision (c), the amount calculated under  
25 section 16a(2) for captured taxes levied by the municipality under  
26 section 1212 of the revised school code, 1976 PA 451, MCL 380.1212,  
27 and section 2 of 1917 PA 156, MCL 123.52, not including taxes

1 attributable to increased captured value.

2       Sec. 16. Not later than ~~August 15, 2016,~~ **NOVEMBER 7, 2017**, and  
3 each August 15 thereafter, for each municipality that is an  
4 intermediate school district, the department shall do all of the  
5 following:

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

8       (b) Multiply the result of the calculation in subdivision (a)  
9 by the millage rates calculated under section 13(5).

10       (c) Adjust the amount calculated under subdivision (b) by the  
11 amount required to reflect the final order of a court or body of  
12 competent jurisdiction related to any prior year calculation under  
13 this section.

14       (d) Subtract from the result of the calculation in subdivision  
15 (b), as adjusted by subdivision (c), the amount calculated under  
16 section 16a(2) for captured taxes levied by that municipality not  
17 including taxes attributable to increased captured value.

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

20       (a) For fiscal year 2014-2015 and fiscal year 2015-2016, to  
21 the authority, an amount equal to all debt loss for municipalities  
22 that are not a local school district, intermediate school district,  
23 or tax increment finance authority, an amount equal to all school  
24 debt loss for municipalities that are a local school district or  
25 intermediate school district, and an amount equal to all tax  
26 increment small taxpayer loss for municipalities that are a tax  
27 increment finance authority. Funds appropriated under this

1 subdivision for fiscal year 2015-2016 may be used to pay a  
2 corrected tax increment small taxpayer exemption loss for 2014 if a  
3 tax increment finance authority submits before June 1, 2016 a  
4 correction to a report that was filed under section 16a before  
5 October 1, 2014.

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

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

12 (2) In fiscal year 2014-2015 and fiscal year 2015-2016, the  
13 authority shall distribute to municipalities those funds  
14 appropriated under subsection (1)(a). However, in fiscal year 2014-  
15 2015, if the authority is not able to make the distribution under  
16 this subsection, the department shall make the distribution under  
17 this subsection on behalf of the authority.

18 (3) For calendar years 2014 and 2015, the authority shall  
19 distribute local community stabilization share revenue to each city  
20 in an amount determined by multiplying the sum of the local  
21 community stabilization share revenue for the calendar years and  
22 the amounts calculated under section 14(3)(e) and (f) by a  
23 fraction, the numerator of which is that city's amount calculated  
24 under section 14(3)(d) and the denominator of which is the total  
25 amount calculated under section 14(3)(d), and subtracting from the  
26 result each city's amounts calculated under section 14(3)(e) and  
27 (f).

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

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

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

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

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

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

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

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

21          (b) Beginning for calendar year 2019, after the distributions  
22     under subdivision (a), and subject to subparagraph (viii), the  
23     authority shall distribute 5% of the remaining balance of the local  
24     community stabilization share fund for the current calendar year to  
25     each municipality that is not a local school district, intermediate  
26     school district, or tax increment finance authority in an amount  
27     determined as follows:

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

3           (ii) Multiply the result of the calculation in subparagraph  
4 (i) by the sum of the lowest rate of each individual millage levied  
5 by the municipality in the period between 2012 and the year  
6 immediately preceding the current year that is not used to  
7 calculate a distribution under subdivision (a) (i) to (iv). For an  
8 individual millage rate not levied in 1 of the years, the lowest  
9 millage rate is zero. A millage used to make the calculation under  
10 this subparagraph must be eligible to be levied against both real  
11 property and personal property.

12           (iii) Divide the sum of the amounts calculated under  
13 subparagraph (ii) for all municipalities subject to the calculation  
14 by total qualified loss.

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

19           (v) Subtract from the amount calculated under subparagraph  
20 (ii) the amount calculated under subparagraph (iv).

21           (vi) Divide the result of the calculation in subparagraph (v)  
22 by the sum of the calculation under subparagraph (v) for all  
23 municipalities.

