

HOUSE BILL No. 4029

January 22, 2009, Introduced by Rep. Moore 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 sections 11 and 13 (MCL 141.911 and 141.913), section 11 as amended by 2004 PA 356 and section 13 as amended by 2006 PA 437.

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.

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

9 (3) For the 1996-1997 and 1997-1998 state fiscal years, the
10 department of treasury shall cause to be paid to counties on a per
11 capita basis an amount equal to 24.5% of the difference between
12 21.3% of the sales tax collections at a rate of 4% in the 12-month
13 period ending June 30 of the state fiscal year in which the
14 payments are made and the total distribution for the state fiscal
15 year under section 12a. Subject to section 13d, for the 1998-1999
16 ~~through 2005-2006~~ **STATE FISCAL YEAR AND** state fiscal years ~~and for~~
17 ~~the period of October 1, 2006 through September 30, 2007~~ **AFTER THE**
18 **1998-1999 STATE FISCAL YEAR**, the department of treasury shall cause
19 to be paid to counties all of the following:

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

23 (b) Except as provided in subdivision (c) and subsection ~~(6)~~
24 (5), an amount equal to 25.06% of 21.3% of the sales tax
25 collections at a rate of 4% in the 12-month period ending June 30
26 of the state fiscal year in which the payments are made minus the
27 amount determined under subdivision (a), which **REMAINDER** shall be

1 distributed on a per capita basis. If the amount appropriated under
2 this section to counties is less than 25.06% of 21.3% of the sales
3 tax rate of 4%, any reduction made necessary by this appropriation
4 in distributions to counties shall first be applied to the
5 distribution under this subdivision.

6 (c) For the 2002-2003 state fiscal year only, each county
7 shall receive the lesser of 96.5%, or the percentage determined
8 under this subdivision, of the amount that the county would have
9 received if the total available for distribution under subdivisions
10 (a) and (b) were \$211,549,002.00. The total amount available for
11 distribution to all counties under this subdivision shall not
12 exceed \$204,144,787.00. For the 2002-2003 state fiscal year, the
13 percentage under this subdivision shall be determined by dividing
14 the sum of all payments under section 10 of article IX of the state
15 constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For
16 the 2003-2004 state fiscal year only, each county shall receive the
17 lesser of 92%, or the percentage determined under this subdivision,
18 of the amount distributed to the county under this subsection for
19 the 2002-2003 state fiscal year. For the 2003-2004 state fiscal
20 year, the percentage under this subdivision shall be determined by
21 dividing the sum of all payments under section 10 of article IX of
22 the state constitution of 1963 and \$724,800,000.00 by
23 \$1,407,850,000.00 and then subtracting 0.08.

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

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

16 (5) ~~(6)~~—For state fiscal years beginning after September 30,
17 2004, the total amount distributed to each county under this
18 section shall equal the amount by which the balance in its revenue
19 sharing reserve fund under section 44a of the general property tax
20 act, 1893 PA 206, MCL 211.44a, for the county's most recent fiscal
21 year that ends prior to the January 1 of the state's fiscal year is
22 less than the amount calculated under section 44a(13) of the
23 general property tax act, 1893 PA 206, MCL 211.44a, for the county
24 fiscal year that begins in the state's fiscal year. Payments under
25 this subsection shall be adjusted as necessary to reflect partial
26 county fiscal years and prorated based on the total amount
27 appropriated for distribution to all counties. Upon the exhaustion

1 of each county's revenue sharing reserve fund, state revenue
2 sharing within that county will be fully and permanently restored
3 in an amount equal to the total payments made to that county under
4 this act in the state fiscal year ending September 30, 2004,
5 adjusted annually through the date of restoration by the inflation
6 rate, without regard to an executive order issued after May 17,
7 2004, and prorated based on the amount of the reserve fund used by
8 the county in the fiscal year during which payments are required to
9 resume under this subsection. As used in this subsection,
10 "inflation rate" means that term as defined in section 34d of the
11 general property tax act, 1893 PA 206, MCL 211.34d.

