

**SUBSTITUTE FOR
SENATE BILL NO. 1111**

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 77.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For state fiscal years before the 1996-1997
2 state fiscal year, the department of management and budget shall
3 cause to be paid during each August, November, February, and May,
4 to 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,
7 December 31, and March 31 that are available for distribution to
8 and 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
11 income tax otherwise available for distribution to counties in

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

6 (3) For the 1996-1997 and 1997-1998 state fiscal years, the
7 department of treasury shall cause to be paid to counties on a
8 per capita basis an amount equal to 24.5% of the difference
9 between 21.3% of the sales tax collections at a rate of 4% in the
10 12-month period ending June 30 of the state fiscal year in which
11 the payments are made and the total distribution for the state
12 fiscal year under section 12a. Subject to section 13d, for the
13 1998-1999 through 2005-2006 state fiscal years and for the period
14 of October 1, 2006 through September 30, 2007, the department of
15 treasury shall cause to be paid to counties all of the
16 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
22 at a rate of 4% in the 12-month period ending June 30 of the
23 state 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
26 to counties is less than 25.06% of 21.3% of the sales tax rate of
27 4%, any reduction made necessary by this appropriation in

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

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

26 (5) The payments under subsection (3) shall be made from
27 revenues collected during the state fiscal year in which the

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

15 (6) For state fiscal years beginning after September 30,
16 2004, the total amount distributed to each county under this
17 section shall equal the amount by which the balance in its
18 revenue sharing reserve fund under section 44a of the general
19 property tax act, 1893 PA 206, MCL 211.44a, for the county's most
20 recent fiscal year that ends prior to the January 1 of the
21 state's fiscal year is less than the amount calculated under
22 section 44a(13) of the general property tax act, 1893 PA 206, MCL
23 211.44a, for the county fiscal year that begins in the state's
24 fiscal year. Payments under this subsection shall be adjusted as
25 necessary to reflect partial county fiscal years and prorated
26 based on the total amount appropriated for distribution to all
27 counties. <<Upon the exhaustion of each county's revenue sharing reserve
fund, state revenue sharing within that county will be fully and
permanently restored in an amount equal to the total payments made to
that county under this act in the state fiscal year ending September 30,
2004, adjusted annually through the date of restoration by the inflation
rate, without regard to an executive order issued after May 17, 2004, and

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prorated based on the amount of the reserve fund used by the county in
the fiscal year during which payments are required to resume under this
subsection. As used in this subsection, "inflation rate" means that term
as defined in section 34d of the general property tax act, 1893 PA 206,
MCL 211.34d.>>

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