SENATE BILL NO. 771

September 29, 1999, Introduced by Senators STEIL, BENNETT, GAST
and ROGERS 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 13 (MCL 141.913), as amended by 1998 PA 532.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) This subsection and subsection (2) apply to

2 distributions to cities, villages, and townships during the state

3 fiscal years before the 1996-1997 state fiscal year of collec-

4 tions from the state income tax and single business tax. Except

5 as otherwise provided in subsection (2), the department of trea-

6 sury shall cause to be paid to each city, village, and township

7 its share, computed in accordance with the tax effort formula, of

8 the following revenues:

9 (a) During each August, November, February, and May, the

10 collections from the state income tax for the quarter periods

11 ending the prior June 30, September 30, December 31, and March 31

1 that are available for distribution to cities, villages, and

2 townships under the income tax act of 1967, 1967 PA 281, MCL

3 206.1 to 206.532.

4   (b) The amount of the collections from the single business

5 tax available for distribution to cities, villages, and townships

6 under former section 136 of the single business tax act, 1975 PA

7 228.

8   (2) The amount of collections of the state income tax other-

9 wise available for distribution to cities, villages, and town-

10 ships in November, February, and May, computed in accordance with

11 the tax effort formula, shall be increased by $22,600,000.00.

12 The amount of collections otherwise available for distribution to

13 cities, villages, and townships in August, computed in accordance

14 with the tax effort formula, shall be decreased by

15 $67,800,000.00.

16   (3) This subsection applies to distributions to cities, vil-

17 lages, and townships for the 1996-1997 state fiscal year. The

18 department shall cause to be paid in accordance with the tax

19 effort formula an amount equal to 75.5% of the difference between

20 21.3% of the sales tax collections at a rate of 4% in the

21 12-month period ending June 30 of the state fiscal year in which

22 the payments are made and the total distribution for the state

23 fiscal year under section 12a.

24   (4) The department of treasury shall cause to be paid during

25 the 1997-1998 state fiscal year an amount equal to 75.5% of the

26 difference between 21.3% of the sales tax collections at a rate

27 of 4% in the 12-month period ending June 30 of the state fiscal

1 year in which the payments are made and the total distribution

2 for the state fiscal year under section 12a, both of the

3 following:

4   (a) To each city, village, and township, the amount of col-

5 lections distributed under subsection (3) to cities, villages,

6 and townships for the 1996-1997 state fiscal year or its pro rata

7 share of the collections if the collections are less than the

8 amount of collections distributed under subsection (3) for the

9 1996-1997 state fiscal year. A city's, village's, or township's

10 share of revenues under this subdivision shall be computed using

11 the tax effort formula.

12   (b) To each city, village, and township its share of the

13 collections to the extent the total collections available for

14 distribution under this subsection exceed the amount distributed

15 to cities, villages, and townships under subdivision (a) for the

16 fiscal year. A city's, village's, or township's share of reve-

17 nues under this subdivision shall be computed on a per capita

18 basis.

19   (5) Subject to section 13d, for the 1998-1999 through

20 2005-2006 state fiscal years and for the period of October 1,

21 2006 through June 30, 2007, the department of treasury shall

22 cause distributions determined under subsections (6) to (13) to

23 be paid to each city, village, and township from an amount equal

24 to 74.94% of 21.3% of the sales tax collections at a rate of 4%

25 in the 12-month period ending June 30 of the state fiscal year in

26 which the payments are made. After June 30, 2007, 74.94% of

27 21.3% of sales tax collections at a rate of 4% shall be

1 distributed to cities, villages, and townships as provided by

2 law.

3   (6) Subject to section 13d, for the 1998-1999 through

4 2005-2006 state fiscal years and for the period of October 1,

5 2006 through June 30, 2007 and except as provided in subsection

6 (15), the department of treasury shall cause to be paid

7 $333,900,000.00 to a city with a population of 750,000 or more as

8 the total combined distribution under this act and section 10 of

9 article IX of the state constitution of 1963 as annualized for

10 any period of less than 12 months to that city.

11   (7) Distributions under subsections (8) to (13) to cities,

12 villages, and townships with populations of less than 750,000

13 shall be made from the amount available for distribution under

14 this section that remains after the distribution under subsection

15 (6) is made.

