

HOUSE BILL No. 5251

August 19, 2009, Introduced by Rep. Hammel and referred to the Committee on Appropriations.

A bill to amend 1971 PA 140, entitled "Glenn Steil state revenue sharing act of 1971," by amending section 11 (MCL 141.911), as amended by 2004 PA 356.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For state fiscal years before the 1996-1997 state
2 fiscal year, the department of management and budget shall cause to
3 be paid during each August, November, February, and May, to
4 counties on a per capita basis the collections from the state
5 income tax as certified by the department of treasury for the
6 quarter periods ending the prior June 30, September 30, December
7 31, and March 31 that are available for distribution to and
8 retention by counties.

9 (2) For state fiscal years beginning after September 30, 1992
10 and ending before October 1, 1996, the collections from the state

1 income tax otherwise available for distribution to counties in
2 November for the quarter period ending the prior September 30 shall
3 be increased by \$35,900,000.00 and the collections from the state
4 income tax otherwise available for distribution to counties in
5 August for the quarter period ending the prior June 30 shall be
6 decreased by \$35,900,000.00.

7 (3) For the 1996-1997 and 1997-1998 state fiscal years, the
8 department of treasury shall cause to be paid to counties on a per
9 capita basis an amount equal to 24.5% of the difference between
10 21.3% of the sales tax collections at a rate of 4% in the 12-month
11 period ending June 30 of the state fiscal year in which the
12 payments are made and the total distribution for the state fiscal
13 year under section 12a. Subject to section 13d, for the 1998-1999
14 through 2005-2006 state fiscal years and for the period of October
15 1, 2006 through September 30, 2007, the department of treasury
16 shall cause to be paid to counties all of the following:

17 (a) Except as provided in subdivision (c) and subsection (6),
18 an amount equal to the amount the county was eligible to receive
19 under section 12a in the 1997-1998 state fiscal year.

20 (b) Except as provided in subdivision (c) and subsection (6),
21 an amount equal to 25.06% of 21.3% of the sales tax collections at
22 a rate of 4% in the 12-month period ending June 30 of the state
23 fiscal year in which the payments are made minus the amount
24 determined under subdivision (a) which shall be distributed on a
25 per capita basis. If the amount appropriated under this section to
26 counties is less than 25.06% of 21.3% of the sales tax rate of 4%,
27 any reduction made necessary by this appropriation in distributions

1 to counties shall first be applied to the distribution under this
2 subdivision.

3 (c) For the 2002-2003 state fiscal year only, each county
4 shall receive the lesser of 96.5%, or the percentage determined
5 under this subdivision, of the amount that the county would have
6 received if the total available for distribution under subdivisions
7 (a) and (b) were \$211,549,002.00. The total amount available for
8 distribution to all counties under this subdivision shall not
9 exceed \$204,144,787.00. For the 2002-2003 state fiscal year, the
10 percentage under this subdivision shall be determined by dividing
11 the sum of all payments under section 10 of article IX of the state
12 constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For
13 the 2003-2004 state fiscal year only, each county shall receive the
14 lesser of 92%, or the percentage determined under this subdivision,
15 of the amount distributed to the county under this subsection for
16 the 2002-2003 state fiscal year. For the 2003-2004 state fiscal
17 year, the percentage under this subdivision shall be determined by
18 dividing the sum of all payments under section 10 of article IX of
19 the state constitution of 1963 and \$724,800,000.00 by
20 \$1,407,850,000.00 and then subtracting 0.08.

21 (4) After September 30, 2007 and subject to the limitations of
22 subsections (3), ~~and (6)~~, **AND (7)**, 25.06% of 21.3% of the sales tax
23 collections at a rate of 4% shall be distributed to counties as
24 provided by law.

25 (5) The payments under subsection (3) shall be made from
26 revenues collected during the state fiscal year in which the
27 payments are made and shall be made during each October, December,

1 February, April, June, and August. Payments shall be based on
2 collections from the sales tax at a rate of 4% in the 2-month
3 period ending the prior August 31, October 31, December 31,
4 February 28, April 30, and June 30, and for the 1996-1997 and 1997-
5 1998 state fiscal years only the payments shall be reduced by 1/6
6 of the total distribution for the state fiscal year under section
7 12a. For state fiscal years after the 1995-1996 state fiscal year,
8 the collections from the sales tax otherwise available for
9 distribution to counties under subsection (3) in December shall be
10 increased by \$17,000,000.00 and the collections from the sales tax
11 otherwise available for distribution to counties under subsection
12 (3) in April shall be decreased by \$17,000,000.00.

