

Act No. 72  
Public Acts of 1991  
Approved by the Governor  
July 11, 1991  
Filed with the Secretary of State  
July 11, 1991

**STATE OF MICHIGAN  
86TH LEGISLATURE  
REGULAR SESSION OF 1991**

Introduced by Senator Gast

# **ENROLLED SENATE BILL No. 326**

AN ACT to amend sections 219, 352, 355, and 362 of Act No. 431 of the Public Acts of 1984, entitled as amended "An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts," section 219 as amended by Act No. 332 of the Public Acts of 1990, section 352 as amended and section 362 as added by Act No. 29 of the Public Acts of 1991, and section 355 as amended by Act No. 504 of the Public Acts of 1988, being sections 18.1219, 18.1352, 18.1355, and 18.1362 of the Michigan Compiled Laws; to add sections 367a, 367b, 367c, 367d, 367e, 367f, and 442; and to repeal certain parts of the act.

*The People of the State of Michigan enact:*

Section 1. Sections 219, 352, 355, and 362 of Act No. 431 of the Public Acts of 1984, section 219 as amended by Act No. 332 of the Public Acts of 1990, section 352 as amended and section 362 as added by Act No. 29 of the Public Acts of 1991, and section 355 as amended by Act No. 504 of the Public Acts of 1988, being sections 18.1219, 18.1352, 18.1355, and 18.1362 of the Michigan Compiled Laws, are amended and sections 367a, 367b, 367c, 367d, 367e, 367f, and 442 are added to read as follows:

Sec. 219. (1) The department may issue directives for the management, operation, maintenance, and repair of facilities. The director may determine space utilization standards and may assign space within the facilities. The department shall manage and operate state owned facilities under the jurisdiction of the department.

(2) The department shall not assign space in buildings and premises designated as part of the Michigan capitol park and under the exclusive jurisdiction of the Michigan capitol park commission, pursuant to section 298b, and shall not assign space in buildings under the jurisdiction of the legislature or the Michigan capitol committee created under chapter 7 of the legislative council act, Act No. 268 of the Public Acts of 1986, being sections 4.1701 to 4.1702 of the Michigan Compiled Laws, unless the Michigan capitol park commission, the legislature, or the Michigan capitol committee request the department to assign such space.

(3) The legislative council shall manage and operate the Michigan library and historical center.

(4) The Michigan capitol committee shall manage and operate the capitol building and grounds. The senate shall manage and operate the Farnum building and grounds. The house of representatives shall manage and operate the Roosevelt building and grounds. This subsection shall take effect October 1, 1991.

(5) Effective October 1, 1991, the current labor and trades and safety and regulatory classifications performing duties in the capitol building and on the capitol grounds shall no longer be maintained.

Sec. 352. (1) When the annual growth rate is more than 2%, the percentage excess over 2% shall be multiplied by the total state general fund-general purpose revenue for the fiscal year ending in the current calendar year to determine the amount to be transferred to the fund from the state general fund in the fiscal year beginning in the current calendar year.

(2) When the annual growth rate is less than 0%, the percentage deficiency under 0% shall be multiplied by the total state general fund-general purpose revenue for the fiscal year ending in the current calendar year to determine the eligible amount to be transferred to the state general fund from the fund in the current fiscal year. When the formula calls for a larger transfer from the fund than is necessary to balance the current fiscal year state general fund-general purpose budget, the excess shall remain in the fund.

Sec. 355. (1) The transfer into or out of the fund as provided in section 352 for each fiscal year beginning after September 30, 1978, may be adjusted in light of revision in the annual growth rate for the calendar year upon which that transfer was made. The adjustment, if made, shall be directly proportional to an increase or decrease in the annual growth rate, but the adjustment shall not be in excess of 1% multiplied by the total general fund-general purpose revenue of the fiscal year upon which the transfer was based. The basis for an adjustment shall be a change in the personal income level for that calendar year as determined by the bureau of economic analysis of the United States department of commerce in the last report it makes before April 30 of the fiscal year in which that calendar year ended. The adjustment, if made, shall be effective on June 1 of the fiscal year in which the transfer is made.

(2) An appropriation from the fund as provided in section 353 may be adjusted for a change in the unemployment rate statistics for the 4 quarters immediately preceding the quarter in which the appropriation is to be made, as long as an adjustment has not already been made in an appropriation from the fund because of a prior change in the unemployment rate statistics for 1 or more of those 4 quarters. A change in the unemployment rate statistics shall not be made until that change is certified by the director of the Michigan employment security commission.

(3) An adjustment made pursuant to subsection (2) shall not be made unless the change in the unemployment rate statistics would have provided for a different percent of the fund to be appropriated under section 353. If the adjustment creates a state general fund liability, that liability shall be offset against future appropriations which would have been made under section 353.

