

HOUSE BILL No. 4257

February 15, 2011, Introduced by Reps. Forlini, Genetski, Shirkey, Johnson, Rendon, Knollenberg, Lund, Agema, Walsh, Damrow, LaFontaine and Jacobsen 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 **TECHNOLOGY**, management, and budget
3 shall cause to be paid during each August, November, February, and
4 May, to counties on a per capita basis the collections from the
5 state 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 years and for the period of October
17 1, 2006 through September 30, 2007, the department of treasury
18 shall cause to be paid to counties all of the following:

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

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

1 this section to counties is less than 25.06% of 21.3% of the sales
2 tax rate of 4%, any reduction made necessary by this appropriation
3 in distributions to counties shall first be applied to the
4 distribution under this subdivision.

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

23 (4) After September 30, 2007 **THROUGH SEPTEMBER 30, 2011** and
24 subject to the limitations of subsections (3) and (6), 25.06% of
25 21.3% of the sales tax collections at a rate of 4% shall be
26 distributed to counties as provided by law. **AFTER SEPTEMBER 30,**
27 **2011 AND SUBJECT TO THE LIMITATIONS OF SUBSECTIONS (3) AND (6),**

1 25.06% OF 21.3% OF THE SALES TAX COLLECTIONS AT A RATE OF 4% SHALL
2 BE DISTRIBUTED TO COUNTIES ON A PER CAPITA BASIS.

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

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

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

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

25 Sec. 13. (1) This subsection and subsection (2) apply to
26 distributions to cities, villages, and townships during the state
27 fiscal years before the 1996-1997 state fiscal year of collections

1 from the state income tax and single business tax. Except as
2 otherwise provided in subsection (2), the department of treasury
3 shall cause to be paid to each city, village, and township its
4 share, computed in accordance with the tax effort formula, of the
5 following revenues:

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

12 (b) The amount of the collections from the single business tax
13 available for distribution to cities, villages, and townships under
14 ~~former section 136 of the single business tax act, FORMER~~ 1975 PA
15 228.

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

23 (3) This subsection applies to distributions to cities,
24 villages, and townships for the 1996-1997 state fiscal year. The
25 department **OF TREASURY** shall cause to be paid in accordance with
26 the tax effort formula an amount equal to 75.5% of the difference
27 between 21.3% of the sales tax collections at a rate of 4% in the

1 12-month period ending June 30 of the state fiscal year in which
2 the payments are made and the total distribution for the state
3 fiscal year under section 12a.

4 (4) The department of treasury shall cause to be paid during
5 the 1997-1998 state fiscal year an amount equal to 75.5% of the
6 difference between 21.3% of the sales tax collections at a rate of
7 4% in the 12-month period ending June 30 of the state fiscal year
8 in which the payments are made and the total distribution for the
9 state fiscal year under section 12a, both of the following:

10 (a) To each city, village, and township, the amount of
11 collections distributed under subsection (3) to cities, villages,
12 and townships for the 1996-1997 state fiscal year or its pro rata
13 share of the collections if the collections are less than the
14 amount of collections distributed under subsection (3) for the
15 1996-1997 state fiscal year. A city's, village's, or township's
16 share of revenues under this subdivision shall be computed using
17 the tax effort formula.

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

24 (5) Subject to section 13d, for the 1998-1999 through 2006-
25 2007 state fiscal years, the department of treasury shall cause
26 distributions determined under subsections (6) to (13) to be paid
27 to each city, village, and township from an amount equal to 74.94%

1 of 21.3% of the sales tax collections at a rate of 4% in the 12-
2 month period ending June 30 of the state fiscal year in which the
3 payments are made. After September 30, 2007 **THROUGH SEPTEMBER 30,**
4 **2011,** 74.94% of 21.3% of sales tax collections at a rate of 4%
5 shall be distributed to cities, villages, and townships as provided
6 by law. **AFTER SEPTEMBER 30, 2011, 74.94% OF 21.3% OF SALES TAX**
7 **COLLECTIONS AT A RATE OF 4% SHALL BE DISTRIBUTED TO CITIES,**
8 **VILLAGES, AND TOWNSHIPS ON A PER CAPITA BASIS.**

