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Senate Bill 353 (as introduced 5-7-13)  
Sponsor: Senator Joe Hune  
Committee: Finance

Date Completed: 5-15-13

### **CONTENT**

The bill would amend the Airport Parking Tax Act to reduce the airport parking facility tax rate from 27%, to 6%, of the amount of the charge for a transaction (parking, storing, housing, or keeping a motor vehicle for consideration). The rate decrease would begin on January 1, 2014.

(The Act imposes an excise tax on people engaged in the business of providing an airport parking facility. An airport parking facility is an area, space, garage, parking structure, or other facility where motor vehicles are parked, stored, or housed for consideration, that is within the boundaries of, or within five miles of the boundaries of, the Detroit Metropolitan Wayne County Airport.)

MCL 207.373

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

State: Currently, the revenue from the 27% airport parking tax is first remitted to the Michigan Department of Treasury and deposited into the State's General Fund/General Purpose (GF/GP) fund. The first \$6.0 million collected is then distributed to the State Aeronautics Fund in the Michigan Department of Transportation to be used for safety and security projects at State airports. The next \$1.5 million is distributed to the City of Romulus to be deposited into its general fund. Finally, any remaining funds collected during the fiscal year are distributed to Wayne County to be used only for indigent health care.

Based on fiscal year 2009-10 data (the most recent available), total airport parking tax revenue collected was \$19.6 million. After the required payments to the State Aeronautics Fund and the City of Romulus, Wayne County received the remaining \$12.1 million. In the prior four years (fiscal years 2005-06 to 2008-09), the total airport parking tax collected averaged an estimated \$21.1 million per year. This equates to average annual total parking fees collected of \$78.1 million.

Assuming that parking fee revenue continues to average \$78.1 million annually, the proposed change in the tax rate to 6% from the current 27% would raise an estimated \$4.7 million annually to be distributed. Based on the projections of estimated revenue of \$4.7 million annually, the State Aeronautics Fund would receive all the revenue raised up to the cap of \$6.0 million.

For several years through FY 2010-11, Wayne County provided \$6.65 million of parking tax revenue to support the State's Medicaid Adult Benefits Waiver (ABW) program, which is targeted at low-income individuals who are not otherwise eligible for the Medicaid program. There has been a dispute between Wayne County and the State on providing funding the last two years and a lower amount of funding has been provided to support the ABW of late.

Passage of the bill would mean this money would no longer be available to support the ABW. If Governor Snyder's proposal to expand Medicaid or if a different proposal to expand Medicaid coverage were enacted, then this would be a moot point. Medicaid expansion would be 100% federally funded through the end of calendar year 2016 and the ABW population would be eligible for Medicaid through the expansion, so no Restricted or GF/GP funding would be needed. If some form of expansion were not implemented, then there would be a shortfall in ABW funding, which could result in reducing the number of people covered or replacing the lost revenue with an equal amount of GF/GP support.

Local: As mentioned above, under current law the City of Romulus receives \$1.5 million annually after the first \$6.0 million in collections is deposited into the State Aeronautics Fund. Based on the average annual parking revenue collected of \$78.1 million and the lowering of the tax rate from 27% to 6%, the City of Romulus no longer would receive its annual payments of \$1.5 million and Wayne County no longer would receive the net remaining funds, as the total revenue received would average an estimated \$4.7 million per year. Since the statute requires the first \$6.0 million in revenue raised to be deposited into the Aeronautics Fund, there would be no remaining funds available to distribute to either the City of Romulus or Wayne County.

Fiscal Analyst: Steve Angelotti  
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.