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

26           (viii) For calendar year 2020, and each calendar year  
27 thereafter, the percentage amount described in this subdivision

1 shall be increased an additional 5% each year, not to exceed 100%.

2 (c) After the distributions in subdivisions (a) and (b), the  
3 authority shall distribute the remaining balance of the local  
4 community stabilization share fund for a calendar year to each  
5 municipality in an amount determined by multiplying the remaining  
6 balance by a fraction, the numerator of which is that  
7 municipality's qualified loss and the denominator of which is the  
8 total qualified loss.

9 (5) The authority shall make the payments required by  
10 subsection (3) not later than May 20, 2016, and payments required  
11 by subsection (4) not later than on the following dates:

12 (a) For county allocated millage, November 20, ~~2016~~2017, and  
13 thereafter September 20 of the year the millage is levied.

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

17 (c) For other millages, November 20, ~~2016~~2017, and thereafter  
18 October 20 of the year the millage is levied.

19 (6) If the authority has insufficient funds to make the  
20 payments on the dates required in subsection (5), the department  
21 shall advance to the authority the amount necessary for the  
22 authority to make the required payments. The authority shall repay  
23 the advance to the department from the local community  
24 stabilization share.

25 (7) For each fiscal year from fiscal year 2015-2016 through  
26 fiscal year 2018-2019, the authority may use up to \$300,000.00 of  
27 the local community stabilization share revenue for purposes

1 consistent with implementing and administering this act.

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

4 (a) From fiscal year 2015-2016 local community stabilization  
5 share revenue, \$19,200,000.00 for calendar years 2014 and 2015 and  
6 \$76,900,000.00 for calendar year 2016.

7 (b) From fiscal year 2016-2017 local community stabilization  
8 share revenue, \$297,400,000.00 for calendar year 2016 and  
9 \$83,200,000.00 for calendar year 2017.

10 (c) From fiscal year 2017-2018 local community stabilization  
11 share revenue, \$321,500,000.00 for calendar year 2017 and  
12 \$89,000,000.00 for calendar year 2018.

13 (d) From fiscal year 2018-2019 local community stabilization  
14 share revenue, \$341,800,000.00 for calendar year 2018 and  
15 \$95,900,000.00 for calendar year 2019.

16 (e) From fiscal year 2019-2020 local community stabilization  
17 share revenue, \$364,500,000.00 for calendar year 2019 and  
18 \$101,400,000.00 for calendar year 2020.

19 (f) From fiscal year 2020-2021 local community stabilization  
20 share revenue, \$383,500,000.00 for calendar year 2020 and  
21 \$108,000,000.00 for calendar year 2021.

22 (g) From fiscal year 2021-2022 local community stabilization  
23 share revenue, \$405,700,000.00 for calendar year 2021 and  
24 \$115,600,000.00 for calendar year 2022.

25 (h) From fiscal year 2022-2023 local community stabilization  
26 share revenue, \$428,300,000.00 for calendar year 2022 and  
27 \$119,700,000.00 for calendar year 2023.

1 (i) From fiscal year 2023-2024 local community stabilization  
2 share revenue, \$438,900,000.00 for calendar year 2023 and  
3 \$122,800,000.00 for calendar year 2024.

4 (j) From fiscal year 2024-2025 local community stabilization  
5 share revenue, \$445,800,000.00 for calendar year 2024 and  
6 \$124,000,000.00 for calendar year 2025.

7 (k) From fiscal year 2025-2026 local community stabilization  
8 share revenue, \$447,100,000.00 for calendar year 2025 and  
9 \$124,300,000.00 for calendar year 2026.

10 (l) From fiscal year 2026-2027 local community stabilization  
11 share revenue, \$447,700,000.00 for calendar year 2026 and  
12 \$124,500,000.00 for calendar year 2027.

13 (m) From fiscal year 2027-2028 local community stabilization  
14 share revenue, \$448,000,000.00 for calendar year 2027 and  
15 \$124,600,000.00 for calendar year 2028.

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