

Legislative Analysis



AIRPORT PARKING TAX: DISTINGUISH BETWEEN ON-SITE AND OFF-SITE FACILITIES

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

House Bill 6607

Sponsor: Rep. Philip LaJoy

Committee: Transportation

Complete to 11-29-06

A SUMMARY OF HOUSE BILL 6607 AS INTRODUCED 11-9-06

The bill would amend the Airport Parking Tax Act (MCL 207.372) to distinguish between "on-site" airport parking facilities and "off-site" airport parking facilities, as of January 1, 2007. The bill is tie-barred to House Bill 5536, which is a proposed amendment to the same act that (as introduced) would reduce the tax rate from 27 percent of the amount charged for parking facility transactions to 15 percent.

The Airport Parking Tax Act established an excise tax "on persons engaged in the business of providing an airport parking facility." Airport parking facilities are defined in the act as *within the boundaries or within five miles of the boundaries* of a "regional airport facility," meaning an airport servicing 4 million or more enplanements annually. The Detroit Wayne County Metro Airport is the only airport in Michigan meeting the act's definition of "regional airport facility." As a result, the Airport Parking Tax is levied only at airport parking facilities at Detroit Wayne County Metro Airport and within five miles of that airport.

House Bill 6607 would provide a new definition of "airport parking facility" as either (1) an on-site parking facility or (2) an off-site parking facility. An on-site parking facility would be one located within the boundaries of the airport. An off-site parking facility would be one located within five miles of the boundaries of an airport but outside those boundaries. The current definition, which contains both kinds of facilities but does not distinguish between them, would apply only through December 31, 2006.

FISCAL IMPACT:

As noted above, House Bill 6607 would create separate definitions for "on-site airport parking facility" and "off-site airport parking facility" within the meaning of "airport parking facility" as defined in the act. The bill, as introduced, would not change the tax rate or tax base (parking facility transactions) and would therefore have no direct fiscal impact.

The bill is tie-barred to House Bill 5536 which would reduce the tax rate from 27 percent of the amount charged for parking facility transactions to 15 percent. See the House Fiscal Agency analysis of House Bill 5536 for additional background information on the Airport Parking Tax and on the fiscal impacts of House Bill 5536.

Legislative Analyst: Chris Couch
Fiscal Analyst: William Hamilton

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