



**House  
Legislative  
Analysis  
Section**

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**REVENUE SHARING REDUCTIONS**

**House Bill 4492 as enrolled  
Public Act 679 of 2002  
First Analysis (1-22-03)**

**Sponsor: Rep. Scott Shackleton  
House Committee: Appropriations  
Senate Committee: None**

***THE APPARENT PROBLEM:***

Executive Order 2002-22, as approved by the House and Senate Appropriations Committees, included a \$53.1 million reduction in revenue sharing payments in fiscal year 2002-2003 for cities, villages, townships, and counties. (The EO as a whole was aimed at eliminating a general fund/general purpose deficit of \$462.4 million in the 2002-2003 budget.) Accompanying legislation proposed to spread the revenue sharing reduction equally among all governmental units.

***THE CONTENT OF THE BILL:***

The bill would amend the Glenn Steil State Revenue Sharing Act to specify, generally speaking, that for the 2002-2003 state fiscal year only, each county, city, village, and township would receive 96.5 percent of the amount in revenue sharing that they would have received had revenue sharing appropriations not been reduced by Executive Order 2002-22.

The bill also would extend the expiration date for the current statutory revenue sharing formula from June 30, 2007, to September 30, 2007.

MCL 141.911 et al.

***FISCAL IMPLICATIONS:***

The bill would have no fiscal impact on the state. Under the bill, each local unit will see a reduction in revenue sharing payments for fiscal year 2002-2003 of 3.5 percent as a result of the recent cut in revenue sharing. Without the bill, the total reduction in revenue sharing would have been the same but would have been distributed differently, with some units seeing larger reductions and some smaller. The bill would, according to fiscal analysts, impose the reduction in revenue sharing after the constitutional and statutory formulas have been applied. Without the bill, the reduction would have been imposed

before the formulas were applied. (Information from Senate Fiscal Agency memorandum dated 12-11-02 and from a House Fiscal Agency communication dated 1-9-03)

***ARGUMENTS:***

***For:***

The aim of the bill is to make the reductions in revenue sharing payments to local units that will result from the approval of an executive order apply equally; that is, each local unit will receive essentially the same percentage reduction in revenue sharing for the 2002-2003 fiscal year from what was originally budgeted. The recent executive order reduced the revenue sharing payments for the current fiscal year by just over \$53 million as part of a larger package of cuts to address a budget deficit.

**House Bill 4492 (1-22-03)**

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.