12 (6) ~~(7)~~—The department of treasury may withhold all or a
13 portion of payments under this section to a county that has not
14 timely furnished the statement required under section 151(1) of the
15 state school aid act of 1979, 1979 PA 94, MCL 388.1751, or
16 distributed an industrial facilities tax as required under 1974 PA
17 198, MCL 207.551 to 207.572, or the specific tax as required under
18 section 21b of the enterprise zone act, 1985 PA 224, MCL 125.2121b.
19 Before withholding all or a portion of the payments under this
20 section to a county, the department shall inform the county in
21 writing of the intent to withhold payments and offer an opportunity
22 for an informal conference on the matter.

23 Sec. 13. (1) This subsection and subsection (2) apply to
24 distributions to cities, villages, and townships during the state
25 fiscal years before the 1996-1997 state fiscal year of collections
26 from the state income tax and single business tax. Except as
27 otherwise provided in subsection (2), the department of treasury

1 shall cause to be paid to each city, village, and township its
2 share, computed in accordance with the tax effort formula, of the
3 following revenues:

4 (a) During each August, November, February, and May, the
5 collections from the state income tax for the quarter periods
6 ending the prior June 30, September 30, December 31, and March 31
7 that are available for distribution to cities, villages, and
8 townships under the income tax act of 1967, 1967 PA 281, MCL 206.1
9 to 206.532.

10 (b) The amount of the collections from the single business tax
11 available for distribution to cities, villages, and townships under
12 former section 136 of the single business tax act, 1975 PA 228.

13 (2) The amount of collections of the state income tax
14 otherwise available for distribution to cities, villages, and
15 townships in November, February, and May, computed in accordance
16 with the tax effort formula, shall be increased by \$22,600,000.00.
17 The amount of collections otherwise available for distribution to
18 cities, villages, and townships in August, computed in accordance
19 with the tax effort formula, shall be decreased by \$67,800,000.00.

20 (3) This subsection applies to distributions to cities,
21 villages, and townships for the 1996-1997 state fiscal year. The
22 department shall cause to be paid in accordance with the tax effort
23 formula an amount equal to 75.5% of the difference between 21.3% of
24 the sales tax collections at a rate of 4% in the 12-month period
25 ending June 30 of the state fiscal year in which the payments are
26 made and the total distribution for the state fiscal year under
27 section 12a.

1 (4) The department of treasury shall cause to be paid during
2 the 1997-1998 state fiscal year an amount equal to 75.5% of the
3 difference between 21.3% of the sales tax collections at a rate of
4 4% in the 12-month period ending June 30 of the state fiscal year
5 in which the payments are made and the total distribution for the
6 state fiscal year under section 12a, both of the following:

7 (a) To each city, village, and township, the amount of
8 collections distributed under subsection (3) to cities, villages,
9 and townships for the 1996-1997 state fiscal year or its pro rata
10 share of the collections if the collections are less than the
11 amount of collections distributed under subsection (3) for the
12 1996-1997 state fiscal year. A city's, village's, or township's
13 share of revenues under this subdivision shall be computed using
14 the tax effort formula.

15 (b) To each city, village, and township its share of the
16 collections to the extent the total collections available for
17 distribution under this subsection exceed the amount distributed to
18 cities, villages, and townships under subdivision (a) for the
19 fiscal year. A city's, village's, or township's share of revenues
20 under this subdivision shall be computed on a per capita basis.

21 (5) Subject to section 13d, for the 1998-1999 through 2006-
22 2007 state fiscal years, the department of treasury shall cause
23 distributions determined under subsections (6) to (13) to be paid
24 to each city, village, and township from an amount equal to 74.94%
25 of 21.3% of the sales tax collections at a rate of 4% in the 12-
26 month period ending June 30 of the state fiscal year in which the
27 payments are made. After September 30, 2007, 74.94% of 21.3% of

1 sales tax collections at a rate of 4% shall be distributed to
2 cities, villages, and townships ~~as provided by law~~ **ON A PER CAPITA**
3 **BASIS.**