13 (6) For state fiscal years beginning after September 30, 2004
14 **AND ENDING BEFORE OCTOBER 1, 2008**, the total amount distributed to
15 each county under this section shall equal the amount by which the
16 balance in its revenue sharing reserve fund under section 44a of
17 the general property tax act, 1893 PA 206, MCL 211.44a, for the
18 county's most recent fiscal year that ends prior to the January 1
19 of the state's fiscal year is less than the amount calculated under
20 section 44a(13) of the general property tax act, 1893 PA 206, MCL
21 211.44a, for the county fiscal year that begins in the state's
22 fiscal year. Payments under this subsection shall be adjusted as
23 necessary to reflect partial county fiscal years and prorated based
24 on the total amount appropriated for distribution to all counties.
25 Upon the exhaustion of each county's revenue sharing reserve fund,
26 state revenue sharing within that county will be ~~fully and~~
27 ~~permanently~~ restored in an amount equal to the total payments made

1 to that county under this act in the state fiscal year ending
2 September 30, 2004, adjusted annually through the date of
3 restoration by the inflation rate, without regard to an executive
4 order issued after May 17, 2004, and prorated based on the amount
5 of the reserve fund used by the county in the fiscal year during
6 which payments are required to resume under this subsection. As
7 used in this subsection, "inflation rate" means that term as
8 defined in section 34d of the general property tax act, 1893 PA
9 206, MCL 211.34d.

10 (7) FOR STATE FISCAL YEARS BEGINNING AFTER SEPTEMBER 30, 2008,
11 THE TOTAL AMOUNT DISTRIBUTED TO EACH COUNTY UNDER THIS SECTION
12 SHALL EQUAL THE AMOUNT BY WHICH THE BALANCE IN ITS REVENUE SHARING
13 RESERVE FUND UNDER SECTION 44A OF THE GENERAL PROPERTY TAX ACT,
14 1893 PA 206, MCL 211.44A, FOR THE COUNTY'S MOST RECENT FISCAL YEAR
15 THAT ENDS PRIOR TO JANUARY 1 OF THE STATE'S FISCAL YEAR IS LESS
16 THAN THE AMOUNT CALCULATED UNDER SECTION 44A(14) OF THE GENERAL
17 PROPERTY TAX ACT, 1893 PA 206, MCL 211.44A, FOR THE COUNTY FISCAL
18 YEAR THAT BEGINS IN THE STATE'S FISCAL YEAR. PAYMENTS UNDER THIS
19 SUBSECTION SHALL BE ADJUSTED AS NECESSARY TO REFLECT PARTIAL COUNTY
20 FISCAL YEARS AND PRORATED BASED ON THE TOTAL AMOUNT APPROPRIATED
21 FOR DISTRIBUTION TO ALL COUNTIES. UPON THE EXHAUSTION OF EACH
22 COUNTY'S REVENUE SHARING RESERVE FUND, STATE REVENUE SHARING WITHIN
23 THAT COUNTY SHALL BE FULLY AND PERMANENTLY RESTORED IN AN AMOUNT
24 EQUAL TO THE TOTAL PAYMENTS MADE TO THAT COUNTY UNDER THIS ACT IN
25 THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2004, WITHOUT REGARD TO
26 AN EXECUTIVE ORDER ISSUED AFTER MAY 17, 2004, AND PRORATED BASED ON
27 THE AMOUNT OF THE RESERVE FUND USED BY THE COUNTY IN THE FISCAL

1 **YEAR DURING WHICH PAYMENTS ARE REQUIRED TO RESUME UNDER THIS**
2 **SUBSECTION.**

3 (8) ~~(7)~~—The department of treasury may withhold all or a
4 portion of payments under this section to a county that has not
5 timely furnished the statement required under section 151(1) of the
6 state school aid act of 1979, 1979 PA 94, MCL 388.1751, or
7 distributed an industrial facilities tax as required under 1974 PA
8 198, MCL 207.551 to 207.572, or the specific tax as required under
9 section 21b of the enterprise zone act, 1985 PA 224, MCL 125.2121b.
10 Before withholding all or a portion of the payments under this
11 section to a county, the department shall inform the county in
12 writing of the intent to withhold payments and offer an opportunity
13 for an informal conference on the matter.

14 Enacting section 1. This amendatory act does not take effect
15 unless Senate Bill No. ____ or House Bill No. 5252(request no.
16 03914'09*) of the 95th Legislature is enacted into law.