

Act No. 356
Public Acts of 2004
Approved by the Governor
September 30, 2004
Filed with the Secretary of State
September 30, 2004
EFFECTIVE DATE: September 30, 2004

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2004**

Introduced by Senators Switalski and Emerson

ENROLLED SENATE BILL No. 1111

AN ACT to amend 1971 PA 140, entitled "An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties," by amending section 11 (MCL 141.911), as amended by 2004 PA 77.

The People of the State of Michigan enact:

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

(2) For state fiscal years beginning after September 30, 1992 and ending before October 1, 1996, the collections from the state income tax otherwise available for distribution to counties in November for the quarter period ending the prior September 30 shall be increased by \$35,900,000.00 and the collections from the state income tax otherwise available for distribution to counties in August for the quarter period ending the prior June 30 shall be decreased by \$35,900,000.00.

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

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

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

(c) For the 2002-2003 state fiscal year only, each county shall receive the lesser of 96.5%, or the percentage determined under this subdivision, of the amount that the county would have received if the total available for distribution under subdivisions (a) and (b) were \$211,549,002.00. The total amount available for distribution to all counties under this subdivision shall not exceed \$204,144,787.00. For the 2002-2003 state fiscal year, the percentage

under this subdivision shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state fiscal year only, each county shall receive the lesser of 92%, or the percentage determined under this subdivision, of the amount distributed to the county under this subsection for the 2002-2003 state fiscal year. For the 2003-2004 state fiscal year, the percentage under this subdivision shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.

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

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

(6) For state fiscal years beginning after September 30, 2004, the total amount distributed to each county under this section shall equal the amount by which the balance in its revenue sharing reserve fund under section 44a of the general property tax act, 1893 PA 206, MCL 211.44a, for the county's most recent fiscal year that ends prior to the January 1 of the state's fiscal year is less than the amount calculated under section 44a(13) of the general property tax act, 1893 PA 206, MCL 211.44a, for the county fiscal year that begins in the state's fiscal year. Payments under this subsection shall be adjusted as necessary to reflect partial county fiscal years and prorated based on the total amount appropriated for distribution to all 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 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.

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Ray E. Randall

Clerk of the House of Representatives

Approved

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Governor