4 (6) Subject to section 13d, for the 1998-1999 through 2006-
5 2007 state fiscal years, except for the 2002-2003 through 2006-2007
6 state fiscal years, and except as otherwise provided in subsection
7 (15), the department of treasury shall cause to be paid
8 \$333,900,000.00 to a city with a population of 750,000 or more as
9 the total combined distribution under this act and section 10 of
10 article IX of the state constitution of 1963 as annualized for any
11 period of less than 12 months to that city. For the 2002-2003 state
12 fiscal year only, the total combined distribution under this
13 subsection and section 10 of article IX of the state constitution
14 of 1963 shall be the lesser of \$322,213,500.00 or \$333,900,000.00
15 multiplied by the percentage as determined under this subsection.
16 For the 2002-2003 state fiscal year, the percentage under this
17 subsection shall be determined by dividing the sum of all payments
18 under section 10 of article IX of the state constitution of 1963
19 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state
20 fiscal year only, the total combined distribution under this
21 subsection and section 10 of article IX of the state constitution
22 of 1963 shall be the lesser of 92%, or the percentage determined
23 under this subsection, of the total combined distribution under
24 this subsection and section 10 of article IX of the state
25 constitution of 1963 for the 2002-2003 state fiscal year. For the
26 2003-2004 state fiscal year, the percentage under this subsection
27 shall be determined by dividing the sum of all payments under

1 section 10 of article IX of the state constitution of 1963 and
2 \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08. For
3 the 2004-2005 state fiscal year only, the total combined
4 distribution under this subsection and section 10 of article IX of
5 the state constitution of 1963 shall be the lesser of 100%, or the
6 percentage determined under this subsection, of the total combined
7 distribution under this subsection and section 10 of article IX of
8 the state constitution of 1963 for the 2003-2004 state fiscal year.
9 For the 2004-2005 state fiscal year, the percentage under this
10 subsection shall be determined by dividing the sum of all payments
11 under section 10 of article IX of the state constitution of 1963
12 and \$445,300,000.00 by \$1,126,300,000.00. For the 2005-2006 state
13 fiscal year only, the total combined distribution under this
14 subsection and section 10 of article IX of the state constitution
15 of 1963 shall be the lesser of 100%, or the percentage determined
16 under this subsection, of the total combined distribution under
17 this subsection and section 10 of article IX of the state
18 constitution of 1963 for the 2004-2005 state fiscal year. For the
19 2005-2006 state fiscal year, the percentage under this subsection
20 shall be determined by dividing the sum of all payments under
21 section 10 of article IX of the state constitution of 1963 for the
22 2005-2006 state fiscal year and \$423,350,000.00 by
23 \$1,115,875,000.00. For the 2006-2007 state fiscal year only, the
24 total combined distribution under this subsection and section 10 of
25 article IX of the state constitution of 1963 shall be the lesser of
26 100%, or the percentage determined under this subsection, of the
27 total combined distribution under this subsection and section 10 of

1 article IX of the state constitution of 1963 for the 2005-2006
2 state fiscal year. For the 2006-2007 state fiscal year, the
3 percentage under this subsection shall be determined by dividing
4 the sum of all payments under section 10 of article IX of the state
5 constitution of 1963 for the 2006-2007 state fiscal year and
6 \$407,485,000.00 by \$1,106,410,000.00.

7 (7) Except as otherwise provided in this subsection,
8 distributions under subsections (8) to (13) to cities, villages,
9 and townships with populations of less than 750,000 shall be made
10 from the amount available for distribution under this section that
11 remains after the distribution under subsection (6) is made. For
12 the 2002-2003 state fiscal year only, each city, village, and
13 township with a population of less than 750,000 shall receive the
14 lesser of 96.5%, or the percentage determined under this
15 subsection, of the amount that the city, village, or township would
16 have received if the total available for distribution under
17 subsections (8) to (13) were \$363,069,728.00 and the total
18 available for distribution under section 10 of article IX of the
19 state constitution of 1963 were \$607,125,488.00. The total amount
20 available for distribution to all cities, villages, and townships
21 under this subsection shall not exceed \$936,238,383.00. For the
22 2002-2003 state fiscal year, the percentage under this subsection
23 shall be determined by dividing the sum of all payments under
24 section 10 of article IX of the state constitution of 1963 and
25 \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state
26 fiscal year only, each city, village, and township with a
27 population of less than 750,000 shall receive an amount equal to

