

## LOCAL COMMUNITY STABILIZATION AUTHORITY ACT (EXCERPT)

Act 86 of 2014

### **123.1353 Report by city and township assessor to county equalization director; report by county equalization director to department; compilation of municipality's information; calculation of millage rate and debt loss or school debt loss; report of increased value from expired tax exemptions; exclusion of enhancement millage; report of millage for essential services.**

Sec. 13. (1) Not later than June 5, 2014, the assessor for each city and township shall report to the county equalization director all of the following:

(a) The 2013 taxable value of commercial personal property and industrial personal property for each municipality in the city or township.

(b) The 2014 taxable value of commercial personal property and industrial personal property for each municipality in the city or township.

(c) The small taxpayer exemption loss for each municipality in the city or township.

(2) Not later than June 20, 2014, the equalization director for each county shall report to the department the information described in subsection (1) for each municipality in the county. For each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable value under section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, shall compile the municipality's information described in subsection (1).

(3) Not later than June 5, 2015, June 5, 2016, June 5, 2017, and each May 15 thereafter, the assessor for each city and township shall report to the county equalization director the current year taxable value of commercial personal property and industrial personal property for each municipality in the city or township. Not later than June 20, 2015, the equalization director for each county shall report to the department the 2013, 2014, and 2015 taxable values of commercial personal property and industrial personal property for each municipality in the county. Not later than June 20, 2016, the equalization director for each county shall report to the department the 2013 and 2016 taxable values of commercial personal property and industrial personal property for each municipality in the county. Not later than June 20, 2017, the equalization director for each county shall report to the department the 2013 and 2017 taxable values of commercial personal property and industrial personal property for each municipality in the county. Each May 31 thereafter, the equalization director for each county shall report to the department the current year taxable value of commercial personal property and industrial personal property for each municipality in the county. For calendar years 2015 through 2017, the 2013, 2014, and current year taxable values of commercial personal property and industrial personal property shall be the current taxable values as of the reporting deadline for the county equalization director. For calendar year 2018 and thereafter, the current year taxable value of commercial personal property and industrial personal property shall be the current taxable value on May 10. Not later than June 20, 2015, for each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable value under section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, shall compile and report to the department the municipality's 2013, 2014, and 2015 taxable values of commercial personal property and industrial personal property. Not later than June 20, 2016, for each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable values under section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, shall compile and report to the department the municipality's 2013 and 2016 taxable values of commercial personal property and industrial personal property. Not later than June 20, 2017, for each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable values under section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, shall compile and report to the department the municipality's 2013 and 2017 taxable values of commercial personal property and industrial personal property. Each June 7 thereafter, for each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable value under section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, shall compile and report to the department the municipality's current year taxable value of commercial personal property and industrial personal property.

(4) Not later than August 15, 2014, August 15, 2015, August 15, 2016, and August 15, 2017, each municipality shall report to the department the millage rate levied or to be levied that year for a millage described in section 5(g) or (x) that is used to calculate an appropriation under section 17(1)(a) or a distribution under section 17(4)(a)(i). For 2014 and 2015, the rate of that millage shall be calculated using the sum of the municipality's taxable value and the municipality's small taxpayer exemption loss. For 2016 and 2017, the rate of that millage shall be calculated using the sum of the municipality's taxable value and the

municipality's personal property exemption loss. For calendar year 2018 and subsequent years, a local school district and intermediate school district shall reduce its debt millage rate to reflect the payment to be received under section 17(4)(a)(i). By August 1, 2018 and by each August 1 thereafter, a local school district and intermediate school district may report its millage rate calculated under section 5(x)(ii)(A) or (iii)(A) and a local school district shall report the operating mills levied under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, on industrial personal property as that term is defined in section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, levied or to be levied that year. For 2014 and 2015, the department shall calculate each municipality's debt loss or school debt loss by multiplying the municipality's millage rate reported under this subsection by the municipality's small taxpayer exemption loss. For 2016 and 2017, the department shall calculate each municipality's school debt loss by multiplying the municipality's millage rate reported under this subsection by the municipality's personal property exemption loss. For calendar year 2018 and subsequent years, the department shall calculate the municipality's school debt loss by multiplying the municipality's qualified school debt millage rate by the municipality's personal property exemption loss.

(5) Not later than May 1 of each year, the department shall do the following:

(a) For the 2014, 2015, 2016, and 2017 calendar years' calculations, calculate and make available to each municipality that municipality's sum of the lowest rate of each individual millage levied in the period between 2012 and the year immediately preceding the current year. For a municipality, other than a municipality described in section 14, the calculation shall exclude debt millage and millage levied under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, on industrial personal property as that term is defined in section 1211 of the revised school code, 1976 PA 451, MCL 380.1211. For an individual millage rate not levied in 1 of the years, the lowest millage rate is zero. A millage used to make the calculations under this act must be levied against both real property and personal property.