16   (8) Subject to section 13d, for the 1998-1999 through

17 2005-2006 state fiscal years and for the period of October 1,

18 2006 through June 30, 2007, for cities, villages, and townships

19 with populations of less than 750,000, subject to the limitations

20 under this section, a taxable value payment shall be made to each

21 city, village, and township determined as follows:

22   (a) Determine the per capita taxable value for each city,

23 village, and township by dividing the taxable value of that city,

24 village, or township by the population of that city, village, or

25 township.

26   (b) Determine the statewide per capita taxable value by

27 dividing the total taxable value of all cities, villages, and

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1 townships by the total population of all cities, villages, and

2 townships.

3   (c) Determine the per capita taxable value ratio for each

4 city, village, and township by dividing the statewide per capita

5 taxable value by the per capita taxable value for that city, vil-

6 lage, or township.

7   (d) Determine the adjusted taxable value population for each

8 city, village, and township by multiplying the per capita taxable

9 value ratio as determined under subdivision (c) for that city,

10 village, or township by the population of that city, village, or

11 township.

12   (e) Determine the total statewide adjusted taxable value

13 population which is the sum of all adjusted taxable value popula-

14 tion for all cities, villages, and townships.

15   (f) Determine the taxable value payment rate by dividing

16 74.94% of 21.3% of the sales tax collections at a rate of 4% in

17 the 12-month period ending June 30 of the state fiscal year in

18 which the payments under this subsection are made by 3, and

19 dividing that result by the total statewide adjusted taxable

20 value population as determined under subdivision (e).

21   (g) Determine the taxable value payment for each city, vil-

22 lage, and township by multiplying the result under

23 subdivision (f) by the adjusted taxable value population for that

24 city, village, or township.

25   (9) Subject to section 13d, for the 1998-1999 through

26 2005-2006 state fiscal years and for the period of October 1,

27 2006 through June 30, 2007, subject to the limitations under this

1 section and except as provided in subsection (14), a unit type

2 population payment shall be made to each city, village, and town-

3 ship with a population of less than 750,000 determined as

4 follows:

5   (a) Determine the unit type population weight factor for

6 each city, village, and township as follows:

7   (*i*) For a township with a population of 5,000 or less, the

8 unit type population weight factor is 1.0.

9   (*ii*) For a township with a population of more than 5,000 but

10 less than 10,001, the unit type population weight factor is 1.2.

11   (*iii*) For a township with a population of more than 10,000

12 but less than 20,001, the unit type population weight factor is

13 1.44.

14   (*iv*) For a township with a population of more than 20,000

15 but less than 40,001, the unit type population weight factor is

16 1.73.

17   (*v*) For a township with a population of more than 40,000 but

18 less than 80,001, the unit type population weight factor is

19 2.07.

20   (*vi*) For a township with a population of more than 80,000,

21 the unit type population weight factor is 2.49.

22   (*vii*) For a village with a population of 5,000 or less, the

23 unit type population weight factor is 1.5.

24   (*viii*) For a village with a population of more than 5,000

25 but less than 10,001, the unit type population weight factor is

26 1.8.

1 (*ix*) For a village with a population of more than 10,000,

2 the unit type population weight factor is 2.16.

3 (*x*) For a city with a population of 5,000 or less, the unit

4 type population weight factor is 2.5.

5 (*xi*) For a city with a population of more than 5,000 but

6 less than 10,001, the unit type population weight factor is 3.0.

7 (*xii*) For a city with a population of more than 10,000 but

8 less than 20,001, the unit type population weight factor is 3.6.

9 (*xiii*) For a city with a population of more than 20,000 but

10 less than 40,001, the unit type population weight factor is

11 4.32.

12 (*xiv*) For a city with a population of more than 40,000 but

13 less than 80,001, the unit type population weight factor is

14 5.18.

15 (*xv*) For a city with a population of more than 80,000 but

16 less than 160,001, the unit type population weight factor is

17 6.22.

18 (*xvi*) For a city with a population of more than 160,000 but

19 less than 320,001, the unit type population weight factor is

20 7.46.

21 (*xvii*) For a city with a population of more than 320,000 but

22 less than 640,001, the unit type population weight factor is

23 8.96.

24 (*xviii*) For a city with a population of more than 640,000,

25 the unit type population weight factor is 10.75.

26 (b) Determine the adjusted unit type population for each

27 city, village, and township by multiplying the unit type

1 population weight factor for that city, village, or township as

2 determined under subdivision (a) by the population of the city,

3 village, or township.

4   (c) Determine the total statewide adjusted unit type popula-

5 tion, which is the sum of the adjusted unit type population for

6 all cities, villages, and townships.