1 the lesser of 92%, or the percentage determined under this
2 subsection, of the amount distributed to the city, village, or
3 township under this subsection and section 10 of article IX of the
4 state constitution of 1963 for the 2002-2003 state fiscal year. For
5 the 2003-2004 state fiscal year, the percentage under this
6 subsection shall be determined by dividing the sum of all payments
7 under section 10 of article IX of the state constitution of 1963
8 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.
9 For the 2004-2005 state fiscal year only, the combined distribution
10 under this subsection and section 10 of article IX of the state
11 constitution of 1963 to each city, village, and township with a
12 population of less than 750,000 shall be the lesser of 100%, or the
13 percentage determined under this subsection, of the total combined
14 distribution to that city, village, or township under this
15 subsection and section 10 of article IX of the state constitution
16 of 1963 for the 2003-2004 state fiscal year. For the 2004-2005
17 state fiscal year, the percentage under this subsection shall be
18 determined by dividing the sum of all payments under section 10 of
19 article IX of the state constitution of 1963 and \$445,300,000.00 by
20 \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the
21 total combined distribution under this subsection and section 10 of
22 article IX of the state constitution of 1963 shall be the lesser of
23 100%, or the percentage determined under this subsection, of the
24 total combined distribution under this subsection and section 10 of
25 article IX of the state constitution of 1963 for the 2004-2005
26 state fiscal year. For the 2005-2006 state fiscal year, the
27 percentage under this subsection shall be determined by dividing

1 the sum of all payments under section 10 of article IX of the state
2 constitution of 1963 for the 2005-2006 state fiscal year and
3 \$423,350,000.00 by \$1,115,875,000.00. For the 2006-2007 state
4 fiscal year only, the total combined distribution under this
5 subsection and section 10 of article IX of the state constitution
6 of 1963 shall be the lesser of 100%, or the percentage determined
7 under this subsection, of the total combined distribution under
8 this subsection and section 10 of article IX of the state
9 constitution of 1963 for the 2005-2006 state fiscal year. For the
10 2006-2007 state fiscal year, the percentage under this subsection
11 shall be determined by dividing the sum of all payments under
12 section 10 of article IX of the state constitution of 1963 for the
13 2006-2007 state fiscal year and \$407,485,000.00 by
14 \$1,106,410,000.00. The amount of the adjustment under this
15 subsection shall be accomplished by reducing the payments under
16 subsections (8) to (13), and payments under section 10 of article
17 IX shall not be reduced based on any adjustments made under this
18 subsection.

19 (8) Subject to section 13d, for the 1998-1999 through 2006-
20 2007 state fiscal years, for cities, villages, and townships with
21 populations of less than 750,000, subject to the limitations under
22 this section, a taxable value payment shall be made to each city,
23 village, and township determined as follows:

24 (a) Determine the per capita taxable value for each city,
25 village, and township by dividing the taxable value of that city,
26 village, or township by the population of that city, village, or
27 township.

1 (b) Determine the statewide per capita taxable value by
2 dividing the total taxable value of all cities, villages, and
3 townships by the total population of all cities, villages, and
4 townships.

5 (c) Determine the per capita taxable value ratio for each
6 city, village, and township by dividing the statewide per capita
7 taxable value by the per capita taxable value for that city,
8 village, or township.

9 (d) Determine the adjusted taxable value population for each
10 city, village, and township by multiplying the per capita taxable
11 value ratio as determined under subdivision (c) for that city,
12 village, or township by the population of that city, village, or
13 township.

14 (e) Determine the total statewide adjusted taxable value
15 population which is the sum of all adjusted taxable value
16 population for all cities, villages, and townships.

17 (f) Determine the taxable value payment rate by dividing
18 74.94% of 21.3% of the sales tax collections at a rate of 4% in the
19 12-month period ending June 30 of the state fiscal year in which
20 the payments under this subsection are made by 3, and dividing that
21 result by the total statewide adjusted taxable value population as
22 determined under subdivision (e).

23 (g) Determine the taxable value payment for each city,
24 village, and township by multiplying the result under subdivision
25 (f) by the adjusted taxable value population for that city,
26 village, or township.

