

LOCAL COMMUNITY STABILIZATION AUTHORITY ACT (EXCERPT)
Act 86 of 2014

123.1354 Municipality not local school district, intermediate school district, or tax increment finance authority; municipality that is county, township, village, city, or authority providing essential services; duties of department.

Sec. 14.

(1) Not later than November 7, 2017, and each October 7 thereafter, for each municipality that is not a local school district, intermediate school district, or tax increment finance authority, the department shall do all of the following:

- (a) Calculate the municipality's personal property exemption loss.
- (b) Multiply the municipality's personal property exemption loss by the millage rates calculated under section 13(5).
- (c) For calendar year 2017 calculations only, adjust the amount calculated under subdivision (b) by the amount required to reflect changes in prior year taxable values that affect any prior year calculation under this subsection and that can be calculated from taxable values reported under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751.

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

(2) Not later than November 7, 2017, and each October 7 thereafter, for each municipality that is a county, township, village, city, or local authority that provides essential services, the department shall do all of the following:

(a) For calendar year 2016, 2017, 2018, 2019, and 2020 calculations only, add to the amount calculated under subsection (1)(a) any increased value from expired tax exemptions for the current year.

(b) Multiply the millage rate calculated under section 13(5) for general operating millage by the percentage of the municipality's general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012. The department shall calculate each municipality's percentage of general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012, unless the municipality includes the calculation in its comprehensive annual financial report for the municipality's fiscal year ending in either 2014 or 2015 or otherwise reports the calculation to the department in a form and in a manner prescribed by the department.

(c) Multiply the result of the calculation in subdivision (a) by the result of the calculation in subdivision (b).

(d) Multiply the amount calculated under section 16a(2) for captured taxes from the general operating millage levied by the municipality not including taxes attributable to increased captured value by the percentage of the municipality's general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012 and subtract the resulting amount from the amount calculated under subdivision (c).

(e) Add to the result of the calculation in subdivision (d) an amount calculated by multiplying the millage rate calculated under section 13(5) for each millage that is not general operating millage and that is dedicated in whole or in part for the cost of essential services by 1 or by the portion reported for that millage under section 13(7), as applicable, multiplying the resulting product for each millage by the amount calculated under subdivision (a), and adding the results. A millage levied to fund a pension under the fire fighters and police officers retirement act, 1937 PA 345, MCL 38.551 to 38.562, is dedicated for the cost of essential services.

(f) Subtract from the result of the calculation in subdivision (e) the amount calculated under section 16a(2) for captured taxes from the portion of millage dedicated for the cost of essential services levied by the municipality not including taxes attributable to increased captured value.

(3) Not later than May 24, 2016, for each municipality that is a city, the department shall do all of the following:

- (a) Calculate the municipality's 2014 and 2015 small taxpayer exemption loss.
- (b) Multiply the 2014 small taxpayer exemption loss if greater than zero by the millage rates calculated under section 13(5) for 2014, excluding debt millage.
- (c) Multiply the 2015 small taxpayer exemption loss if greater than zero by the millage rates calculated under section 13(5) for 2015, excluding debt millage.
- (d) Add the amounts calculated under subdivisions (b) and (c).
- (e) Calculate the sum of the municipality's debt loss for 2014 and 2015 reimbursed under section 17(1)(a) for millages used to calculate the amounts under subdivisions (b) and (c).

(f) Calculate the amount of any tax increment small taxpayer loss for captured taxes levied by the municipality in 2014 and 2015 for millages used to calculate the amounts under subdivisions (b) and (c).

(4) Not later than November 7, 2017, and each October 7 thereafter, for each municipality that is not a local

school district, intermediate school district, or tax increment finance authority, the department shall do all of the following:

- (a) Calculate the municipality's 2015 small taxpayer exemption loss.
- (b) Multiply the municipality's 2015 small taxpayer exemption loss by the millage rates calculated under section 13(5).
- (c) For calendar year 2017 calculations only, adjust the amount calculated under subdivision (b) by the amount required to reflect changes in prior year taxable values that affect any prior year calculation under this subsection and that can be calculated from taxable values reported under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751.
- (d) Subtract from the amount calculated under subdivision (b), as adjusted by subdivision (c), the amount calculated under section 16a(2) for captured taxes levied by the municipality not including taxes attributable to increased captured value. The subtraction under this subdivision shall only be made to the extent that the subtraction made under subsection (1)(d) did not fully account for all captured taxes levied by the municipality not including taxes attributable to increased captured value.

History: 2014, Act 86, Eff. Aug. 22, 2014 ;-- Am. 2015, Act 122, Imd. Eff. July 10, 2015 ;-- Am. 2016, Act 124, Imd. Eff. May 19, 2016 ;-- Am. 2017, Act 102, Imd. Eff. July 13, 2017 ;-- Am. 2018, Act 247, Imd. Eff. June 28, 2018 ;-- Am. 2020, Act 194, Imd. Eff. Oct. 15, 2020

Compiler's Notes: Enacting section 2 of Act 86 of 2014 provides: "Enacting section 2. This act does not take effect unless Senate Bill No. 822 of the 97th Legislature is approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014." Enacting section 3 of Act 86 of 2014 provides: "Enacting section 3. If Senate Bill No. 822 of the 97th Legislature is not approved by the majority of the qualified electors of this state voting on the question at an election to be held on the August regular election in 2014, for fiscal year 2014-2015, the legislature shall appropriate an amount sufficient to make the appropriation described in section 17(1)(a) for fiscal year 2014-2015."

Compiler's Notes: Pursuant to section 34 of article IV of the state constitution of 1963, a legislative referendum on Act 80 of 2014 was presented to the electors as Proposal 14-1 at the August 5, 2014 primary election. The proposal read as follows: "APPROVAL OR DISAPPROVAL OF AMENDATORY ACT TO REDUCE STATE USE TAX AND REPLACE WITH A LOCAL COMMUNITY STABILIZATION SHARE TO MODERNIZE THE TAX SYSTEM TO HELP SMALL BUSINESSES GROW AND CREATE JOBS The amendatory act adopted by the Legislature would: 1. Reduce the state use tax and replace with a local community stabilization share of the tax for the purpose of modernizing the tax system to help small businesses grow and create jobs in Michigan. 2. Require Local Community Stabilization Authority to provide revenue to local governments dedicated for local purposes, including police safety, fire protection, and ambulance emergency services. 3. Increase portion of state use tax dedicated for aid to local school districts. 4. Prohibit Authority from increasing taxes. 5. Prohibit total use tax rate from exceeding existing constitutional 6% limitation. Should this law be approved? YES [] NO []". Act 80 of 2014 was approved by a majority of the voters at the August 5, 2014 primary election. The election results were certified by the Michigan Board of State Canvassers on August 22, 2014.