



SENATE BILL No. 320

February 22, 1995, Introduced by Senators DEGROW, GAST, SCHWARZ, BOUCHARD, MCMANUS, GOUGEON, NORTH, STILLE, KOIVISTO, CONROY, BYRUM and EMMONS and referred to the Committee on Appropriations.

A bill to amend sections 351, 352, 356, and 357 of Act No. 431 of the Public Acts of 1984, entitled as amended "The management and budget act," section 352 as amended by Act No. 72 of the Public Acts of 1991, being sections 18.1351, 18.1352, 18.1356, and 18.1357 of the Michigan Compiled Laws; and to add section 352a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 351, 352, 356, and 357 of Act No. 431
2 of the Public Acts of 1984, section 352 as amended by Act No. 72
3 of the Public Acts of 1991, being sections 18.1351, 18.1352,
4 18.1356, and 18.1357 of the Michigan Compiled Laws, are amended
5 and section 352a is added to read as follows:

6 Sec. 351. (1) A countercyclical budget and economic
7 stabilization fund is created to assist in stabilizing revenue

1 and employment during periods of economic recession and high
2 unemployment.

3 (2) A SEPARATE STATE SCHOOL AID RESERVE ACCOUNT IS CREATED
4 WITHIN THE FUND TO BE USED TO SUPPORT SHORTFALLS OCCURRING IN
5 FISCAL YEARS AFTER THE FISCAL YEAR ENDING SEPTEMBER 30, 1995 IN
6 THE STATE SCHOOL AID FUND CREATED IN SECTION 11 OF ARTICLE IX OF
7 THE STATE CONSTITUTION OF 1963, OR FOR OTHER PURPOSES RELATED TO
8 K-12 EDUCATION, AS DETERMINED BY THE LEGISLATURE. THE AMOUNT OF
9 THE FUND TO BE ALLOCATED TO THE STATE SCHOOL AID RESERVE ACCOUNT
10 FOR A PARTICULAR FISCAL YEAR SHALL BE CALCULATED EACH FISCAL YEAR
11 AS PROVIDED IN SECTION 352A.

12 (3) ~~(2)~~ As used in this section and sections 352 to 359,
13 "fund" means the countercyclical budget and economic stabiliza-
14 tion fund.

15 (4) ~~(3)~~ As used in section 352, "current calendar year"
16 means the year that ends December 31 in which the determination
17 of the transfer into or out of the fund is being made.

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

24 (2) When the annual growth rate is less than 0%, the percen-
25 tage deficiency under 0% shall be multiplied by the total state
26 general fund-general purpose revenue for the fiscal year ending
27 in the current calendar year to determine the eligible amount to

1 be transferred to the state general fund from the fund in the
2 current fiscal year. HOWEVER, THE AMOUNT IN THE STATE SCHOOL AID
3 RESERVE ACCOUNT CREATED UNDER SECTION 351(2) SHALL NOT BE USED TO
4 ASSIST IN FUNDING THE AMOUNT TO BE TRANSFERRED FROM THE FUND
5 UNDER THIS SUBSECTION. When the formula calls for a larger trans-
6 fer from the fund than is necessary to balance the current fiscal
7 year state general fund-general purpose budget, the excess shall
8 remain in the fund.

9 SEC. 352A. (1) BEGINNING IN THE 1994-95 FISCAL YEAR, THE
10 AMOUNT OF FUND MONEY TO BE ALLOCATED TO THE STATE SCHOOL AID
11 RESERVE ACCOUNT CREATED UNDER SECTION 351(2) FOR THE PARTICULAR
12 FISCAL YEAR SHALL BE CALCULATED EACH FISCAL YEAR AS PROVIDED IN
13 SUBSECTION (2), AND THE AMOUNT CALCULATED UNDER SUBSECTION (2)
14 SHALL BE DEPOSITED, NOT LATER THAN THE FINAL BOOK CLOSING FOR THE
15 IMMEDIATELY PRECEDING FISCAL YEAR OR AS SOON THEREAFTER AS POSSI-
16 BLE, IN THE STATE SCHOOL AID RESERVE ACCOUNT. UNTIL THIS AMOUNT
17 TO BE ALLOCATED TO THE STATE SCHOOL AID RESERVE ACCOUNT FOR A
18 PARTICULAR FISCAL YEAR IS CALCULATED FOR THE FISCAL YEAR AND IS
19 DEPOSITED IN THE ACCOUNT, THE BALANCE IN THE STATE SCHOOL AID
20 RESERVE ACCOUNT FROM THE IMMEDIATELY PRECEDING FISCAL YEAR SHALL
21 BE CARRIED OVER IN THE STATE SCHOOL AID RESERVE ACCOUNT.

22 (2) THE AMOUNT TO BE ALLOCATED FOR A FISCAL YEAR UNDER SUB-
23 SECTION (1) IS AN AMOUNT EQUAL TO THE PRODUCT OF THE BALANCE IN
24 THE FUND AS OF THE FINAL BOOK CLOSING FOR THE IMMEDIATELY PRECED-
25 ING FISCAL YEAR TIMES THE SAME RATIO AS TOTAL STATE SCHOOL AID
26 FUND REVENUE FOR THE IMMEDIATELY PRECEDING FISCAL YEAR BEARS TO
27 THE SUM OF TOTAL GENERAL FUND-GENERAL PURPOSE REVENUE FOR THE

1 IMMEDIATELY PRECEDING FISCAL YEAR PLUS TOTAL STATE SCHOOL AID
2 FUND REVENUE FOR THE IMMEDIATELY PRECEDING FISCAL YEAR, CALCU-
3 LATED AS OF THE FINAL BOOK CLOSING FOR THE IMMEDIATELY PRECEDING
4 FISCAL YEAR.

5 (3) AS USED IN THIS SECTION, "TOTAL STATE SCHOOL AID FUND
6 REVENUE" MEANS ALL REVENUE DEPOSITED IN THE STATE SCHOOL AID FUND
7 CREATED IN SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF
8 1963 EXCEPT MONEY APPROPRIATED TO THE STATE SCHOOL AID FUND FROM
9 THE GENERAL FUND.

10 Sec. 356. If the balance in the fund at the end of a fiscal
11 year, EXCLUDING THE BALANCE IN THE STATE SCHOOL AID RESERVE
12 ACCOUNT CREATED UNDER SECTION 351(2), exceeds 25% of the actual
13 state general fund-general purpose revenue for that fiscal year,
14 the excess shall be rebated on the individual income tax returns
15 filed following the close of that fiscal year according to a
16 schedule to be established by law.

17 Sec. 357. In each fiscal year in which a transfer to the
18 fund takes place, if the state general fund-general purpose reve-
19 nue falls short of the level upon which a balanced state general
20 fund budget was adopted for that year and the shortfall cannot be
21 attributed to a statutory change in the tax rate, the tax base,
22 fee schedules, or any other change in the revenue sources by
23 which the general fund estimate was made, an amount not to exceed
24 the amount deposited into the fund for that fiscal year, EXCLUD-
25 ING THE AMOUNT IN THE STATE SCHOOL AID RESERVE ACCOUNT CREATED
26 UNDER SECTION 351(2), may, by majority vote of the members
27 elected to and serving in each house, be appropriated from the

1 fund to raise state general fund-general purpose revenue to the
2 level originally anticipated.