27 (9) Subject to section 13d, for the 1998-1999 through 2005-

1 2006 state fiscal years, ~~and for the period of October 1, 2006~~
2 ~~through September 30, 2007,~~ subject to the limitations under this
3 section and except as provided in subsection (14), a unit type
4 population payment shall be made to each city, village, and
5 township with a population of less than 750,000 determined as
6 follows:

7 (a) Determine the unit type population weight factor for each
8 city, village, and township as follows:

9 (i) For a township with a population of 5,000 or less, the unit
10 type population weight factor is 1.0.

11 (ii) For a township with a population of more than 5,000 but
12 less than 10,001, the unit type population weight factor is 1.2.

13 (iii) For a township with a population of more than 10,000 but
14 less than 20,001, the unit type population weight factor is 1.44.

15 (iv) For a township with a population of more than 20,000 but
16 less than 40,001, the unit type population weight factor is 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 2.07.

19 (vi) For a township with a population of more than 80,000, the
20 unit type population weight factor is 2.49.

21 (vii) For a village with a population of 5,000 or less, the
22 unit type population weight factor is 1.5.

23 (viii) For a village with a population of more than 5,000 but
24 less than 10,001, the unit type population weight factor is 1.8.

25 (ix) For a village with a population of more than 10,000, the
26 unit type population weight factor is 2.16.

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

1 type population weight factor is 2.5.

2 (xi) For a city with a population of more than 5,000 but less
3 than 10,001, the unit type population weight factor is 3.0.

4 (xii) For a city with a population of more than 10,000 but less
5 than 20,001, the unit type population weight factor is 3.6.

6 (xiii) For a city with a population of more than 20,000 but less
7 than 40,001, the unit type population weight factor is 4.32.

8 (xiv) For a city with a population of more than 40,000 but less
9 than 80,001, the unit type population weight factor is 5.18.

10 (xv) For a city with a population of more than 80,000 but less
11 than 160,001, the unit type population weight factor is 6.22.

12 (xvi) For a city with a population of more than 160,000 but
13 less than 320,001, the unit type population weight factor is 7.46.

14 (xvii) For a city with a population of more than 320,000 but
15 less than 640,001, the unit type population weight factor is 8.96.

16 (xviii) For a city with a population of more than 640,000, the
17 unit type population weight factor is 10.75.

18 (b) Determine the adjusted unit type population for each city,
19 village, and township by multiplying the unit type population
20 weight factor for that city, village, or township as determined
21 under subdivision (a) by the population of the city, village, or
22 township.

23 (c) Determine the total statewide adjusted unit type
24 population, which is the sum of the adjusted unit type population
25 for all cities, villages, and townships.

26 (d) Determine the unit type population payment rate by
27 dividing 74.94% of 21.3% of the sales tax collections at a rate of

1 4% in the 12-month period ending June 30 of the state fiscal year
2 in which the payments under this subsection are made by 3, and then
3 dividing that result by the total statewide adjusted unit type
4 population as determined under subdivision (c).

5 (e) Determine the unit type population payment for each city,
6 village, and township by multiplying the result under subdivision
7 (d) by the adjusted unit type population for that city, village, or
8 township.

9 (10) Subject to section 13d, for the 1998-1999 through 2005-
10 2006 state fiscal years, ~~and for the period of October 1, 2006~~
11 ~~through September 30, 2007,~~ subject to the limitations under this
12 section, a yield equalization payment shall be made to each city,
13 village, and township with a population of less than 750,000
14 sufficient to provide the guaranteed tax base for a local tax
15 effort not to exceed 0.02. The payment shall be determined as
16 follows:

17 (a) The guaranteed tax base is the maximum combined state and
18 local per capita taxable value that can be guaranteed in a state
19 fiscal year to each city, village, and township for a local tax
20 effort not to exceed 0.02 if an amount equal to 74.94% of 21.3% of
21 the state sales tax at a rate of 4% is distributed to cities,
22 villages, and townships whose per capita taxable value is below the
23 guaranteed tax base.

24 (b) The full yield equalization payment to each city, village,
25 and township is the product of the amounts determined under
26 subparagraphs (i) and (ii):

27 (i) An amount greater than zero that is equal to the difference

1 between the guaranteed tax base determined in subdivision (a) and
2 the per capita taxable value of the city, village, or township.

