

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5176**

A bill to amend 2014 PA 86, entitled
"Local community stabilization authority act,"
by amending sections 14, 17, and 21 (MCL 123.1354, 123.1357, and
123.1361), sections 14 and 17 as amended by 2015 PA 122; and to
repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 14. (1) Not later than ~~August 15,~~ **NOVEMBER 7,** 2016, and
2 each ~~August 15-~~ **SEPTEMBER 7** thereafter, for each municipality that
3 is not a local school district, intermediate school district, or
4 tax increment finance authority, the department shall do all of the
5 following:

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

1 (b) Multiply the municipality's personal property exemption
2 loss by the millage rates calculated under section 13(5).

3 (c) Adjust the amount calculated under subdivision (b) by the
4 amount required to reflect the final order of a court or body of
5 competent jurisdiction related to any prior year calculation under
6 this subsection. An adjustment under this subdivision shall only be
7 made for municipalities for which changes in prior year taxable
8 values can be calculated from taxable values reported under section
9 151(1) of the state school aid act of 1979, 1979 PA 94, MCL
10 388.1751.

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

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

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

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

24 **(C) SUBTRACT FROM THE AMOUNT CALCULATED UNDER SUBDIVISION (B)**
25 **THE 2015 SMALL TAXPAYER EXEMPTION LOSS.**

26 **(D)** ~~(e)~~ Multiply the result of the calculation in subdivision
27 ~~(b)~~ **(C)** by the millage rate calculated under section 13(5) for

1 general operating millage.

2 (E) ~~(d)~~ Multiply the result of the calculation in subdivision
3 ~~(e)~~ (D) by the percentage of the municipality's general operating
4 millage used to fund the cost of essential services in the
5 municipality's fiscal year ending in 2012. The department shall
6 calculate each municipality's percentage of general operating
7 millage used to fund the cost of essential services in the
8 municipality's fiscal year ending in 2012, unless the municipality
9 includes the calculation in its comprehensive annual financial
10 report for the municipality's fiscal year ending in either 2014 or
11 2015 or otherwise reports the calculation to the department in a
12 form and in a manner prescribed by the department.

13 (F) ~~(e)~~ Add to the result of the calculation in subdivision
14 ~~(d)~~ (E) an amount calculated by multiplying the amount calculated
15 under ~~subsection (2) (b)~~ **SUBDIVISION (B)** by the millage rates
16 calculated under section 13(5) that are dedicated solely for the
17 cost of essential services levied on industrial personal property
18 and commercial personal property. A millage levied to fund a
19 pension under the fire fighters and police officers retirement act,
20 1937 PA 345, MCL 38.551 to 38.562, is dedicated solely for the cost
21 of essential services.

22 (3) Not later than ~~September 15, 2015,~~ **MAY 10, 2016**, for each
23 municipality that is a city, the department shall do all of the
24 following:

25 (a) Calculate the municipality's **2014 AND 2015** small taxpayer
26 exemption loss.

27 (b) Multiply the ~~amount calculated under subdivision (a)~~ **2014**

1 **SMALL TAXPAYER EXEMPTION LOSS IF GREATER THAN ZERO** by the millage
 2 rates calculated under section 13(5) for 2014, **EXCLUDING DEBT**
 3 **MILLAGE.**

4 (c) Multiply the ~~amount calculated under subdivision (a)~~ **2015**
 5 **SMALL TAXPAYER EXEMPTION LOSS IF GREATER THAN ZERO** by the millage
 6 rates calculated under section 13(5) for 2015, **EXCLUDING DEBT**
 7 **MILLAGE.**

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

9 (e) ~~Subtract from the amount calculated under subdivision (d)~~
 10 **CALCULATE** the sum of the municipality's debt loss for 2014 and 2015
 11 **REIMBURSED UNDER SECTION 17(1) (A) FOR MILLAGES USED TO CALCULATE**
 12 **THE AMOUNTS UNDER SUBDIVISIONS (B) AND (C).**

13 (f) ~~Subtract from the amount calculated under subdivision (e)~~
 14 **CALCULATE** the amount of any tax increment small taxpayer loss for
 15 captured taxes levied by the municipality in 2014 and 2015 **FOR**
 16 **MILLAGES USED TO CALCULATE THE AMOUNTS UNDER SUBDIVISIONS (B) AND**
 17 **(C).**

18 (4) Not later than ~~August 15,~~ **SEPTEMBER 7**, 2016, and each
 19 ~~August 15~~ **SEPTEMBER 7** thereafter, for each municipality that is not
 20 a local school district, intermediate school district, or tax
 21 increment finance authority, the department shall do all of the
 22 following:

23 (a) Calculate the municipality's **2015** small taxpayer exemption
 24 loss.

