



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5557 (as reported without amendment)
Sponsor: Representative Margaret E. O'Brien
House Committee: Tax Policy
Senate Committee: Economic Development

CONTENT

The bill would amend the downtown development authority (DDA) Act to revise the 2011 deadline for a DDA to apply with the Department of Treasury for approval to have taxes levied under the State Education Tax Act retained and paid to the DDA.

The Act allows municipalities to create authorities in order to fund improvements to their business districts, and allows DDAs to finance their activities by various methods, including tax increment financing (which "captures" tax revenue on the incremental increase in property value).

If the amount of tax increment revenue lost as a result of the personal property tax exemptions enacted by Public Acts 37 through 40 of 2007 will reduce the allowable school tax capture received in a fiscal year by a DDA, the authority, with the approval of the Department of Treasury, may request the local tax collecting treasurer to retain and pay the authority taxes levied under the State Education Tax Act to be used for certain purposes.

If a DDA is eligible for SET revenue, it must apply for approval with the Department by June 1. The Department must approve, modify, or deny the application by August 15.

Under the bill, for 2011 only, a DDA would have to have applied for approval by June 15. In addition, for 2011 only, the Department would have to approve, modify, or deny the application within 30 days after the bill's effective date.

MCL 125.1663c

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent the extension created by the bill would result in the capture of State Education Tax revenue that otherwise would not be captured, the bill would reduce State School Aid Fund revenue by an unknown amount that would depend on the specific characteristics of the affected DDAs.

Date Completed: 12-6-12

Fiscal Analyst: David Zin