3 (ii) The local tax effort of the city, village, or township,
4 not to exceed 0.02, multiplied by the population of that city,
5 village, or township.

6 (c) The yield equalization payment is the full yield
7 equalization payment divided by 3.

8 (11) For ~~state fiscal years after the~~ 1997-1998 **THROUGH 2005-**
9 **2006** state fiscal ~~year~~-**YEARS**, distributions under this section for
10 cities, villages, and townships with populations of less than
11 750,000 shall be determined as follows:

12 (a) For the 1998-1999 state fiscal year, the payment under
13 this section for each city, village, and township shall be the sum
14 of the following:

15 (i) Ninety percent of the total amount available for
16 distribution under subsections (8), (9), and (10) for the 1998-1999
17 state fiscal year multiplied by the city's, village's, or
18 township's percentage share of the distributions under this section
19 and section 12a minus the amount of a distribution under this
20 section and section 12a to a city that is eligible to receive a
21 distribution under subsection (6) in the 1997-1998 state fiscal
22 year.

23 (ii) Ten percent of the total amount available for distribution
24 under subsections (8), (9), and (10) for the 1998-1999 state fiscal
25 year multiplied by the percentage share of the distribution amounts
26 calculated under subsections (8), (9), and (10).

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

1 this section for each city, village, and township shall be the sum
2 of the following:

3 (i) Eighty percent of the total amount available for
4 distribution under subsections (8), (9), and (10) for the 1999-2000
5 state fiscal year multiplied by the city's, village's, or
6 township's percentage share of the distributions under this section
7 and section 12a minus the amount of a distribution under this
8 section and section 12a to a city that is eligible to receive a
9 distribution under subsection (6) in the 1997-1998 state fiscal
10 year.

11 (ii) Twenty percent of the total amount available for
12 distribution 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 distribution amounts calculated
15 under subsections (8), (9), and (10).

16 (c) For the 2000-2001 state fiscal year, the payment under
17 this section for each city, village, and township shall be the sum
18 of the following:

19 (i) Seventy percent of the total amount available for
20 distribution under subsections (8), (9), and (10) for the 2000-2001
21 state fiscal year multiplied by the city's, village's, or
22 township's percentage share of the distributions under this section
23 and section 12a minus the amount of a distribution under this
24 section and section 12a to a city that is eligible to receive a
25 distribution under subsection (6) in the 1997-1998 state fiscal
26 year.

27 (ii) Thirty percent of the total amount available for

1 distribution under subsections (8), (9), and (10) for the 2000-2001
2 state fiscal year multiplied by the percentage share of the
3 distribution amounts calculated under subsections (8), (9), and
4 (10).

5 (d) For the 2001-2002 state fiscal year, the payment under
6 this section for each city, village, and township shall be the sum
7 of the following:

8 (i) Sixty percent of the total amount available for
9 distribution under subsections (8), (9), and (10) for the 2001-2002
10 state fiscal year multiplied by the city's, village's, or
11 township's percentage share of the distributions under this section
12 and section 12a minus the amount of a distribution under this
13 section and section 12a to a city that is eligible to receive a
14 distribution under subsection (6) in the 1997-1998 state fiscal
15 year.

16 (ii) Forty percent of the total amount available for
17 distribution under subsections (8), (9), and (10) for the 2001-2002
18 state fiscal year multiplied by the percentage share of the
19 distribution amounts calculated under subsections (8), (9), and
20 (10).

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

24 (i) Fifty percent of the total amount available for
25 distribution under subsections (8), (9), and (10) for the 2002-2003
26 state fiscal year multiplied by the city's, village's, or
27 township's percentage share of the distributions under this section

1 and section 12a minus the amount of a distribution under this
2 section and section 12a to a city that is eligible to receive a
3 distribution under subsection (6) in the 1997-1998 state fiscal
4 year.

5 (ii) Fifty percent of the total amount available for
6 distribution under subsections (8), (9), and (10) for the 2002-2003
7 state fiscal year multiplied by the percentage share of the
8 distribution amounts calculated under subsections (8), (9), and
9 (10).