7   (d) Determine the unit type population payment rate by

8 dividing 74.94% of 21.3% of the sales tax collections at a rate

9 of 4% in the 12-month period ending June 30 of the state fiscal

10 year in which the payments under this subsection are made by 3,

11 and then dividing that result by the total statewide adjusted

12 unit type population as determined under subdivision (c).

13   (e) Determine the unit type population payment for each

14 city, village, and township by multiplying the result under sub-

15 division (d) by the adjusted unit type population for that city,

16 village, or township.

17   (10) Subject to section 13d, for the 1998-1999 through

18 2005-2006 state fiscal years and for the period of October 1,

19 2006 through June 30, 2007, subject to the limitations under this

20 section, a yield equalization payment shall be made to each city,

21 village, and township with a population of less than 750,000 suf-

22 ficient to provide the guaranteed tax base for a local tax effort

23 not to exceed 0.02. The payment shall be determined as follows:

24   (a) The guaranteed tax base is the maximum combined state

25 and local per capita taxable value that can be guaranteed in a

26 state fiscal year to each city, village, and township for a local

27 tax effort not to exceed 0.02 if an amount equal to 74.94% of

1 21.3% of the state sales tax at a rate of 4% is distributed to

2 cities, villages, and townships whose per capita taxable value is

3 below the guaranteed tax base.

4   (b) The full yield equalization payment to each city, vil-

5 lage, and township is the product of the amounts determined under

6 subparagraphs (*i*) and (*ii*):

7   (*i*) An amount greater than zero that is equal to the differ-

8 ence between the guaranteed tax base determined in

9 subdivision (a) and the per capita taxable value of the city,

10 village, or township.

11   (*ii*) The local tax effort of the city, village, or township,

12 not to exceed 0.02, multiplied by the population of that city,

13 village, or township.

14   (c) The yield equalization payment is the full yield equali-

15 zation payment divided by 3.

16   (11) For state fiscal years after the 1997-1998 state fiscal

17 year, distributions under this section for cities, villages, and

18 townships with populations of less than 750,000 shall be deter-

19 mined as follows:

20   (a) For the 1998-1999 state fiscal year, the payment under

21 this section for each city, village, and township shall be the

22 sum of the following:

23   (*i*) Ninety percent of the total amount available for distri-

24 bution under subsections (8), (9), and (10) for the 1998-1999

25 state fiscal year multiplied by the city's, village's, or

26 township's percentage share of the distributions under this

27 section and section 12a minus the amount of a distribution under

1 this section and section 12a to a city that is eligible to

2 receive a distribution under subsection (6) in the 1997-1998

3 state fiscal year.

4   (*ii*) Ten percent of the total amount available for distribu-

5 tion under subsections (8), (9), and (10) for the 1998-1999 state

6 fiscal year multiplied by the percentage share of the distribu-

7 tion amounts calculated under subsections (8), (9), and (10).

8   (b) For the 1999-2000 state fiscal year, the payment under

9 this section for each city, village, and township shall be the

10 sum of the following:

11   (*i*) Eighty percent of the total amount available for distri-

12 bution under subsections (8), (9), and (10) for the 1999-2000

13 state fiscal year multiplied by the city's, village's, or

14 township's percentage share of the distributions under this sec-

15 tion and section 12a minus the amount of a distribution under

16 this section and section 12a to a city that is eligible to

17 receive a distribution under subsection (6) in the 1997-1998

18 state fiscal year.

19   (*ii*) Twenty percent of the total amount available for dis-

20 tribution under subsections (8), (9), and (10) for the 1999-2000

21 state fiscal year multiplied by the city's, village's, or

22 township's percentage share of the distribution amounts calcu-

23 lated under subsections (8), (9), and (10).

24   (c) For the 2000-2001 state fiscal year, the payment under

25 this section for each city, village, and township shall be the

26 sum of the following:

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1   (*i*) Seventy percent of the total amount available for

2 distribution under subsections (8), (9), and (10) for the

3 2000-2001 state fiscal year multiplied by the city's, village's,

4 or township's percentage share of the distributions under this

5 section and section 12a minus the amount of a distribution under

6 this section and section 12a to a city that is eligible to

7 receive a distribution under subsection (6) in the 1997-1998

8 state fiscal year.

9   (*ii*) Thirty percent of the total amount available for dis-

10 tribution under subsections (8), (9), and (10) for the 2000-2001

11 state fiscal year multiplied by the percentage share of the dis-

12 tribution amounts calculated under subsections (8), (9), and

13 (10).