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

27 (c) Adjust the amount calculated under subdivision (b) by the

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

8 (d) Adjust the amount calculated under subdivision (b), as
9 adjusted by subdivision (c), by the amount calculated under section
10 16a(2) for captured taxes levied by the municipality not including
11 taxes attributable to increased captured value. The adjustment
12 under this subdivision shall only be made to the extent that the
13 adjustment made under subsection (1)(d) did not fully account for
14 all captured taxes levied by the municipality not including taxes
15 attributable to increased captured value.

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

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

26 (b) For fiscal year 2014-2015 through fiscal year 2018-2019 an
27 amount equal to the necessary expenses incurred by the department

1 in implementing this act.

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

5 (2) In fiscal year 2014-2015 and fiscal year 2015-2016, the
6 authority shall distribute to municipalities those funds
7 appropriated under subsection (1)(a). However, in fiscal year 2014-
8 2015, if the authority is not able to make the distribution under
9 this subsection, the department shall make the distribution under
10 this subsection on behalf of the authority.

11 (3) For calendar years 2014 and 2015, the authority shall
12 distribute local community stabilization share revenue to each city
13 in an amount determined by multiplying the **SUM OF THE** local
14 community stabilization share revenue for the calendar years **AND**
15 **THE AMOUNTS CALCULATED UNDER SECTION 14(3)(E) AND (F)** by a
16 fraction, the numerator of which is that city's amount calculated
17 under section ~~14(3)~~**14(3)(D)** and the denominator of which is the
18 total amount calculated under section ~~14(3)~~**14(3)(D)**, **AND**
19 **SUBTRACTING FROM THE RESULT EACH CITY'S AMOUNTS CALCULATED UNDER**
20 **SECTION 14(3)(E) AND (F).**

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

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

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

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

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

5 (iv) 100% of the amount calculated in section 14(2). However,
6 the amount distributed to a municipality under this subparagraph
7 shall not exceed the amount calculated in section 14(1)(d). All
8 distributions under this subparagraph shall be used to fund
9 essential services.

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

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

14 (b) Beginning for calendar year 2019, after the distributions
15 under subdivision (a), and subject to subparagraph (viii), the
16 authority shall distribute 5% of the remaining balance of the local
17 community stabilization share fund for the current calendar year to
18 each municipality that is not a local school district, intermediate
19 school district, or tax increment finance authority in an amount
20 determined as follows:

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

23 (ii) Multiply the result of the calculation in subparagraph
24 (i) by the sum of the lowest rate of each individual millage levied
25 by the municipality in the period between 2012 and the year
26 immediately preceding the current year that is not used to
27 calculate a distribution under subdivision ~~(a)~~.—**(A) (i) TO (iv)**. For

1 an individual millage rate not levied in 1 of the years, the lowest
2 millage rate is zero. A millage used to make the calculation under
3 this subparagraph must be eligible to be levied against both real
4 property and personal property.

5 (iii) Divide the sum of the amounts calculated under
6 subparagraph (ii) for all municipalities subject to the calculation
7 by total qualified loss.

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

12 (v) Subtract from the amount calculated under subparagraph
13 (ii) the amount calculated under subparagraph (iv).

14 (vi) Divide the result of the calculation in subparagraph (v)
15 by the sum of the calculation under subparagraph (v) for all
16 municipalities.

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

19 (viii) For calendar year 2020, and each calendar year
20 thereafter, the percentage amount described in this subdivision
21 shall be increased an additional 5% each year, not to exceed 100%.

22 (c) After the distributions in subdivisions (a) and (b), the
23 authority shall distribute the remaining balance of the local
24 community stabilization share fund for a calendar year to each
25 municipality in an amount determined by multiplying the remaining
26 balance by a fraction, the numerator of which is that
27 municipality's qualified loss and the denominator of which is the

1 total qualified loss.

2 (5) The authority shall make the payments required by
3 subsection (3) not later than ~~October 20, 2015,~~ **MAY 20, 2016**, and
4 payments required by subsection (4) not later than on the following
5 dates:

6 (a) For county allocated millage, **NOVEMBER 20, 2016 AND**
7 **THEREAFTER** September 20 of the year the millage is levied.

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

11 (c) For other millages, **NOVEMBER 20, 2016 AND THEREAFTER**
12 October 20 of the year the millage is levied.

