

Local Community Stabilization Share Revenue School Debt Loss Distribution Calculation

Introduction

The Local Community Stabilization Authority Act (LCSA Act), 2014 Public Act 86, MCL 123.1341 to 123.1362, requires personal property tax distributions for all operating and debt millages, including personal property tax distribution to schools and intermediate school districts (ISDs) for school debt loss (MCL 123.1357(4)(a)(i)).

To calculate the personal property tax distribution for school debt loss, the LCSA Act requires the Michigan Department of Treasury (Treasury) to calculate the school debt loss for each school district and ISD by multiplying the school district's or ISD's eligible 2016 debt millage rate by the personal property exemption loss for that school district or ISD. In order to calculate the school debt loss, the LCSA Act requires school districts and ISDs to annually report, by August 15, the debt millage levied in that year for the payment of principal and interest of obligations approved by the voters before January 1, 2013 or obligations pledging the unlimited taxing power of the school district or ISD incurred before January 1, 2013 (MCL 123.1353(4)).

Therefore, Treasury has developed Form 5451 – Personal Property Exemption Loss 2016 Debt Millage Reimbursement Claim for School Districts & Intermediate School Districts (ISDs) for the reporting of the 2016 debt millage rate levied. Form 5451 requires the school district or ISD to report the combined debt millage levied in both July 2016 and December 2016. The millage rate will be used to calculate the personal property tax distribution for school debt loss.

Form 5451 replaces Form 5192 – Small Taxpayer Exemption Loss Reimbursement Claim for July 2015 Millage Used to Pay Debt and Form 5220 – Small Taxpayer Exemption Loss December 2015 Debt Millage Reimbursement Claim.

Calculation of Local Community Stabilization Share Revenue School Debt Loss Distribution

Each school district's or ISD's debt millage levied in 2016 will be used in the calculation of each municipality's Local Community Stabilization Share Revenue School Debt Loss in 2016 as follows:

School Debt Loss	
	Personal Property Exemption Loss (as reported by the county equalization director on the Personal Property Reimbursement Summary Reports)
*	2016 Debt Millage Rate Levied for Obligations Approved by the Voters before 2013 or Obligations Pledging the Unlimited Taxing Power Incurred before 2013 (as reported on Form 5451)
=	Local Community Stabilization Share Revenue School Debt Loss Distribution

Other Distribution Types to School Districts and ISDs

Note that local school districts also receive distributions for sinking fund and recreation millages. ISDs also receive distributions for all non-debt millages. These distributions for 2016 are based on the lowest of each millage rate levied in 2012 through 2015. No form is required to be filed. Distributions will also be provided for operating millages levied by "out-of-formula" school districts and for supplemental (hold-harmless) millages.