(4) For the fiscal year ending September 30, 1991 only, the mid-year adjustment to be used to calculate the amount to be transferred from the fund to the general fund pursuant to section 352(2) shall be based on the following estimates:

	<u>Dollars in Millions</u>	
	<u>1990</u>	<u>1991</u>
Michigan personal income .....	\$ 170,534	\$ 175,484
Less: Transfer payments .....	(26,866)	(28,932)
Subtotal .....	\$ 143,668	\$ 146,552
Divided by: Detroit C.P.I. for 12 months ending June 30 (1982=1.00) .....	1.253	1.317
Equals: Real adjusted Michigan personal income .....	\$ 114,659	\$ 111,277
Percentage decrease .....		(2.95)%
Multiplied by: Estimated GF/GP revenue in FY 1990-91 .....		7,120
Equals: Transfer from countercyclical budget and economic stabilization fund for the fiscal year ending September 30, 1991 .....		\$ 210

(5) In accordance with the economic stabilization transfer allowed under section 353(1) there is appropriated from the fund for the fiscal year ending September 30, 1991 the sum of \$20,000,000.00 determined as follows:

<u>Calendar Quarter Beginning</u>	<u>Fund Balance as of First Day of Calendar Quarter</u>	<u>Maximum Allowable Withdrawal</u>	<u>Maximum Dollar Amount of Withdrawal</u>
4/1/91	\$400,000,000	2.5% of the fund balance as of first day of quarter	\$10,000,000
7/1/91	\$398,000,000	2.5% of the fund balance as of first day of quarter	\$10,000,000

(6) The total transfer from the fund to the general fund for the fiscal year ending September 30, 1991 pursuant to subsections (4) and (5) shall be \$230,000,000.00.

Sec. 362. (1) Beginning with the fiscal year beginning October 1, 1991, the amounts distributed by the department of treasury for refundable income tax credits established by law shall be appropriated as expenditures, rather than revenue reductions. For purposes of this section, refundable income tax credits include property tax and renter credits, prescription drug credits, home heating credits, and any other credits which are not limited to the tax liability of the taxpayer receiving the credit. Expenditures for such credits shall be recognized as expenditures in the year in which the final returns claiming the credits are filed.

(2) To implement this section, the director shall request an appropriation with funding provided by restricting income tax revenue in an amount sufficient to cover the expenditures to be recorded. For those persons who receive payments and who either have no income tax liability or have refundable credits that exceed their income tax liability before withholding, funding shall be from revenues recognized in the fiscal year the credits are paid. For persons receiving payments whose credits are less than their income tax liability before withholding, funding shall be provided by reserving revenues recognized from those individuals proportionately over the year.

Sec. 367a. As used in this section and sections 367b to 367f:

(a) "Conference" means the revenue estimating conference established by this act.

(b) "Principal" means a person designated in section 367b to be a principal of the conference.

Sec. 367b. (1) A revenue estimating conference shall be held in the second week of January and in the last week in May of each year, and as otherwise provided in this act.

(2) The principals of the conference shall be the director of the department of management and budget, the director of the senate fiscal agency, and the director of the house fiscal agency, or their respective designees.

(3) The conference shall establish an official economic forecast of major variables of the national and state economies. The conference shall also establish a forecast of anticipated state revenues as the conference determines including the following:

(a) State income tax collections.

(b) State sales tax collections.

(c) Single business tax collections.

(d) Total general fund/general purpose revenues.

(e) Lottery transfers to the school aid fund.

(f) Total school aid fund revenues.

(4) The conference's official forecast of economic and revenue variables shall be determined by consensus among the principals.

(5) The forecasts required by this section shall be for the fiscal year in which the conference is being held and the ensuing fiscal year.

(6) The official conference forecast shall be based upon the assumption that the current law and current administrative procedures will remain in effect for the forecast period.

Sec. 367c. The conference may request and shall receive from all public officers, departments, agencies, and authorities of the state the assistance and data needed to enable it to fulfill its duties.

Sec. 367d. (1) The procedures of the conference shall be decided by the principals, except that any final action establishing an official forecast shall be taken only with the unanimous decision of all of the principals, and a conference shall complete its work within a period of not more than 5 days unless extended by consensus of the principals.

(2) All sessions and meetings of a conference shall be open to the public.

(3) A principal may invite persons to make a presentation or offer testimony to the conference.

(4) A principal shall preside over conference sessions, convene conference sessions, and specify topics to be included on the conference agenda. The responsibility of presiding over sessions of the conference shall be rotated annually among the principals. The principals shall elect the initial chairperson and thereafter the position of chairperson shall rotate among the principals each year.

(5) The chairperson presiding over a conference is also responsible for setting the conference date and preparing and distributing the necessary workpapers before the conference. The workpapers shall include comparisons between alternative information where a comparison is warranted.

Sec. 367e. The conference shall publish the economic and revenue forecasts established by the conference.

Sec. 367f. Upon the written request of a principal, a conference shall be convened by the director.

Sec. 442. Funds appropriated to an entity within the legislative branch of state government shall be expended or be transferred to another account only with the written approval of the authorized agent of the legislative entity. When the authorized agent of the legislative entity notifies the department of its approval of an expenditure or transfer within the existing level of appropriations, the department shall immediately make the expenditure or transfer. The authorized legislative entity agents shall be designated by the speaker of the house for house entities, the senate majority leader for senate entities, and the legislative council for library of Michigan and legislative council entities.

Section 2. Sections 367a to 367g of the management and budget act, Act No. 431 of the Public Acts of 1984, as added by Act No. 29 of the Public Acts of 1991, being sections 18.1367a to 18.1367g of the Michigan Compiled Laws, are repealed.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.