



Senate Fiscal Agency
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BILL ANALYSIS



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House Bills 4458 through 4464 (as passed by the House)

Sponsor: Representative Eileen Kowall (H.B. 4458)
Representative Jim Townsend (H.B. 4459)
Representative Phil Cavanaugh (H.B. 4460)
Representative Harold Haugh (H.B. 4461)
Representative Jeff Farrington (H.B. 4462)
Representative John Walsh (H.B. 4463)
Representative Gail Haines (H.B. 4464)

House Committee: Tax Policy

Senate Committee: Economic Development

Date Completed: 5-15-13

CONTENT

The bills would amend various statutes to specify that tax increment revenue under those statutes would not include ad valorem property taxes levied under either the Zoological Authorities Act or the Art Institute Authorities Act, or specific local taxes attributable to those ad valorem property taxes.

House Bill 4458 would amend the Tax Increment Finance Authority Act. House Bill 4459 would amend the downtown development authority Act. House Bill 4460 would amend the Brownfield Redevelopment Financing Act. House Bill 4461 would amend the Local Development Financing Act. House Bill 4462 would amend the Corridor Improvement Authority Act. House Bill 4463 would amend the Nonprofit Street Railway Act. House Bill 4464 would amend the Private Investment Infrastructure Act.

MCL 125.1801 (H.B. 4458)
125.1651 (H.B. 4459)
125.2652 (H.B. 4460)
125.2152 (H.B. 4461)
125.2873 (H.B. 4462)
472.23 (H.B. 4463)
125.1873 (H.B. 4464)

BACKGROUND

Zoological Authorities Act & Art Institute Authorities Act

The Zoological Authorities Act was enacted in 2008 and provides for the creation of a county zoological authority and the approval by voters of a levy of 0.1 mill for up to 20 years on all taxable property in the county in order to provide revenue to an accredited zoo. The voters of Wayne, Oakland, and Macomb Counties approved the levy to support the Detroit Zoo. Public Act 328 of 2010 amended the Zoological Authorities Act to increase the allowable tax levy to 0.2 mill, with voter approval.

The Art Institute Authorities Act was enacted in 2010 and provides for the creation of a county art institute authority and the voter approval of a levy of 0.2 mill for up to 20 years on all taxable property in the county in order to provide revenue for an art institute. The voters of Wayne, Oakland, and Macomb Counties approved the levy to support the Detroit Institute of Arts.

Tax Increment Capture

Various statutes provide for the creation of authorities that may "capture" incremental tax increases within the authority area and use that money for certain improvements in the area. These are often referred to as tax increment finance authorities, or TIFAs, but they also include downtown development authorities (DDAs), brownfield redevelopment authorities, corridor improvement authorities, and other similar entities.

Some municipalities evidently have captured a portion of the tax revenue approved for the Detroit Zoo and the Detroit Institute of Arts and diverted it for the benefit of their tax-capturing authorities such as TIFAs and DDAs.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would have no net effect on local unit revenue, but would redistribute local unit revenue such that some local units would receive less and others would receive more. Zoological authorities and art institute authorities would receive more revenue under the bills while authorities created under the Tax Increment Finance Authority Act, the DDA act, the Brownfield Redevelopment Financing Act, the Local Development Financing Act, the Corridor Improvement Authority Act, the Nonprofit Street Railway Act, and the Private Investment Infrastructure Act would receive less revenue. The exact amount of revenue redistributed from or to an authority would depend on the specific characteristics of any property affected by the bills within the specific local unit or authority.

The bills would have no impact on State revenue or expenditure.

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.