

# Legislative Analysis



## LOCAL STABILIZATION AUTHORITY ACT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4926 as introduced**  
**Sponsor: Rep. Lynn Afendoulis**

Analysis available at  
<http://www.legislature.mi.gov>

**House Bill 4927 as introduced**  
**Sponsor: Rep. Hank Vaupel**

**House Bill 4929 as introduced**  
**Sponsor: Rep. Tenisha Yancey**

**House Bill 4928 as introduced**  
**Sponsor: Rep. Michael Webber**

**House Bill 4930 as introduced**  
**Sponsor: Rep. Karen Whitsett**

**Committee: Tax Policy**  
**Complete to 9-10-19**

### SUMMARY:

House Bills 4926 through 4930 would each amend the Local Stabilization Authority Act, which creates rules and procedures for collecting and distributing local community shared revenue for township and municipal local governing units.

**House Bill 4926** would authorize county and township assessors to make a series of new calculations for the enhancement millage on intermediate school districts.

For calendar year 2020 and all subsequent years, the bill would authorize city and township assessors to exclude enhancement millages from the calculated millage for intermediate school districts in their report to the county equalization director.

In addition, beginning in calendar year 2020, the bill would require the Department of Treasury to make the following calculations before May 1 of each year for enhancement millages levied by intermediate school districts:

- 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 its enhancement millage.
- III. Calculate the individual enhancement millage rate for each intermediate school district to be the lesser of the millage cap described in point II and the millage levied in the year immediately preceding the current year for the enhancement millage.

The millage used to make the calculations under the act would be levied against both real and personal property.

This new millage would also eliminate the calculation of increases in the taxable value of commercial personal property and industrial property in each municipality, city, and township since 2013 from expired tax exemptions from the amount reported by county and township assessors to their respective county equalizing directors.

MCL 123.1353 and 123.1354

**House Bill 4927** would eliminate basic school operating mills, as defined in the Use Tax Act, from the calculation of a municipality's school operating loss that had not been reimbursed by the School Aid Fund in the current year when determining the local community stabilization shared revenue for a given municipality.

MCL 123.1357

**House Bill 4928** would create an operating fund for the share of the total local community stabilization shared revenue used to operate the Local Community Stabilization Authority (LCSA).

Currently, the act allows the authority to use up to \$300,000 of the local community stabilization share revenue that it collects in order fulfill its duties as outlined by the act. The bill would require the authority to put said revenue in an operating fund created within the authority for every fiscal year after FY 2018-19 before making any of its distributions.

MCL 123.1357

**House Bill 4929** would adjust the calculation made for the act's millage on industrial and commercial personal property.

The act currently requires municipal tax increment finance authorities to calculate the millage on industrial and commercial personal property by subtracting the captured value of all industrial personal property and commercial personal property in the municipality from the total captured value from the total industrial and commercial personal property calculated for the year 2013 plus any increased captured value for the current year and multiplying the result by each individual millage rate calculated under section 13(5) to the extent that the millage is subject to capture under the respective authority.

The bill would adjust this calculation for every calendar year beginning in 2020 by multiplying the resulting amount from the subtraction by section 13(4) and (5) as well as the state education tax levied under the State Education Tax Act.

MCL 123.1256a

**House Bill 4930** would amend the circumstances under which municipalities may report an error made by the Department of Treasury when calculating the act's millage on industrial and commercial personal property.

The bill would allow municipalities to review and report errors made when calculating the millage on industrial and commercial personal property on their taxable values from the years 2013, 2014, and 2015 as well as their values for the current year by providing substantiating documentation to support the corrected value by January 31, 2020, in a form and manner prescribed by the department. County equalization directors would then be required to review all reported inaccurate commercial and industrial personal property taxable values, determine if an inaccuracy indeed was present, and then report this

inaccuracy to all municipalities that it affected. By February 29, 2020, county equalization directors would be required to notify the department of any corrections made for each affected municipality as well as provide the department with any substantiating documentation.

MCL 123.1358

**FISCAL IMPACT:**

Because the amount of use tax revenue the LCSA can levy is set in statute, the bills would have no impact on state use tax collections. However, because of the various provisions in the bills, the distribution of personal property tax (PPT) replacement revenue across the affected municipalities could change, although the impact cannot be determined in advance.

Legislative Analyst: Nick Kelly  
Fiscal Analysts: Jim Stansell  
Ben Gielczyk

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.