(b) For the calendar year 2018 and subsequent years' calculations, for a municipality that is not a local school district or tax increment finance authority:

(i) Calculate each municipality's total millage levied in 2012, 2013, and 2014, respectively.

(ii) Calculate each municipality's eligible millage cap as the highest total millage levied in 2012, 2013, or 2014.

(iii) Calculate each municipality's total millage levied in the year immediately preceding the current year.

(iv) Calculate each individual millage rate for each municipality as follows:

(A) If the eligible millage cap, as calculated under subparagraph (ii), exceeds the total millage levied in the year immediately preceding the current year, as calculated under subparagraph (iii), then use each individual millage levied in the year immediately preceding the current year.

(B) If the total millage levied in the year immediately preceding the current year, as calculated under subparagraph (iii), exceeds the eligible millage cap, as calculated under subparagraph (ii), then prorate each individual millage levied in the year immediately preceding the current year downward to equal the eligible millage cap, as calculated under subparagraph (ii).

(v) For an intermediate school district, the calculations in this subdivision shall exclude debt millage and, for calendar year 2021 and subsequent years, the calculations in this subdivision shall exclude enhancement millage. A millage used to make the calculations under this act must be levied against both real property and personal property.

(c) For the calendar year 2018 and subsequent years' calculations, for a local school district:

(i) Calculate each individual millage rate levied by each local school district in 2012, 2013, and 2014, respectively.

(ii) Calculate each local school district's eligible millage cap as the highest rate levied in 2012, 2013, or 2014 for each individual millage.

(iii) Calculate each individual millage rate for each local school district to be the lesser of the millage cap calculated under subparagraph (ii) and the millage rate levied in the year immediately preceding the current year for that individual millage.

(iv) The calculations in this subdivision shall exclude debt millage and operating mills levied under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, on industrial personal property as that term is defined in section 1211 of the revised school code, 1976 PA 451, MCL 380.1211. A millage used to make the calculations under this act must be levied against both real property and personal property.

(d) For the calendar year 2021 and subsequent years' calculations, for enhancement millage levied by an intermediate school district:

(i) Calculate the individual enhancement millage rate levied by each intermediate school district in 2012, 2013, and 2014, respectively.

(ii) Calculate each intermediate school district's eligible millage cap as the highest rate levied in 2012,

2013, or 2014 for enhancement millage.

(iii) Calculate the individual enhancement millage rate for each intermediate school district to be the lesser of the millage cap calculated under subparagraph (ii) and the millage rate levied in the year immediately preceding the current year for the individual enhancement millage.

(iv) A millage used to make the calculations under this act must be levied against both real property and personal property.

(6) Not later than June 5, 2016, June 5, 2017, June 5, 2018, May 31, 2019, and May 31, 2020, the assessor for each city and township shall report to the department and the county equalization director the increased value from expired tax exemptions for each municipality that is subject to section 14(2) and that levies taxes in the city or township.

(7) For a millage that is not general operating millage and that is dedicated in part, but not solely, for the cost of essential services, a county, township, village, city, or local authority shall annually report the portion of the rate calculated for that millage under subsection (5) that is dedicated for the cost of essential services. This report shall be submitted to the department, in a form and manner prescribed by the department, by August 1, 2018, and by each August 1 thereafter. If the county, township, village, city, or local authority fails to report to the department by August 1, the department shall determine that the millage is dedicated solely for the cost of essential services.

**History:** 2014, Act 86, Eff. Aug. 22, 2014;—Am. 2015, Act 122, Imd. Eff. July 10, 2015;—Am. 2018, Act 247, Imd. Eff. June 28, 2018;—Am. 2020, Act 194, Imd. Eff. Oct. 15, 2020.

**Compiler's note:** Enacting section 2 of Act 86 of 2014 provides:

"Enacting section 2. This act does not take effect unless Senate Bill No. 822 of the 97th Legislature is approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014."

Enacting section 3 of Act 86 of 2014 provides:

"Enacting section 3. If Senate Bill No. 822 of the 97th Legislature is not approved by the majority of the qualified electors of this state voting on the question at an election to be held on the August regular election in 2014, for fiscal year 2014-2015, the legislature shall appropriate an amount sufficient to make the appropriation described in section 17(1)(a) for fiscal year 2014-2015."

**Compiler's note:** Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows:

**"APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS"**

The amendatory act adopted by the Legislature would:

1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan.
2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services.
3. Increase portion of state use tax dedicated for aid to local school districts.
4. Prohibit Authority from increasing taxes.
5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation.

Should this law be approved?

YES ☐

NO ☐

Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.