14   (d) For the 2001-2002 state fiscal year, the payment under

15 this section for each city, village, and township shall be the

16 sum of the following:

17   (*i*) Sixty percent of the total amount available for distri-

18 bution under subsections (8), (9), and (10) for the 2001-2002

19 state fiscal year multiplied by the city's, village's, or

20 township's percentage share of the distributions under this sec-

21 tion and section 12a minus the amount of a distribution under

22 this section and section 12a to a city that is eligible to

23 receive a distribution under subsection (6) in the 1997-1998

24 state fiscal year.

25   (*ii*) Forty percent of the total amount available for distri-

26 bution under subsections (8), (9), and (10) for the 2001-2002

27 state fiscal year multiplied by the percentage share of the

1 distribution amounts calculated under subsections (8), (9), and
2 (10).

3   (e) For the 2002-2003 state fiscal year, the payment under
4 this section for each city, village, and township shall be the
5 sum of the following:

6   (*i*) Fifty percent of the total amount available for distri-
7 bution under subsections (8), (9), and (10) for the 2002-2003
8 state fiscal year multiplied by the city's, village's, or
9 township's percentage share of the distributions under this sec-
10 tion and section 12a minus the amount of a distribution under
11 this section and section 12a to a city that is eligible to
12 receive a distribution under subsection (6) in the 1997-1998
13 state fiscal year.

14   (*ii*) Fifty percent of the total amount available for distri-
15 bution under subsections (8), (9), and (10) for the 2002-2003
16 state fiscal year multiplied by the percentage share of the dis-
17 tribution amounts calculated under subsections (8), (9), and
18 (10).

19   (f) For the 2003-2004 state fiscal year, the payment under
20 this section for each city, village, and township shall be the
21 sum of the following:

22   (*i*) Forty percent of the total amount available for distri-
23 bution under subsections (8), (9), and (10) for the 2003-2004
24 state fiscal year multiplied by the city's, village's, or
25 township's percentage share of the distributions under this sec-
26 tion and section 12a minus the amount of a distribution under
27 this section and section 12a to a city that is eligible to

1 receive a distribution under subsection (6) in the 1997-1998

2 state fiscal year.

3   (*ii*) Sixty percent of the total amount available for distri-

4 bution under subsections (8), (9), and (10) for the 2003-2004

5 state fiscal year multiplied by the percentage share of the dis-

6 tribution amounts calculated under subsections (8), (9), and

7 (10).

8   (g) For the 2004-2005 state fiscal year, the payment under

9 this section for each city, village, and township shall be the

10 sum of the following:

11   (*i*) Thirty percent of the total amount available for distri-

12 bution under subsections (8), (9), and (10) for the 2004-2005

13 state fiscal year multiplied by the city's, village's, or

14 township's percentage share of the distributions under this sec-

15 tion and section 12a minus the amount of a distribution under

16 this section and section 12a to a city that is eligible to

17 receive a distribution under subsection (6) in the 1997-1998

18 state fiscal year.

19   (*ii*) Seventy percent of the total amount available for dis-

20 tribution under subsections (8), (9), and (10) for the 2004-2005

21 state fiscal year multiplied by the percentage share of the dis-

22 tribution amounts calculated under subsections (8), (9), and

23 (10).

24   (h) For the 2005-2006 state fiscal year, the payment under

25 this section for each city, village, and township shall be the

26 sum of the following:

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1   (*i*) Twenty percent of the total amount available for

2 distribution under subsections (8), (9), and (10) for the

3 2005-2006 state fiscal year multiplied by the city's, village's,

4 or township's percentage share of the distributions under this

5 section and section 12a minus the amount of a distribution under

6 this section and section 12a to a city that is eligible to

7 receive a distribution under subsection (6) in the 1997-1998

8 state fiscal year.

9   (*ii*) Eighty percent of the total amount available for dis-

10 tribution under subsections (8), (9), and (10) for the 2005-2006

11 state fiscal year multiplied by the percentage share of the dis-

12 tribution amounts calculated under subsections (8), (9), and

13 (10).

14   (i) For the period of October 1, 2006 through June 30, 2007,

15 the payment under this section for each city, village, and town-

16 ship shall be the sum of the following:

17   (*i*) Ten percent of the total amount available for distribu-

18 tion under subsections (8), (9), and (10) for the 2006-2007 state

19 fiscal year multiplied by the city's, village's, or township's

20 percentage share of the distributions under this section and sec-

21 tion 12a minus the amount of a distribution under this section

22 and section 12a to a city that is eligible to receive a distribu-

23 tion under subsection (6) in the 1997-1998 state fiscal year.

