

# SENATE BILL No. 510

September 24, 1991, Introduced by Senator POSTHUMUS and referred to the Committee on Appropriations.

A bill to amend section 481 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as amended by Act No. 88 of the Public Acts of 1987, being section 206.481 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 481 of Act No. 281 of the Public Acts of  
2 1967, as amended by Act No. 88 of the Public Acts of 1987, being  
3 section 206.481 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 481. (1) Beginning January 1, 1974, the state disburs-  
6 ing authority shall remit to cities, villages, townships, and  
7 counties in accordance with the state revenue sharing act of  
8 1971, Act No. 140 of the Public Acts of 1971, as amended, being  
9 sections 141.901 to 141.921 of the Michigan Compiled Laws, a

1 portion of an amount measured by 6.91% of the gross collections  
2 before refunds. An appropriation for each distribution is hereby  
3 made from like taxes collected during the quarter in which the  
4 distribution is required to be made.

5 ~~(2) Beginning July 1, 1979:~~

6 ~~(a) Thirty-five percent of the amount determined by subsec-~~  
7 ~~tion (1) shall be distributed to counties in accordance with Act~~  
8 ~~No. 140 of the Public Acts of 1971, as amended.~~

9 ~~(b) Sixty-five percent of the amount determined by subsec-~~  
10 ~~tion (1) shall be distributed to cities, villages, and townships~~  
11 ~~in accordance with Act No. 140 of the Public Acts of 1971, as~~  
12 ~~amended.~~

13 (2) ~~(3)~~ Beginning July 1, 1987:

14 (a) Thirty-four point sixty-five percent of the amount  
15 determined by subsection (1) shall be distributed to counties in  
16 accordance with Act No. 140 of the Public Acts of 1971. HOWEVER,  
17 FOR THE 1991-1992 STATE FISCAL YEAR, THE AMOUNT DETERMINED UNDER  
18 THIS SUBDIVISION SHALL BE REDUCED BY \$4,988,000.00 BEFORE THE  
19 DISTRIBUTION UNDER THIS SUBDIVISION IS MADE.

20 (b) Sixty-five point thirty-five percent of the amount  
21 determined by subsection (1) shall be distributed to cities, vil-  
22 lages, and townships in accordance with Act No. 140 of the Public  
23 Acts of 1971. HOWEVER, FOR THE 1991-1992 STATE FISCAL YEAR, THE  
24 AMOUNT DETERMINED UNDER THIS SUBDIVISION SHALL BE REDUCED BY  
25 \$7,462,000.00 BEFORE THE DISTRIBUTION UNDER THIS SUBDIVISION IS  
26 MADE.

1       (3) ~~(4)~~ If it is determined that the federal government  
2 shall pay any of the costs for public welfare grants in respect  
3 to general relief that are appropriated by the legislature under  
4 section 18 of the social welfare act, Act No. 280 of the Public  
5 Acts of 1939, as amended, being section 400.18 of the Michigan  
6 Compiled Laws, the percentage of the amount determined by subsec-  
7 tion (1) to be distributed to counties in any year in accordance  
8 with subsections (2)(a) ~~,~~ AND (3)(a) ~~,~~ ~~(4)(a), (5)(a), (6)(a),~~  
9 ~~and (7)(a)~~ shall be computed as follows commencing with July 1  
10 after the date federal assumption of costs takes place:

11       (a) Subtract the percentage designated for counties in that  
12 year from 50%.

13       (b) Multiply the difference obtained in subdivision (a) by  
14 the percentage obtained by dividing the amount of federal pay-  
15 ments by the state appropriation for that year for general  
16 relief.

17       (c) Add the product obtained in subdivision (b) to the per-  
18 centage designated for distribution to counties in that year.

19       (d) The difference between the amount that would be distrib-  
20 uted using the percentage obtained in subdivision (c) and the  
21 amount to be distributed to counties from the income tax in any  
22 year shall be appropriated from the general fund and paid to  
23 counties with the August payment of the following year as pro-  
24 vided under section 11 of Act No. 140 of the Public Acts of 1971,  
25 being section 141.911 of the Michigan Compiled Laws.

26       (4) ~~(5)~~ Any overpayments, underpayments, or errors may be  
27 adjusted on the subsequent payment date.

1       ~~(6) Except as otherwise provided in this subsection, the~~  
2 ~~revenue received from the rate imposed by section 51(1)(d)(ii)~~  
3 ~~shall be credited to the state accounting and fiscal responsibil-~~  
4 ~~ity account in the general fund and shall be subject to the con-~~  
5 ~~ditions for transfer and appropriation of money in that account~~  
6 ~~as provided in section 495 of the management and budget act, Act~~  
7 ~~No. 431 of the Public Acts of 1984, being section 18.1495 of the~~  
8 ~~Michigan Compiled Laws. A transfer pursuant to this subsection~~  
9 ~~shall not result in a total appropriation to the counter-cyclical~~  
10 ~~budget and economic stabilization fund in excess of the amount~~  
11 ~~required by the formula contained in sections 352 and 355 of Act~~  
12 ~~No. 431 of the Public Acts of 1984, being sections 18.1352 and~~  
13 ~~18.1355 of the Michigan Compiled Laws.~~

14       (5) ~~(7)~~ The balance in the general fund shall be disbursed  
15 only on appropriation of the legislature.

16       (6) ~~(8)~~ As used in this section, "average income tax col-  
17 lection rate" means a rate ~~which~~ THAT shall be certified by the  
18 state treasurer for each quarter immediately preceding the quar-  
19 ter in which collections under this act are to be remitted under  
20 ~~the state revenue sharing act of 1971,~~ Act No. 140 of the  
21 Public Acts of 1971, as the average rate upon which the gross  
22 collections before refunds for the respective quarter are based.  
23 This certification shall account for any differences between  
24 gross collections before refunds based upon the income tax rate  
25 levied in section 51 in effect during a quarter and gross collec-  
26 tions before refunds based upon both the rate upon which  
27 withholdings and estimated tax payments are made during that

1 quarter under sections 301 and 351 and the rate upon which annual  
2 returns are submitted during that quarter.

3       (7) ~~—(9)—~~ From the amount determined by subsection (1) to be  
4 distributed to cities, villages, and townships pursuant to Act  
5 No. 140 of the Public Acts of 1971 during August of 1983 and each  
6 year after 1983, \$27,400,000.00 of this distribution shall be  
7 advanced for payment in, and remitted in, the June immediately  
8 preceding the August in which the amount would otherwise have  
9 been distributed. A distribution in June pursuant to this sub-  
10 section shall be pursuant to Act No. 140 of the Public Acts of  
11 1971.

12       Section 2. This amendatory act shall not take effect unless  
13 all of the following bills of the 86th Legislature are enacted  
14 into law:

15       (a) Senate Bill No. 509.

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17       (b) Senate Bill No. 511.

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