

Local Community Stabilization Share Revenue Essential Services 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. The LCSA Act provides that the personal property tax distribution for millage(s) used entirely or in part to fund essential services (i.e. police, fire, ambulance, or jails) is calculated separately from millage(s) used for other purposes.

To calculate the personal property tax distribution for essential services, the LCSA Act requires the Department of Treasury (Treasury) to calculate each municipality's percentage of general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012. However, the law allows the municipality to perform the calculation by including the calculation in its comprehensive annual financial report for the municipality's fiscal year ending in either 2014 or 2015, or by reporting the calculation in a manner prescribed by Treasury. Therefore, Treasury has developed Form 5448 – FYE 2012 Percentage of General Operating Millage Used to Fund Essential Services (see attached) to assist municipalities with reporting the calculation. The calculated percentage will be used to calculate each municipality's Local Community Stabilization Share Revenue Essential Services Distribution in 2016 and for all future years.

Calculation of Local Community Stabilization Share Revenue Essential Services Distribution

Each municipality's percentage of general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012 will be used in the calculation of each municipality's Local Community Stabilization Share Revenue Essential Services Distribution starting in 2016 as follows:

General Operating Millage Portion	
	Personal Property Exemption Loss (as reported by the county equalization director on the Personal Property Summary Reports)
–	Personal Property Exemption Loss for Renaissance Zone property (as calculated by Treasury)
+	Increased Value from Expired Tax Exemptions (as reported by assessors on 2016 Form 5403 and 2016 Form 5429)
–	Tax Increment Finance Authority Decline in Captured Value from Industrial and Commercial Personal Property (as reported on 2016 Form 5176 and 2016 Form 5176BR)
=	Subtotal
*	General Operating Millage (lesser of 2012, 2013, 2014, or 2015 millage rate)
*	FYE 2012 Percentage of General Operating Millage Used to Fund Essential Services (as reported by municipalities in its annual report or on Form 5448; or as calculated by Treasury)
=	General Operating Millage Portion

Restricted Operating Millage Portion	
	Personal Property Exemption Loss (as reported by the county equalization director on the Personal Property Summary Reports)
–	Personal Property Exemption Loss for Renaissance Zone property (as calculated by Treasury)
+	Increased Value from Expired Tax Exemptions (as reported by assessors on 2016 Form 5403 and 2016 Form 5429)
–	Tax Increment Finance Authority Decline in Captured Value from Industrial and Commercial Personal Property (as reported on 2016 Form 5176 and 2016 Form 5176BR)
=	Subtotal
*	Operating Millage(s) Restricted for Essential Services (lesser of 2012, 2013, 2014, or 2015 millage rate)
=	Restricted Operating Millage Portion

Calculation continues on page 2.

**Local Community Stabilization Share Revenue
Essential Services Distribution Calculation**

Calculation of Local Community Stabilization Share Revenue Essential Services Distribution (Continued)

Restricted Debt Millage Portion	
	Personal Property Exemption Loss (as reported by the county equalization director on the Personal Property Summary Reports)
+	Increased Value from Expired Tax Exemptions (as reported by assessors on 2016 Form 5403 and 2016 Form 5429)
-	Tax Increment Finance Authority Decline in Captured Value from Industrial and Commercial Personal Property (as reported on 2016 Form 5176 and 2016 Form 5176BR, only if debt millage is subject to capture)
=	Subtotal
*	Debt Millage(s) Restricted for Essential Services (lesser of 2012, 2013, 2014, or 2015 millage rate)
=	Restricted Debt Millage Portion
General Operating Millage Portion	
+	Restricted Operating Millage Portion
+	Restricted Debt Millage Portion
=	Local Community Stabilization Share Revenue Essential Services Distribution