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BILL ANALYSIS



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Senate Bill 1257 (Substitute S-1)
Sponsor: Senator Roger Kahn, M.D.
Committee: Appropriations

Date Completed: 9-11-12

CONTENT

The bill would amend the Airport Parking Tax Act, which was enacted by Public Act 248 of 1987 and created the Airport Parking Tax. The Act was written to apply only to airport parking facilities within five miles of Detroit Metropolitan Airport, located in Wayne County. The original tax rate, an excise tax on airport parking facilities, was 30%; it was reduced to 27% in 2003. The revenue from the tax is deposited in the Airport Parking Fund established in the Michigan Department of Treasury.

The statute directs that \$6.0 million of the revenue from the Fund be deposited in the State Aeronautics Fund to support safety and security projects at airports. An additional \$1.5 million is provided to the City of Romulus.

The remaining funding, roughly \$12.0 million to \$14.0 million per year, goes to Wayne County to support indigent health care.

There are two health care programs that have received part of their funding from Wayne County's Airport Parking Tax allotment: the Medicaid Adult Benefits Waiver (ABW) program and the Indigent Care Agreements (ICA) program.

The Medicaid ABW program provides limited, mostly ambulatory medical benefits to low-income individuals who are not otherwise eligible for Medicaid. The ICA program provides for a disproportionate share hospital (DSH) payment to hospitals to cover, directly or indirectly, the cost of services for low-income individuals not eligible for Medicaid or the Medicaid ABW program.

Total FY 2012-13 funding for the physical and mental health portions of the Medicaid ABW program is \$138.0 million, of which about one-third comes from State and local sources, with the rest of the funding being Federal Medicaid match. Total funding for the ICA program is \$95.7 million, again with one-third from State and local sources and the rest from Federal DSH payments.

The Department of Community Health (DCH) budget, for several years, has assumed that \$6,653,800 in Airport Parking Tax revenue would be provided by Wayne County to the State to pay part of the State and local share for services to Wayne County residents in the Medicaid ABW program. Until FY 2011-12, this money has been provided to the State.

The Snyder Administration has stated that there have been difficulties during FY 2011-12 getting Wayne County to provide this money to the State, although it appears that the

county may provide at least some of the funding to the State before the fiscal year ends. The Administration, as part of its FY 2012-13 budget proposal, assumed passage of legislation that would direct that \$6,653,800 in Airport Parking Tax revenue be deposited in the Medicaid Benefits Trust Fund (MBTF). The budget assumed that this new MBTF revenue would be used to support the Medicaid ABW program for individuals in Wayne County. The final FY 2012-13 DCH budget, as approved by the Legislature and signed by Governor Snyder, concurred with the assumed passage of such legislation.

Senate Bill 1257 (S-1) would allocate \$6,653,800 in Airport Parking Tax revenue to the Medicaid Benefits Trust Fund.

MCL 207.377a

FISCAL IMPACT

Senate Bill 1257 (S-1) reflects what was assumed in building the FY 2012-13 DCH budget: that \$6,653,800 in Airport Parking Tax revenue would be allocated directly to the State to support the Medicaid ABW program. In years prior to FY 2011-12, the State received this money from Wayne County. As long as Wayne County continued that policy there would be no significant fiscal impact; the money would go either through Wayne County to the State or to the State directly. If Wayne County chose not to provide the full \$6,653,800 in funding to support the Medicaid ABW program, then there would be a shortfall in funding for the ABW program, which would have to be made up for with an equivalent amount of GF/GP funds.

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