

SENATE BILL NO. 565

September 18, 2025, Introduced by Senator ANTHONY and referred to Committee on Appropriations.

A bill to amend 2000 PA 489, entitled
"Michigan trust fund act,"
by amending section 3a (MCL 12.253a), as added by 2023 PA 174.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3a. (1) The local government reimbursement fund is
- 2 created in the state treasury.
- 3 (2) The state treasurer shall deposit money and assets
- 4 received under section 21(7) of the use tax act, 1937 PA 94, MCL

1 205.111, or from any other source in the fund. The state treasurer
2 shall direct the investment of money in the fund and credit
3 interest and earnings from the investments to the fund.

4 (3) Money in the fund at the close of the fiscal year ~~remains~~
5 **does not remain** in the fund and ~~does not lapse~~ **lapses** to the
6 general fund.

7 (4) The department of treasury is the administrator of the
8 fund for audits of the fund.

9 (5) The department of treasury shall expend money from the
10 fund, upon appropriation, only for the purpose of compensating
11 municipalities as described in this subsection. Subject to
12 subsection (6), on or before May 31, 2024, and on or before May 31
13 of each year thereafter, the department of treasury shall
14 compensate municipalities for the revenue lost during the
15 immediately preceding property tax year as a result of exemptions
16 claimed under section 9o(2)(b) of the general property tax act,
17 1893 PA 206, MCL 211.9o, as determined by the department of
18 treasury.

19 (6) If the money in the fund is insufficient to fully
20 compensate all municipalities that lost revenue as described in
21 subsection (5), payments from the fund must be prorated amongst
22 those municipalities.

23 (7) As used in this section:

24 (a) "Fund" means the local government reimbursement fund
25 created in subsection (1).

26 (b) "Municipality" means that term as defined in section 5 of
27 the local community stabilization authority act, 2014 PA 86, MCL
28 123.1345.