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

13 (i) Forty percent of the total amount available for
14 distribution under subsections (8), (9), and (10) for the 2003-2004
15 state fiscal year multiplied by the city's, village's, or
16 township's percentage share of the distributions under this section
17 and section 12a minus the amount of a distribution under this
18 section and section 12a to a city that is eligible to receive a
19 distribution under subsection (6) in the 1997-1998 state fiscal
20 year.

21 (ii) Sixty percent of the total amount available for
22 distribution under subsections (8), (9), and (10) for the 2003-2004
23 state fiscal year multiplied by the percentage share of the
24 distribution amounts calculated under subsections (8), (9), and
25 (10).

26 (g) For the 2004-2005 state fiscal year, the payment under
27 this section for each city, village, and township shall be the sum

1 of the following:

2 (i) Thirty percent of the total amount available for
3 distribution under subsections (8), (9), and (10) for the 2004-2005
4 state fiscal year multiplied by the city's, village's, or
5 township's percentage share of the distributions under this section
6 and section 12a minus the amount of a distribution under this
7 section and section 12a to a city that is eligible to receive a
8 distribution under subsection (6) in the 1997-1998 state fiscal
9 year.

10 (ii) Seventy percent of the total amount available for
11 distribution under subsections (8), (9), and (10) for the 2004-2005
12 state fiscal year multiplied by the percentage share of the
13 distribution amounts calculated under subsections (8), (9), and
14 (10).

15 (h) For the 2005-2006 state fiscal year, the payment under
16 this section for each city, village, and township shall be the sum
17 of the following:

18 (i) Twenty percent of the total amount available for
19 distribution under subsections (8), (9), and (10) for the 2005-2006
20 state fiscal year multiplied by the city's, village's, or
21 township's percentage share of the distributions under this section
22 and section 12a minus the amount of a distribution under this
23 section and section 12a to a city that is eligible to receive a
24 distribution under subsection (6) in the 1997-1998 state fiscal
25 year.

26 (ii) Eighty percent of the total amount available for
27 distribution under subsections (8), (9), and (10) for the 2005-2006

1 state fiscal year multiplied by the percentage share of the
2 distribution amounts calculated under subsections (8), (9), and
3 (10).

4 (i) For the period of October 1, 2006 through September 30,
5 2007, the payment under this section for each city, village, and
6 township shall be the sum of the following:

7 (i) Ten percent of the total amount available for distribution
8 under subsections (8), (9), and (10) for the 2006-2007 state fiscal
9 year multiplied by the city's, village's, or township's percentage
10 share of the distributions under this section and section 12a minus
11 the amount of a distribution under this section and section 12a to
12 a city that is eligible to receive a distribution under subsection
13 (6) in the 1997-1998 state fiscal year.

14 (ii) Ninety percent of the total amount available for
15 distribution under subsections (8), (9), and (10) for the 2006-2007
16 state fiscal year multiplied by the percentage share of the
17 distribution amounts calculated under subsections (8), (9), and
18 (10).

19 (12) Except as otherwise provided in this subsection **FOR STATE**
20 **FISCAL YEARS BEFORE THE 2008-2009 STATE FISCAL YEAR**, the total
21 payment to any city, village, or township under this act and
22 section 10 of article IX of the state constitution of 1963 shall
23 not increase by more than 8% over the amount of the payment under
24 this act and section 10 of article IX of the state constitution of
25 1963 in the immediately preceding state fiscal year. From the
26 amount not distributed because of the limitation imposed by this
27 subsection, the department shall distribute an amount to certain

1 cities, villages, and townships such that the percentage increase
2 in the total payment under this act and section 10 of article IX of
3 the state constitution of 1963 from the immediately preceding state
4 fiscal year to each of those cities, villages, and townships is
5 equal to, but does not exceed, the percentage increase from the
6 immediately preceding state fiscal year of any city, village, or
7 township that does not receive a distribution under this
8 subsection. This subsection does not apply for state fiscal years
9 after the 2000 federal decennial census becomes official to a city,
10 village, or township with a 10% or more increase in population from
11 the official 1990 federal decennial census to the official 2000
12 federal decennial census.