24   (*ii*) Ninety percent of the total amount available for dis-

25 tribution under subsections (8), (9), and (10) for the 2006-2007

26 state fiscal year multiplied by the percentage share of the

1 distribution amounts calculated under subsections (8), (9), and

2 (10).

3   (12) Except as otherwise provided in this subsection, the

4 total payment to any city, village, or township under this act

5 and section 10 of article IX of the state constitution of 1963

6 shall not increase by more than 8% over the amount of the payment

7 under this act and section 10 of article IX of the state consti-

8 tution of 1963 in the immediately preceding state fiscal year.

9 From the amount not distributed because of the limitation imposed

10 by this subsection, the department shall distribute an amount to

11 certain cities, villages, and townships such that the percentage

12 increase in the total payment under this act and section 10 of

13 article IX of the state constitution of 1963 from the immediately

14 preceding state fiscal year to each of those cities, villages,

15 and townships is equal to, but does not exceed, the percentage

16 increase from the immediately preceding state fiscal year of any

17 city, village, or township that does not receive a distribution

18 under this subsection. This subsection does not apply for state

19 fiscal years after the 2000 federal decennial census becomes

20 official to a city, village, or township with a 10% or more

21 increase in population from the official 1990 federal decennial

22 census to the official 2000 federal decennial census.

23   (13) The percentage allocations to distributions under sub-

24 sections (8) to (10) pursuant to subsection (11) shall be calcu-

25 lated as if, in any state fiscal year, the amount appropriated

26 under this section for distribution to cities, villages, and

27 townships is 74.94% of 21.3% of the sales tax at a rate of 4%.

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1 If the amount appropriated under this section to cities,

2 villages, and townships is less than 74.94% of 21.3% of the sales

3 tax at a rate of 4%, any reduction made necessary by this appro-

4 priation in distributions to cities, villages, and townships

5 shall first be applied to the distribution under subsections (8)

6 to (10) and any remaining amount shall be applied to the other

7 distributions under this section.

8   (14) A township that provides for or makes available fire,

9 police on a 24-hour basis either through contracting for or

10 directly employing personnel, AND water ~~to 50% or more of its~~

11 ~~residents, and~~ OR sewer services to 50% or more of its residents

12 and has a population of 10,000 or more or a township that has a

13 population of 20,000 or more shall use the unit type population

14 weight factor under subsection (9)(a) for a city with the same

15 population as the township.

16   (15) For a state fiscal year in which the sales tax collec-

17 tions decrease from the sales tax collections for the immediately

18 preceding state fiscal year, the department shall reduce the

19 amount to be distributed to a city with a population of 750,000

20 or more under subsection (6) by an amount determined by subtract-

21 ing the amount the city is eligible for under section 10 of arti-

22 cle IX of the state constitution of 1963 for the state fiscal

23 year from $333,900,000.00 and multiplying that result by the same

24 percentage as the percentage decrease in sales tax collections

25 for that state fiscal year as compared to sales tax collections

26 for the immediately preceding state fiscal year.

1   (16) Notwithstanding any other provision of this section for

2 the 1998-1999 state fiscal year, the total combined amount

3 received by each city, village, and township under this section

4 and section 10 of article IX of the state constitution of 1963

5 shall not be less than the combined amount received under this

6 section, section 12a, and section 10 of article IX of the state

7 constitution of 1963 in the 1997-1998 state fiscal year. The

8 increase, if any, for each city, village, and township from the

9 1997-1998 state fiscal year, other than a city that receives a

10 distribution under subsection (6), shall be reduced by a uniform

11 percentage to the extent necessary to fund distributions under

12 this subsection.

13   (17) The payments under subsections (3), (4), and (5) shall

14 be made during each October, December, February, April, June, and

15 August. Payments under subsections (3), (4), and (5) shall be

16 based on collections from the sales tax at the rate of 4% in the

17 2-month period ending the prior August 31, October 31, December

18 31, February 28, April 30, and June 30, and for the 1996-1997 and

19 1997-1998 state fiscal years only, the payments shall be reduced

20 by 1/6 of the total distribution for the state fiscal year under

21 section 12a.

22   (18) Payments under this section shall be made from revenues

23 collected during the state fiscal year in which the payments are

24 made.

25   (19) Distributions provided for by this act are subject to

26 an annual appropriation by the legislature.