

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

**123.1356a Municipality that is tax increment finance authority; calculation of municipality's tax increment small taxpayer loss; duties of municipality; report.**

Sec. 16a.

(1) Not later than June 15, 2014 and June 15, 2015, each municipality that is a tax increment finance authority shall calculate and report to the department the municipality's tax increment small taxpayer loss for the current calendar year.

(2) Not later than June 15, 2016, and each June 15 thereafter, each municipality that is a tax increment finance authority shall do all of the following for each of its tax increment financing plans:

(a) Calculate separately for each category of property the captured value of all industrial personal property and commercial personal property in the municipality that is a tax increment finance authority in 2013 and add any increased captured value for the current year.

(b) For the 2016, 2017, 2018, 2019, and 2020 calendar years' calculations, from each amount calculated in subdivision (a), subtract the captured value of all industrial personal property and commercial personal property in the municipality that is a tax increment finance authority in the current year for that category of property and multiply the resulting amount by each individual millage rate calculated under section 13(5), to the extent the millage is subject to capture by that tax increment finance authority for that category of property. For the calendar year 2021 and subsequent years' calculations, from each amount calculated in subdivision (a), subtract the captured value of all industrial personal property and commercial personal property in the municipality that is a tax increment finance authority in the current year for that category of property and multiply the resulting amount by each individual millage rate calculated under section 13(4) and (5) and the state education tax levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, to the extent the millage is subject to capture by that tax increment finance authority for that category of property.

(c) Add all of the amounts calculated under subdivision (b). If the estimated amount of tax increment revenue for the current year for all property in the municipality that is a tax increment finance authority is negative, the sum of the subdivision (b) amounts calculated under this subdivision shall be reduced by that negative amount.

(d) For calendar year 2017 calculations only, adjust the amount calculated under subdivision (c) by the amount required to reflect changes in prior year taxable values that affect any prior year calculation under this section 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.

(e) For an obligation refinanced after 2012, estimate for the term of the obligation:

(i) The cumulative school district operating tax and state education tax that would have been captured to repay the obligation had the obligation not been refinanced.

(ii) The cumulative amount calculated under subdivision (c), as adjusted by subdivision (d), for school district operating tax and state education tax for the obligation had it not been refinanced.

(f) Once the amount included in subdivision (c), as adjusted by subdivision (d), for the current and prior years for school operating tax and state education tax for the refinanced obligation equals the amount estimated in subdivision (e)(ii), subtract from the amount calculated under subdivision (c), as adjusted by subdivision (d), the amount calculated under subdivision (c), as adjusted by subdivision (d), for school district operating tax and state education tax for the refinanced obligation.

(g) Once the amount of school district operating tax and state education tax captured for the current and prior years to pay the refinanced obligation equals the amount estimated under subdivision (e)(i), subtract from the amount calculated in subdivision (c), as adjusted by subdivision (d), the amount of school operating tax and state education tax captured to repay the refinanced obligation.

(3) Not later than June 15, 2016, and each June 15 thereafter, each municipality that is a tax increment finance authority shall report to the department the results of the calculations under subsection (2) for each tax increment financing plan.

**History:** 2014, Act 86, Eff. Aug. 22, 2014 ;-- Am. 2018, Act 247, Imd. Eff. June 28, 2018 ;-- Am. 2020, Act 197, 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.