13 (13) The percentage allocations to distributions under
14 subsections (8) to (10) pursuant to subsection (11) shall be
15 calculated as if, in any state fiscal year, the amount appropriated
16 under this section for distribution to cities, villages, and
17 townships is 74.94% of 21.3% of the sales tax at a rate of 4%. If
18 the amount appropriated under this section to cities, villages, and
19 townships is less than 74.94% of 21.3% of the sales tax at a rate
20 of 4%, any reduction made necessary by this appropriation in
21 distributions to cities, villages, and townships shall first be
22 applied to the distribution under subsections (8) to (10) and any
23 remaining amount shall be applied to the other distributions under
24 this section.

25 (14) ~~A~~FOR STATE FISCAL YEARS BEFORE THE 2008-2009 STATE
26 FISCAL YEAR, DISTRIBUTION UNDER THIS SECTION TO A township that
27 provides for or makes available fire, police on a 24-hour basis

1 either through contracting for or directly employing personnel,
2 water to 50% or more of its residents, and sewer services to 50% or
3 more of its residents and has a population of 10,000 or more or a
4 township that has a population of 20,000 or more shall ~~use~~**BE**
5 **DETERMINED BY USING** the unit type population weight factor under
6 subsection (9) (a) for a city with the same population as the
7 township.

8 (15) For a state fiscal year **BEFORE THE 2008-2009 STATE FISCAL**
9 **YEAR** in which the sales tax collections decrease from the sales tax
10 collections for the immediately preceding state fiscal year, the
11 department shall reduce the amount to be distributed to a city with
12 a population of 750,000 or more under subsection (6) by an amount
13 determined by subtracting the amount the city is eligible for under
14 section 10 of article IX of the state constitution of 1963 for the
15 state fiscal year from \$333,900,000.00 and multiplying that result
16 by the same percentage as the percentage decrease in sales tax
17 collections for that state fiscal year as compared to sales tax
18 collections for the immediately preceding state fiscal year. This
19 subsection does not apply to the 2002-2003 through 2006-2007 state
20 fiscal years.

21 (16) Notwithstanding any other provision of this section for
22 the 1998-1999 state fiscal year, the total combined amount received
23 by each city, village, and township under this section and section
24 10 of article IX of the state constitution of 1963 shall not be
25 less than the combined amount received under this section, section
26 12a, and section 10 of article IX of the state constitution of 1963
27 in the 1997-1998 state fiscal year. The increase, if any, for each

1 city, village, and township from the 1997-1998 state fiscal year,
2 other than a city that receives a distribution under subsection
3 (6), shall be reduced by a uniform percentage to the extent
4 necessary to fund distributions under this subsection.

5 (17) The payments under subsections (3), (4), and (5) shall be
6 made during each October, December, February, April, June, and
7 August. Payments under subsections (3), (4), and (5) shall be based
8 on collections from the sales tax at the rate of 4% in the 2-month
9 period ending the prior August 31, October 31, December 31,
10 February 28, April 30, and June 30, and for the 1996-1997 and 1997-
11 1998 state fiscal years only, the payments shall be reduced by 1/6
12 of the total distribution for the state fiscal year under section
13 12a.

14 (18) Payments under this section shall be made from revenues
15 collected during the state fiscal year in which the payments are
16 made.

17 (19) Distributions provided for by this act are subject to an
18 annual appropriation by the legislature.

19 (20) After the department has informed a city, village, or
20 township in writing of the intent to withhold all or a portion of
21 payments under this section and offered the affected city, village,
22 or township an opportunity for an informal conference on the
23 matter, the department of treasury may withhold all or a portion of
24 payments under this section to a city, village, or township that
25 has not distributed 1 or more of the following:

26 (a) An industrial facilities tax as required under 1974 PA
27 198, MCL 207.551 to 207.572.

1 (b) The specific tax as required under section 21b of the
2 enterprise zone act, 1985 PA 224, MCL 125.2121b.

3 (c) Any portion of the state education tax levied under the
4 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, or of
5 property taxes levied for any purpose by a local or intermediate
6 school district under the revised school code, 1976 PA 451, MCL
7 380.1 to 380.1852, determined by the state tax commission to have
8 been wrongfully captured and retained to implement a tax increment
9 financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
10 increment finance authority act, 1980 PA 450, MCL 125.1801 to
11 125.1830, or the local development financing act, 1986 PA 281, MCL
12 125.2151 to 125.2174.