

**Michigan
Airport Parking Tax
1988 - 2011**



**Evah Cole, Revenue Sharing Manager
Office of Revenue and Tax Analysis
Michigan Department of Treasury
May 2013**

Airport Parking Tax Contents

Overview

Executive Summary

Tables

1. Airport Parking Tax, Sources and Uses, January 1, 1988 to March 30, 2003
2. Airport Parking Tax, Sources and Uses, Effective March 31, 2003
3. Airport Parking Tax, Distributions

Airport Parking Tax Overview

History

1. 1987 Public Act 248, MCL 207.371 to 207.383, signed December 28, 1987, (taxes effective January 1, 1988) established the Airport Parking Tax.
 - a. This Act was passed as part of a group of bills to provide financial assistance to Wayne County during a period that the county was suffering from massive budget problems. The Act imposed an excise tax for the privilege of parking at a regional airport which services 4,000,000 or more enplanements annually. Detroit Metropolitan Airport is the only airport meeting these criteria.
2. 2002 Public Act 680, signed on December 25, 2002, and effective March 31, 2003, amended the Act and changed the following:
 - a. Changed the excise tax rate from 30% to 27%.
 - b. Changed fund distributions.
 - c. Repealed the Airport Parking Tax Act, 1987 Public Act 248, effective on the date that all bonds described in section 7a(1)(a) of 1987 Public Act 248 (MCL 207.377a), are retired or on December 31, 2007, whichever is later.

Bonds

Bonds described in 1987 Public Act 248 section 7a(1)(a) are bonds issued on or before December 31, 2007, by the State Transportation Commission under section 18b of 1951 Public Act 51, MCL 247.668b, to provide the matching funds by Michigan for federal funds to be used for safety and security at state airports. These bonds are projected to be retired in May 2031.

Revenues

1. Airport parking tax of 30% of parking fee through December 31, 2002. However, since 2002 Public Act 680 did not receive immediate effect, the rate remained in effect until March 31, 2003.
2. Airport parking tax of 27% of parking fee starting March 31, 2003. Since 2002 Public Act 680 changed the rate as of January 1, 2003, the reduced rate was retroactive to January 1, 2003. Taxpayers were given the option to refund the additional 3% collected during January 1, 2003 – March 30, 2003 to their customers. After refunding the additional tax to their customers, the taxpayer could then take a credit for the refund on their next Airport Parking Tax return.

Distributions - Prior to 2002 Public Act 680 Amendments (January 1988 – March 2003)

1. Monthly to Wayne County – 100% of the tax collected from the “on premises” airport parking facilities located within the boundaries of Detroit Airport, and 80% of the “off premises” parking tax collected.
2. Monthly to the City of Romulus, 20% of the “off premises” tax collected.

Distributions - After 2002 Public Act 680 Amendments - Effective March 31, 2003

Distributions are made from the fund in the following order of priority:

1. Monthly distributions to the State Aeronautics Fund until a total of \$6,000,000 per state fiscal year has been distributed. The money is to be used exclusively for safety and security projects at state airports, including reimbursement to the Comprehensive Transportation Fund for bonding to provide matching funds for federal funds to be used for safety and security at state airports.
2. After the Aeronautics Fund has received \$6,000,000 in a fiscal year, then the monthly distributions are made to each city within which a regional airport facility is wholly located, in an amount that equals a total of \$1,500,000 per calendar year, divided by the total number of cities within which a regional airport facility is wholly located. The distribution is deposited in the general fund of the city.
3. Any remaining amount is distributed to each qualified county in an amount equal to the total amount remaining in the fund, multiplied by a fraction, the numerator of which is the population of that qualified county during the immediate preceding year and the denominator of which is the total population of all qualified counties during the immediate preceding year. The distribution shall be deposited in the general fund of the county to be used only for indigent health care.

Sunset

This Act will sunset on the date that all bonds (described in section 7a(1)(a) of 1987 Public Act 248) are retired, or on December 31, 2007, whichever is later.

These bonds are projected to be retired in May 2031.

