

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1398

A bill to amend 1933 PA 167, entitled  
"General sales tax act,"  
by amending section 25 (MCL 205.75), as amended by 2007 PA 69.

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

1       Sec. 25. (1) All money received and collected under this act  
2 shall be deposited by the department in the state treasury to the  
3 credit of the general fund, except as otherwise provided in this  
4 section.

5       (2) Fifteen percent of the collections of the tax imposed at a  
6 rate of 4% shall be distributed to cities, villages, and townships  
7 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971  
8 PA 140, MCL 141.901 to 141.921.

9       (3) Sixty percent of the collections of the tax imposed at a  
10 rate of 4% shall be deposited in the state school aid fund  
11 established in section 11 of article IX of the state constitution

1 of 1963 and distributed as provided by law. In addition, all of the  
2 collections of the tax imposed at the additional rate of 2%  
3 approved by the electors March 15, 1994 shall be deposited in the  
4 state school aid fund.

5 (4) For the fiscal year ending September 30, 1988 and each  
6 fiscal year ending after September 30, 1988, of the 25% of the  
7 collections of the general sales tax imposed at a rate of 4%  
8 directly or indirectly on fuels sold to propel motor vehicles upon  
9 highways, on the sale of motor vehicles, and on the sale of the  
10 parts and accessories of motor vehicles by new and used car  
11 businesses, used car businesses, accessory dealer businesses, and  
12 gasoline station businesses as classified by the department of  
13 treasury remaining after the allocations and distributions are made  
14 pursuant to subsections (2) and (3), the following amounts shall be  
15 deposited each year into the respective funds:

16 (a) For the fiscal year ending September 30, 2003 and for the  
17 fiscal year ending September 30, 2006 and each fiscal year ending  
18 after September 30, 2006, not less than 27.9% to the comprehensive  
19 transportation fund. For the fiscal year ending September 30, 2004  
20 through the fiscal year ending September 30, 2005, not less than  
21 24% to the comprehensive transportation fund. For the fiscal year  
22 ending September 30, 2006 only, the amount deposited to the  
23 comprehensive transportation fund under this subdivision shall be  
24 reduced by \$11,100,000.00. For the fiscal year ending September 30,  
25 2007 only, the amount deposited to the comprehensive transportation  
26 fund under this subdivision shall be reduced by \$10,270,000.00. **FOR**  
27 **THE FISCAL YEAR ENDING SEPTEMBER 30, 2008 ONLY, IF THE AMOUNT OF**

1 THE UNRESERVED GENERAL FUND/GENERAL PURPOSE BALANCE AT THE CLOSE OF  
2 THE STATE FISCAL YEAR ENDING ON SEPTEMBER 30, 2008 IS LESS THAN  
3 \$140,000,000.00, THE AMOUNT DEPOSITED TO THE COMPREHENSIVE  
4 TRANSPORTATION FUND UNDER THIS SUBDIVISION SHALL BE REDUCED BY  
5 \$5,000,000.00. IF THE AMOUNT OF THE UNRESERVED GENERAL FUND/GENERAL  
6 PURPOSE BALANCE AT THE CLOSE OF THE STATE FISCAL YEAR ENDING ON  
7 SEPTEMBER 30, 2008 IS LESS THAN \$140,000,000.00, THE AMOUNT  
8 DEPOSITED TO THE COMPREHENSIVE TRANSPORTATION FUND SHALL BE REDUCED  
9 BY AN AMOUNT SUFFICIENT TO ENSURE A \$140,000,000.00 UNRESERVED  
10 GENERAL FUND/GENERAL PURPOSE BALANCE AT THE CLOSE OF THE STATE  
11 FISCAL YEAR ON SEPTEMBER 30, 2008. THE DEPOSIT SHALL NOT BE REDUCED  
12 BY MORE THAN \$5,000,000.00.

13 (b) The balance to the state general fund.

14 (5) After the allocations and distributions are made pursuant  
15 to subsections (2) and (3), an amount equal to the collections of  
16 the tax imposed at a rate of 4% under this act from the sale at  
17 retail of computer software as defined in section 1a shall be  
18 deposited in the Michigan health initiative fund created in section  
19 5911 of the public health code, 1978 PA 368, MCL 333.5911, and  
20 shall be considered in addition to, and is not intended as a  
21 replacement for any other money appropriated to the department of  
22 community health. The funds deposited in the Michigan health  
23 initiative fund on an annual basis shall not be less than  
24 \$9,000,000.00 or more than \$12,000,000.00.

25 (6) The balance in the state general fund shall be disbursed  
26 only on an appropriation or appropriations by the legislature.