

MEMORANDUM



DATE: February 28, 2018
TO: Interested Parties
FROM: Jim Stansell, Senior Economist
RE: Comparison of the Distribution of Tier 3 Personal Property Tax Reimbursements Under Current Law and the Administration's Proposal

Under current law, any revenue remaining after the distribution of Tier 1 payments (qualified losses guaranteed at 100%) and Tier 2 payments (qualified losses guaranteed up to 100%) is distributed as Tier 3 payments to the recipients of Tier 2 payments in proportion to each recipient's share of total Tier 2 payments. The Administration has proposed an alternative distribution, and the following pages provide detail for each community college, county, city, village, and township under current law as relative to the Administration's proposal. These comparisons are based on actual TY 2017 reimbursements under current law, and are not a projection of the distribution that might occur when TY 2018 payments are made in November 2018 and February 2019.

The Administration's proposal would distribute any available Tier 3 funding in the following manner:

- The first \$15 million would be allocated to fire protection grants
- Of any remaining funding, cities would receive 48%, villages would receive 2%, townships would receive 5%, counties would receive 30%, and community colleges would receive 15%
- Authorities and libraries would not receive any payments
- The distribution to individual community colleges would be allocated based on each community college's share of total base appropriations to community colleges
- The distribution to counties, cities, villages, and townships would be on a per capita basis within each type of local unit

The following table shows the TY 2017 Tier 3 funding as it was actually distributed as compared to what the distribution would have been under the Administration's proposal, in millions:

	Current Law	Administration Proposal	Dollar Change
Fire Protection Grants	\$0.0	\$15.0	\$15.0
Authorities	6.0	0.0	(6.0)
Libraries	7.3	0.0	(7.3)
Community Colleges	24.2	21.3	(2.9)
Counties	42.0	42.6	0.6
Cities	67.0	68.2	1.2
Townships	7.5	7.1	(0.4)
Villages	3.1	2.8	(0.3)
Total	\$157.1	\$157.1	\$0.0

If you have any questions, please contact me.

Comparison of TY 2017 Tier 3 PPT Revenue Versus the Administration Proposal (Community Colleges)

<u>County Name</u>	<u>Community College Name</u>	<u>FY 2017-18 Base Appropriation</u>	<u>TY2017 Tier 3 Distribution</u>	<u>Administration Proposal</u>	<u>Dollar Change</u>
Alpena	Alpena	\$5,627,500.00	\$74,155.11	\$375,968.89	\$301,813.78
Delta	Bay de Noc	\$5,589,000.00	\$616,732.24	\$373,396.73	(\$243,335.51)
Bay	Delta	\$14,990,700.00	\$6,260,662.60	\$1,001,516.98	(\$5,259,145.62)
St. Joseph	Glen Oaks	\$2,601,400.00	\$713,075.30	\$173,797.51	(\$539,277.79)
Gogebic	Gogebic	\$4,715,400.00	\$0.00	\$315,032.20	\$315,032.20
Kent	Grand Rapids	\$18,556,800.00	\$1,309,291.52	\$1,239,765.34	(\$69,526.18)
Wayne	Henry Ford	\$22,299,200.00	\$2,018,989.13	\$1,489,792.17	(\$529,196.96)
Jackson	Jackson	\$12,590,100.00	\$224,711.69	\$841,134.76	\$616,423.07
Kalamazoo	Kalamazoo Valley	\$12,948,700.00	\$1,422,583.65	\$865,092.55	(\$557,491.10)
Calhoun	Kellogg	\$10,143,600.00	\$1,948,097.59	\$677,686.01	(\$1,270,411.58)
Crawford	Kirtland	\$3,289,400.00	\$162,305.80	\$219,762.25	\$57,456.45
Berrien	Lake Michigan	\$5,523,600.00	\$3,120.90	\$369,027.41	\$365,906.51
Ingham	Lansing	\$32,324,200.00	\$455,176.60	\$2,159,554.60	\$1,704,378.00
Macomb	Macomb	\$33,863,600.00	\$2,264,420.63	\$2,262,400.71	(\$2,019.92)
Clare	Mid Michigan	\$4,968,900.00	\$0.00	\$331,968.33	\$331,968.33
Monroe	Monroe County	\$4,665,500.00	\$485,479.65	\$311,698.42	(\$173,781.23)
Montcalm	Montcalm	\$3,446,300.00	\$0.00	\$230,244.62	\$230,244.62
Genesee	Mott	\$16,258,100.00	\$394,703.96	\$1,086,190.98	\$691,487.02
Muskegon	Muskegon	\$9,203,000.00	\$523,141.03	\$614,845.25	\$91,704.22
Emmet	North Central	\$3,353,200.00	\$51,863.47	\$224,024.68	\$172,161.21
Grand Traverse	Northwestern	\$9,508,900.00	\$139,361.04	\$635,282.19	\$495,921.15
Oakland	Oakland	\$21,905,700.00	\$1,276,664.41	\$1,463,502.74	\$186,838.33
Wayne	Schoolcraft	\$12,991,300.00	\$939,222.31	\$867,938.62	(\$71,283.69)
Cass	Southwestern	\$6,860,700.00	\$94,551.24	\$458,358.02	\$363,806.78
St. Clair	St. Clair	\$7,300,100.00	\$348,956.74	\$487,713.99	\$138,757.25
Washtenaw	Washtenaw	\$13,631,400.00	\$452,328.20	\$910,703.21	\$458,375.01
Wayne	Wayne County	\$17,338,300.00	\$1,409,432.27	\$1,158,358.30	(\$251,073.97)
Manistee	West Shore	\$2,556,300.00	\$633,672.92	\$170,784.41	(\$462,888.51)
Totals		\$319,050,900.00	\$24,222,700.00	\$21,315,541.86	(\$2,907,158.14)