

# SENATE BILL No. 965

January 18, 2006, Introduced by Senators CASSIS, BISHOP, ALLEN, GARCIA, PATTERSON,  
HAMMERSTROM, TOY and VAN WOERKOM 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 11 (MCL 141.911), as amended by 2004 PA 356.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 11. (1) For state fiscal years before the 1996-1997 state  
2 fiscal year, the department of management and budget shall cause to  
3 be paid during each August, November, February, and May, to  
4 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, December  
7 31, and March 31 that are available for distribution to and  
8 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 shall  
2 be increased by \$35,900,000.00 and the collections from the state  
3 income tax otherwise available for distribution to counties in  
4 August for the quarter period ending the prior June 30 shall be  
5 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 per  
8 capita basis an amount equal to 24.5% of the difference between  
9 21.3% of the sales tax collections at a rate of 4% in the 12-month  
10 period ending June 30 of the state fiscal year in which the  
11 payments are made and the total distribution for the state fiscal  
12 year under section 12a. Subject to section 13d, for the 1998-1999  
13 through 2005-2006 state fiscal years and for the period of October  
14 1, 2006 through September 30, 2007, the department of treasury  
15 shall cause to be paid to counties all of the following:

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

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

1 subdivision.

2 (c) For the 2002-2003 state fiscal year only, each county  
3 shall receive the lesser of 96.5%, or the percentage determined  
4 under this subdivision, of the amount that the county would have  
5 received if the total available for distribution under subdivisions  
6 (a) and (b) were \$211,549,002.00. The total amount available for  
7 distribution to all counties under this subdivision shall not  
8 exceed \$204,144,787.00. For the 2002-2003 state fiscal year, the  
9 percentage under this subdivision shall be determined by dividing  
10 the sum of all payments under section 10 of article IX of the state  
11 constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For  
12 the 2003-2004 state fiscal year only, each county shall receive the  
13 lesser of 92%, or the percentage determined under this subdivision,  
14 of the amount distributed to the county under this subsection for  
15 the 2002-2003 state fiscal year. For the 2003-2004 state fiscal  
16 year, the percentage under this subdivision shall be determined by  
17 dividing the sum of all payments under section 10 of article IX of  
18 the state constitution of 1963 and \$724,800,000.00 by  
19 \$1,407,850,000.00 and then subtracting 0.08.

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

24 (5) The payments under subsection (3) shall be made from  
25 revenues collected during the state fiscal year in which the  
26 payments are made and shall be made during each October, December,  
27 February, April, June, and August. Payments shall be based on

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

12 (6) For state fiscal years beginning after September 30, 2004,  
 13 ~~the~~ **ALL OF THE FOLLOWING APPLY:**

14 (A) **THE** total amount distributed to each county under this  
 15 section shall equal the **SUM OF THE FOLLOWING:**

16 (i) **THE** amount by which the balance in its revenue sharing  
 17 reserve fund under section 44a of the general property tax act,  
 18 1893 PA 206, MCL 211.44a, for the county's most recent fiscal year  
 19 that ends prior to the January 1 of the state's fiscal year is less  
 20 than the amount calculated under section 44a(13) of the general  
 21 property tax act, 1893 PA 206, MCL 211.44a, for the county fiscal  
 22 year that begins in the state's fiscal year.

23 (ii) **AN AMOUNT EQUAL TO THE AMOUNT OF PAYMENTS MADE BY THE**  
 24 **COUNTY TO ELIGIBLE AUTHORITIES UNDER SECTION 12A(8) DURING THE**  
 25 **2003-2004 STATE FISCAL YEAR, NOT TO EXCEED THE AMOUNT APPROPRIATED**  
 26 **BY THE LEGISLATURE TO THAT COUNTY FOR THOSE PAYMENTS.**

27 (B) Payments under ~~this subsection~~ **SUBDIVISION (A) (i) AND (ii)**

1 shall be adjusted **SEPARATELY** as necessary to reflect partial county  
2 fiscal years and prorated based on the total amount appropriated  
3 **FOR THE PURPOSES OF SUBDIVISION (A) (i) AND (ii) RESPECTIVELY**, for  
4 distribution to all counties.

5 (C) Upon the exhaustion of each county's revenue sharing  
6 reserve fund, state revenue sharing within that county will be  
7 fully and permanently restored **UNDER SUBDIVISION (A) (i)** in an amount  
8 equal to the total payments made to that county under this act in  
9 the state fiscal year ending September 30, 2004, adjusted annually  
10 through the date of restoration by the inflation rate, without  
11 regard to an executive order issued after May 17, 2004, and  
12 prorated based on the amount of the reserve fund used by the county  
13 in the fiscal year during which payments are required to resume  
14 under this subsection.

15 (D) As used in this subsection: ~~—, "inflation~~

16 (i) **"ELIGIBLE AUTHORITY" MEANS AN AUTHORITY DESCRIBED IN**  
17 **SECTION 12A(8) .**

18 (ii) **"INFLATION rate"** means that term as defined in section 34d  
19 of the general property tax act, 1893 PA 206, MCL 211.34d.

20 (7) The department of treasury may withhold all or a portion  
21 of payments under this section to a county that has not timely  
22 furnished the statement required under section 151(1) of the state  
23 school aid act of 1979, 1979 PA 94, MCL 388.1751, or distributed an  
24 industrial facilities tax as required under 1974 PA 198, MCL  
25 207.551 to 207.572, or the specific tax as required under section  
26 21b of the enterprise zone act, 1985 PA 224, MCL 125.2121b. Before  
27 withholding all or a portion of the payments under this section to

1 a county, the department shall inform the county in writing of the  
2 intent to withhold payments and offer an opportunity for an  
3 informal conference on the matter.

4 Enacting section 1. This amendatory act does not take effect  
5 unless Senate Bill No. 966

6 of the 93rd Legislature is enacted into law.