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BILL ANALYSIS

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Senate Bill 486 (as introduced 5-14-03)
Sponsor: Senator Valde Garcia
Committee: Finance

Date Completed: 6-1-04

CONTENT

The bill would amend Public Act 243 of 1959, which regulates trailer coach parks, to require that a specific tax be levied on occupied trailer coaches in trailer coach parks equal to a percentage of the trailer coach's fair market value multiplied by the number of mills levied in the local tax collecting unit in which the trailer coach was located. The percentage would range from 5% in 2007 to 25% in 2011 and thereafter.

Currently, each licensed trailer coach park is required to collect and remit a specific tax of $3 per month, or major fraction thereof, to the treasurer of the municipality in which the trailer park is located. The municipal treasurer is required to pass on 50 cents per trailer to the county treasurer for deposit in the general fund, keep 50 cents per trailer for the municipal general fund, and transmit the remaining $2 to the State Treasurer for credit to the School Aid Fund. Under the bill, this would apply until the end of 2006.

After December 31, 2006, a specific tax calculated in the following manner would have to be levied on each occupied trailer coach:

-- For taxes levied after December 31, 2006, and before January 1, 2008, 5% of the trailer coach's fair market value (FMV) multiplied by the number of mills levied in the local tax collecting unit in which the trailer coach was located.
-- For taxes levied after December 31, 2007, and before January 1, 2009, 10% of the trailer coach's FMV multiplied by the number of mills levied in the local tax collecting unit.
-- For taxes levied after December 31, 2008, and before January 1, 2010, 15% of the trailer coach's FMV multiplied by the number of mills levied in the local tax collecting unit.
-- For taxes levied after December 31, 2009, and before January 1, 2011, 20% of the trailer coach's FMV multiplied by the number of mills levied in the local tax collecting unit.
-- For taxes levied after December 31, 2010, 20% of the trailer coach's FMV multiplied by the number of mills levied in the local tax collecting unit.

The specific tax imposed under the bill after December 31, 2006, would have to be collected at the same time and in the same manner as taxes collected under the General Property Tax Act. The local tax collecting unit would have to distribute the specific tax levied on trailer coaches in the same proportion as taxes collected under the General Property Tax Act.

Currently, all remittances of the specific $3 per month tax must be made by the park licensees by the fifth day of each month for the preceding month. Under the bill, this tax would have to be remitted annually by January 15 for taxes levied and collected in the preceding year.

MCL 125.1035 et al. Legislative Analyst: J.P. Finet

FISCAL IMPACT

This bill would generate a net increase in tax revenue of an estimated $0.8 million in the 2007 tax year, $7.3 million in the 2008 tax year, and $29.9 million when fully phased in the 2011 tax year. Local governments would experience a net gain in revenue ranging from $2.9 million in 2007 to $25.3 million in 2011. The School Aid Fund would realize a negative budgetary impact of $2.0 million in 2007 and $0.6 million in 2008; however, in subsequent years the School Aid Fund would realize a net positive budgetary impact ranging from an estimated $1.0 million in 2009 to $4.6 million in 2011. Local schools would realize a gain in their 18-mill property tax, but their State Aid would decline by the same amount, so it is anticipated that local schools would not experience any net impact on their budgets. The estimated fiscal impact of this bill is summarized in the following table.

Estimated Fiscal Impact of S.B. 486
(dollars)

	2007	2008	2009	2010	2011	2012
Proposed Tax/Fee Change:						
Repeal of $3 Monthly Fee	($5,130,000)	($5,166,098)	($5,208,656)	($5,254,160)	($5,301,200)	($5,354,212)
Proposed Property Tax	5,965,768	12,434,636	19,442,102	27,022,330	35,155,587	36,572,357
Net Revenue Impact	$835,768	$7,268,539	$14,233,446	$21,768,169	$29,854,387	$31,218,145
Distribution of Revenue Impact:						
State School Aid Fund (SAF)	(2,470,541)	(1,465,078)	(378,203)	797,862	2,060,920	2,251,060
Local Governments	2,879,052	7,843,072	13,219,244	19,035,021	25,275,693	26,347,845
Local Schools	427,257	890,544	1,392,405	1,935,286	2,517,774	2,619,240
Net Revenue Impact	$835,768	$7,268,539	$14,233,446	$21,768,169	$29,854,387	$31,218,145
Net Budget Impact on SAF						
Revenue Change	($2,470,541)	($1,465,078)	($378,203)	$797,862	$2,060,920	$2,251,060
Expenditure Decrease	(427,257)	(890,544)	(1,392,405)	(1,935,286)	(2,517,774)	(2,619,240)
Net School Aid Fund	($2,043,284)	($574,534)	$1,014,202	$2,733,149	$4,578,694	$4,870,300
Net Budget Impact on Local Schools						
Revenue Increase	$427,257	$890,544	$1,392,405	$1,935,286	$2,517,774	$2,619,240
State Aid Decrease	(427,257)	(890,544)	(1,392,405)	(1,935,286)	(2,517,774)	(2,619,240)
Net Local Schools	$0	$0	$0	$0	$0	$0

Fiscal Analyst: Jay Wortley

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