



**House  
Legislative  
Analysis  
Section**

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## **CHANGE "SUNSET DATE" FOR REVENUE SHARING**

**House Bill 4492 (Substitute H-2)  
Sponsor: Rep. Scott Shackleton  
Committee: Appropriations**

**Complete to 7-29-02**

### **A SUMMARY OF HOUSE BILL 4492 (SUBSTITUTE H-2)**

Under both constitutional and statutory provisions, the state shares, or redistributes, revenue from various state tax sources to local units of government. The Glenn Steil Revenue Sharing Act of 1971 establishes a statutory formula for sharing revenue to cities, villages, townships, and counties that applies until June 30, 2007, but sets forth special provisions for distributing state revenue to a city with a population of 750,000 or more (i.e., Detroit). Until June 30, 2007 Detroit is to receive \$333.9 million per year in total (constitutional plus statutory) revenue sharing, unless state sales tax collections decrease from one fiscal year to the next, in which case Detroit's revenue sharing payment is to be reduced proportionally. The act specifies that after June 30, 2007 revenue sharing payments will be distributed "as provided by law".

House Bill 4492 (H-2) would extend the act's formula for sharing revenue with local governments and Detroit's \$333.9 million revenue sharing payment until September 30, 2007, the end of the 2006-2007 fiscal year. The bill would also restrict to fiscal years before the 2002-2003 fiscal year the provision that reduces Detroit's revenue sharing payment in the event of a decrease in state sales tax collections. Thus, beginning with the 2002-2003 fiscal year, Detroit would essentially be guaranteed a total annual revenue sharing payment of \$333.9 million.

**House Bill 4492 (7-29-02)**

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