

Legislative Analysis



PUBLIC SAFETY AND VIOLENCE PREVENTION FUND

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4605 (proposed substitute H-1)
Sponsor: Rep. Nate Shannon

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4606 as introduced
Sponsor: Rep. Alabas A. Farhat

Committee: Local Government and Municipal Finance
Complete to 6-21-23

SUMMARY:

House Bills 4605 and 4606 would amend the General Sales Tax Act and the Michigan Trust Fund Act, respectively, to establish a “Public Safety and Violence Prevention Fund” that would proportionately distribute money from sales tax revenue to cities, villages, and townships for public safety measures based on the level of crime in each municipality. The bills are tie-barred together, meaning that neither would take effect unless both were enacted.

House Bill 4605 would amend the General Sales Tax Act to provide for the distribution of sales tax revenue into the Public Safety and Violence Prevention Fund that would be created by House Bill 4606. On the fifteenth day of every other month, beginning on October 15, 2023, the Department of Treasury would have to deposit 1.5% of the money received and collected from the tax imposed at a rate of 4% into the fund.

MCL 205.75

House Bill 4606 would amend the Michigan Trust Fund Act to establish the Public Safety and Violence Prevention Fund within the Department of Treasury. The fund would receive money deposited from the General Sales Tax Act (as provided for by House Bill 4605), interest and earnings from the fund’s investments, and donations made to the fund from any source. The state treasurer would be responsible for directing the fund’s investments. Money in the fund at the close of a fiscal year would remain in the fund and would not lapse to the general fund.

On the fifteenth day of every month, beginning on November 15, 2023, the state treasurer would have to transfer and distribute money added to the Public Safety and Violence Prevention Fund to each city, village, and township that provides or contracts for police services. Disbursements would be determined by data from the three most recent Crime in Michigan annual reports published by the Michigan State Police, and the disbursement to each municipality would have to be at least proportional to that municipality’s average share of the statewide reported crimes, capped at 25% of the total monthly disbursement.¹

Any money that a city, village, or township, or a county sheriff department contracted by a local government to provide police services, receives from the fund would have to be used for the purposes of public safety and violence prevention. Disbursements could not be used to

¹ The annual reports can be accessed here: <https://www.michigan.gov/msp/divisions/cjic/micr/Annual-Reports>.

cover existing public safety programs unless a local government experiences a decline in its estimated total general fund revenue from the previous year and a proportionate decline in its existing reoccurring resources.²

Money in the fund could not be transferred, expended, withdrawn, or otherwise disbursed from the fund except as authorized above.

For each annual budget submitted to the legislature for each fiscal period beginning after September 30, 2024, the governor and the state budget director would be required to include an appropriation directing the state treasurer to transfer and disburse money from the Public Safety and Violence Prevention Fund in the manner provided above.

MCL 12.252

FISCAL IMPACT:

House Bill 4605, as written, would not directly alter state revenues, although it would reduce general fund revenue available for other purposes. The 1.5% earmark contained in HB 4605 would generate approximately \$110.8 million for the Public Safety and Violence Prevention Fund, based on the May 2023 consensus revenue estimating conference projection for sales tax revenue for FY 2023-24.

House Bill 4606 sets forth the guidelines for making distributions from the fund and would not affect state revenue.

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

² The bill provides that “existing reoccurring resources” would not include funds provided by a voter-approved millage or special assessment that has expired or was not renewed.