Airport Parking Tax Executive Summary

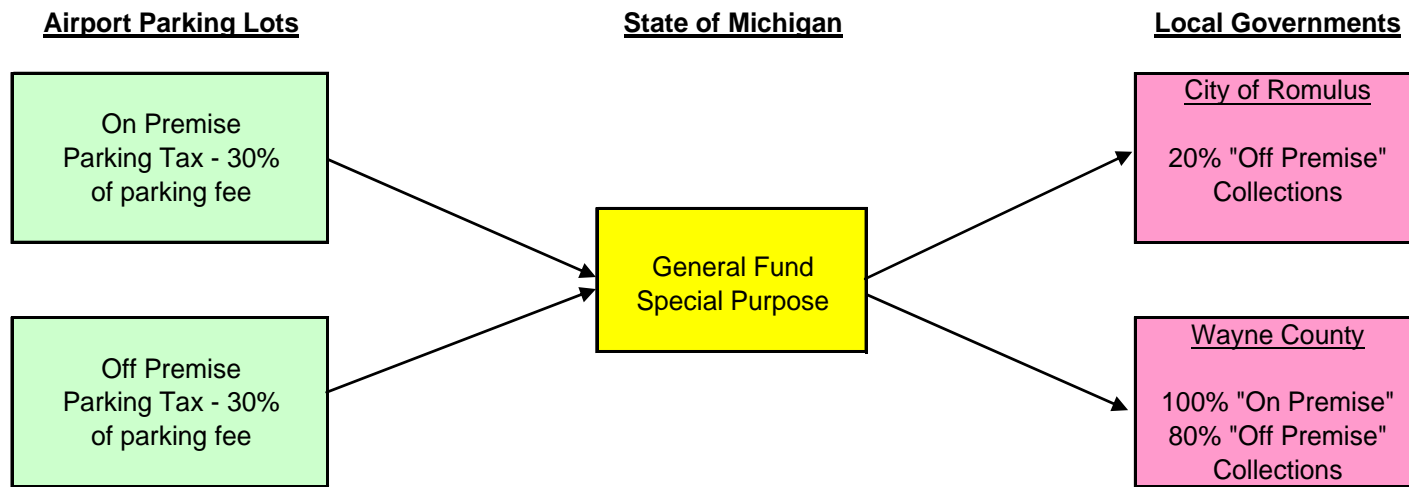
In 1987, the Michigan Legislature passed the Airport Parking Tax Act. The bill was part of a package of bills to provide financial assistance to Wayne County, which at the time was experiencing extreme financial difficulties. The State assistance package included an emergency loan to the County, granting the County additional authority to issue bonds; dedicating a portion of the cigarette tax to repay the principal on the emergency loan and repay bonds issued, and the Fiscal Stabilization Act. The airport parking tax, included as part of the package, states that the proceeds could be used to service bonds but it was not a requirement.

A bill to repeal the airport parking tax was narrowly defeated in the House of Representatives in October 2001. Some individuals believed that after 14 years, the tax had served its purpose. Some of the debt that was taken on as part of the financial assistance package had been retired.

In 2002, the Michigan Legislature passed Public Act 680, which amended the Airport Parking Tax Act (1987 Public Act 248). The amendments changed the rate of the airport parking tax from 30% to 27% of parking fees, and changed how the money was to be distributed from the fund. The first \$6,000,000 collected by the fund (per fiscal year) is to be distributed to the State Aeronautics Fund. The State Aeronautics Fund is to use the money for safety and security projects at state airports, to provide matching funds for federal funds for safety and security at state airports, and for reimbursement to the Comprehensive Transportation Fund of amounts used to pay principal and interest on bonds issued on or before December 31, 2007. The City of Romulus receives \$1,500,000 per calendar year to be deposited into their general fund. Any remaining funds collected during the fiscal year are distributed to Wayne County to be used only for indigent health care.