13 (6) If the authority has insufficient funds to make the
14 payments on the dates required in subsection (5), the department
15 shall advance to the authority the amount necessary for the
16 authority to make the required payments. The authority shall repay
17 the advance to the department from the local community
18 stabilization share.

19 (7) For each fiscal year from fiscal year 2015-2016 through
20 fiscal year 2018-2019, the authority may use up to \$300,000.00 of
21 the local community stabilization share revenue for purposes
22 consistent with implementing and administering this act.

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

25 (a) From fiscal year 2015-2016 local community stabilization
26 share revenue, \$19,200,000.00 for calendar years 2014 and 2015 and
27 \$76,900,000.00 for calendar year 2016.

1 (b) From fiscal year 2016-2017 local community stabilization
2 share revenue, \$297,400,000.00 for calendar year 2016 and
3 \$83,200,000.00 for calendar year 2017.

4 (c) From fiscal year 2017-2018 local community stabilization
5 share revenue, \$321,500,000.00 for calendar year 2017 and
6 \$89,000,000.00 for calendar year 2018.

7 (d) From fiscal year 2018-2019 local community stabilization
8 share revenue, \$341,800,000.00 for calendar year 2018 and
9 \$95,900,000.00 for calendar year 2019.

10 (e) From fiscal year 2019-2020 local community stabilization
11 share revenue, \$364,500,000.00 for calendar year 2019 and
12 \$101,400,000.00 for calendar year 2020.

13 (f) From fiscal year 2020-2021 local community stabilization
14 share revenue, \$383,500,000.00 for calendar year 2020 and
15 \$108,000,000.00 for calendar year 2021.

16 (g) From fiscal year 2021-2022 local community stabilization
17 share revenue, \$405,700,000.00 for calendar year 2021 and
18 \$115,600,000.00 for calendar year 2022.

19 (h) From fiscal year 2022-2023 local community stabilization
20 share revenue, \$428,300,000.00 for calendar year 2022 and
21 \$119,700,000.00 for calendar year 2023.

22 (i) From fiscal year 2023-2024 local community stabilization
23 share revenue, \$438,900,000.00 for calendar year 2023 and
24 \$122,800,000.00 for calendar year 2024.

25 (j) From fiscal year 2024-2025 local community stabilization
26 share revenue, \$445,800,000.00 for calendar year 2024 and
27 \$124,000,000.00 for calendar year 2025.

1 (k) From fiscal year 2025-2026 local community stabilization
2 share revenue, \$447,100,000.00 for calendar year 2025 and
3 \$124,300,000.00 for calendar year 2026.

4 (l) From fiscal year 2026-2027 local community stabilization
5 share revenue, \$447,700,000.00 for calendar year 2026 and
6 \$124,500,000.00 for calendar year 2027.

7 (m) From fiscal year 2027-2028 local community stabilization
8 share revenue, \$448,000,000.00 for calendar year 2027 and
9 \$124,600,000.00 for calendar year 2028.

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

19 ~~Sec. 21. From the amount received under section 17, a~~
20 ~~municipality shall first replace debt loss or school debt loss, as~~
21 ~~applicable. A municipality shall not receive a distribution under~~
22 ~~this act if it has increased its millage rate without voter~~
23 ~~approval to replace debt loss or school debt loss, as applicable,~~
24 ~~that otherwise would be reimbursed under this act.~~

25 **(1) IF A MUNICIPALITY DOES NOT ADJUST ITS DEBT MILLAGE RATE TO**
26 **REFLECT REIMBURSEMENT FOR THE SMALL TAXPAYER EXEMPTION LOSS UNDER**
27 **SECTION 17(1) (A), THE REIMBURSEMENT UNDER SECTION 17(1) (A) SHALL BE**

1 REDUCED BY THE EXCESS DEBT TAXES LEVIED.

2 (2) A MUNICIPALITY SHALL USE THE AMOUNT RECEIVED UNDER SECTION
3 17(4) FOR DEBT MILLAGE TO PAY DEBT. IF A PAYMENT UNDER SECTION
4 17(4) FOR DEBT MILLAGE IS NOT USED TO PAY DEBT, THE AMOUNT NOT USED
5 TO PAY DEBT SHALL BE DEDUCTED FROM A SUBSEQUENT PAYMENT UNDER
6 SECTION 17(4).

7 Enacting section 1. Section 20 of the local community
8 stabilization authority act, 2014 PA 86, MCL 123.1360, is repealed.