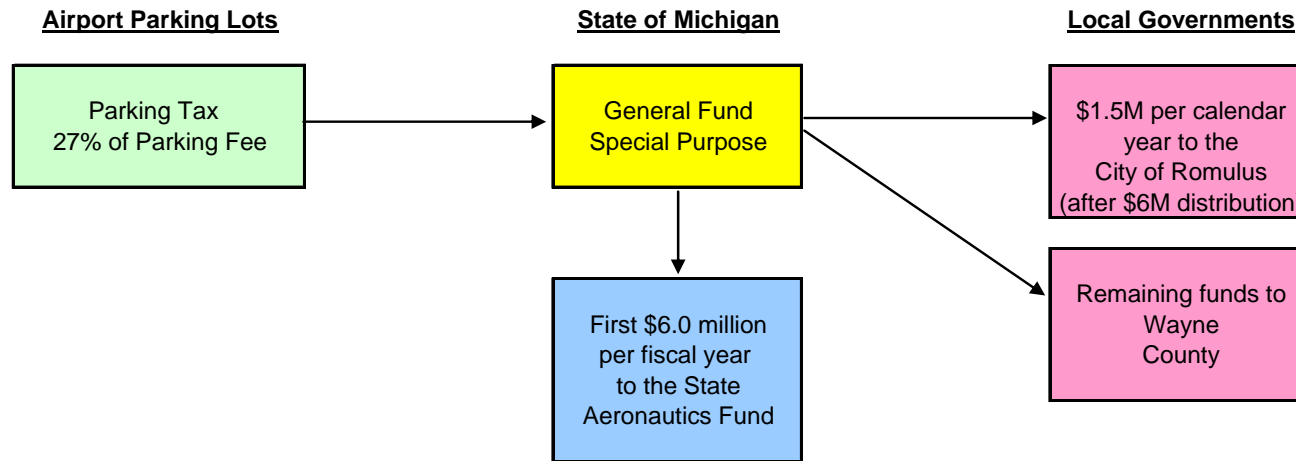
The tax is collected by the parking vendors and remitted to the Michigan Department of Treasury. The Department then makes payments according to the Act (see tables 1 and 2).

Table 1
Airport Parking Tax
Sources and Uses
January 1, 1988 to March 30, 2003



4

Table 2
Airport Parking Tax
Sources and Uses
Effective March 31, 2003



**Table 3
Airport Parking Tax
Distributions**

<u>Fiscal Year</u>	<u>Total Distributions</u>	<u>Aeronautics Fund</u>	<u>City of Romulus</u>	<u>Wayne County</u>
1988	\$5,168,000		\$0	\$5,168,000
1989	\$7,440,000		346,359	7,093,641
1990	\$7,379,000		532,750	6,846,250
1991	\$7,026,000		484,711	6,541,289
1992	\$7,833,000		566,257	7,266,743
1993	\$8,595,000		568,954	8,026,046
1994	\$8,382,000		669,601	7,712,399
1995	\$10,817,005		862,605	9,954,400
1996	\$11,880,809		884,301	10,996,507
1997	\$12,658,433		924,768	11,733,664
1998	\$13,748,541		1,005,121	12,743,420
1999	\$14,676,839		1,059,825	13,617,014
2000	\$16,774,530		1,248,667	15,525,863
2001	\$17,521,750		1,299,746	16,222,004
2002	\$14,117,938		1,086,745	13,031,194
2003	\$14,359,024	6,000,000	1,669,036	6,689,988
2004	\$14,727,758	6,000,000	1,500,000	7,227,758
2005	\$17,670,273	6,000,000	1,500,000	10,170,273
2006	\$20,196,145	6,000,000	1,500,000	12,696,145
2007	\$21,366,308	6,000,000	1,500,000	13,866,308
2008	\$22,775,662	6,000,000	1,500,000	15,275,662
2009	\$20,052,504	6,000,000	1,500,000	12,552,504
2010	\$19,590,612	6,000,000	1,500,000	12,090,612
2011	\$20,185,300	6,000,000	1,500,000	12,685,300
Total	<u>\$334,942,432</u>	<u>\$54,000,000</u>	<u>\$25,209,446</u>	<u>\$255,732,986</u>

Note: Amounts may not add to totals due to rounding.

Prepared By: Office of Revenue and Tax Analysis, Michigan Department of Treasury