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

1 under this subsection, of the total combined distribution under
2 this subsection and section 10 of article IX of the state
3 constitution of 1963 for the 2002-2003 state fiscal year. For the
4 2003-2004 state fiscal year, the percentage under this subsection
5 shall be determined by dividing the sum of all payments under
6 section 10 of article IX of the state constitution of 1963 and
7 \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08. For
8 the 2004-2005 state fiscal year only, the total combined
9 distribution under this subsection and section 10 of article IX of
10 the state constitution of 1963 shall be the lesser of 100%, or the
11 percentage determined under this subsection, of the total combined
12 distribution under this subsection and section 10 of article IX of
13 the state constitution of 1963 for the 2003-2004 state fiscal year.
14 For the 2004-2005 state fiscal year, the percentage under this
15 subsection shall be determined by dividing the sum of all payments
16 under section 10 of article IX of the state constitution of 1963
17 and \$445,300,000.00 by \$1,126,300,000.00. For the 2005-2006 state
18 fiscal year only, the total combined distribution under this
19 subsection and section 10 of article IX of the state constitution
20 of 1963 shall be the lesser of 100%, or the percentage determined
21 under this subsection, of the total combined distribution under
22 this subsection and section 10 of article IX of the state
23 constitution of 1963 for the 2004-2005 state fiscal year. For the
24 2005-2006 state fiscal year, the percentage under this subsection
25 shall be determined by dividing the sum of all payments under
26 section 10 of article IX of the state constitution of 1963 for the
27 2005-2006 state fiscal year and \$423,350,000.00 by

1 \$1,115,875,000.00. For the 2006-2007 state fiscal year only, the
2 total combined distribution under this subsection and section 10 of
3 article IX of the state constitution of 1963 shall be the lesser of
4 100%, or the percentage determined under this subsection, of the
5 total combined distribution under this subsection and section 10 of
6 article IX of the state constitution of 1963 for the 2005-2006
7 state fiscal year. For the 2006-2007 state fiscal year, the
8 percentage under this subsection shall be determined by dividing
9 the sum of all payments under section 10 of article IX of the state
10 constitution of 1963 for the 2006-2007 state fiscal year and
11 \$407,485,000.00 by \$1,106,410,000.00.

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

1 shall be determined by dividing the sum of all payments under
2 section 10 of article IX of the state constitution of 1963 and
3 \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state
4 fiscal year only, each city, village, and township with a
5 population of less than 750,000 shall receive an amount equal to
6 the lesser of 92%, or the percentage determined under this
7 subsection, of the amount distributed to the city, village, or
8 township under this subsection and section 10 of article IX of the
9 state constitution of 1963 for the 2002-2003 state fiscal year. For
10 the 2003-2004 state fiscal year, the percentage under this
11 subsection shall be determined by dividing the sum of all payments
12 under section 10 of article IX of the state constitution of 1963
13 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.
14 For the 2004-2005 state fiscal year only, the combined distribution
15 under this subsection and section 10 of article IX of the state
16 constitution of 1963 to each city, village, and township with a
17 population of less than 750,000 shall be the lesser of 100%, or the
18 percentage determined under this subsection, of the total combined
19 distribution to that city, village, or township under this
20 subsection and section 10 of article IX of the state constitution
21 of 1963 for the 2003-2004 state fiscal year. For the 2004-2005
22 state fiscal year, the percentage under this subsection shall be
23 determined by dividing the sum of all payments under section 10 of
24 article IX of the state constitution of 1963 and \$445,300,000.00 by
25 \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the
26 total combined distribution under this subsection and section 10 of
27 article IX of the state constitution of 1963 shall be the lesser of

1 100%, or the percentage determined under this subsection, of the
2 total combined distribution under this subsection and section 10 of
3 article IX of the state constitution of 1963 for the 2004-2005
4 state fiscal year. For the 2005-2006 state fiscal year, the
5 percentage under this subsection shall be determined by dividing
6 the sum of all payments under section 10 of article IX of the state
7 constitution of 1963 for the 2005-2006 state fiscal year and
8 \$423,350,000.00 by \$1,115,875,000.00. For the 2006-2007 state
9 fiscal year only, the total combined distribution under this
10 subsection and section 10 of article IX of the state constitution
11 of 1963 shall be the lesser of 100%, or the percentage determined
12 under this subsection, of the total combined distribution under
13 this subsection and section 10 of article IX of the state
14 constitution of 1963 for the 2005-2006 state fiscal year. For the
15 2006-2007 state fiscal year, the percentage under this subsection
16 shall be determined by dividing the sum of all payments under
17 section 10 of article IX of the state constitution of 1963 for the
18 2006-2007 state fiscal year and \$407,485,000.00 by
19 \$1,106,410,000.00. The amount of the adjustment under this
20 subsection shall be accomplished by reducing the payments under
21 subsections (8) to (13), and payments under section 10 of article
22 **IX OF THE STATE CONSTITUTION OF 1963** shall not be reduced based on
23 any adjustments made under this subsection.

24 (8) Subject to section 13d, for the 1998-1999 through 2006-
25 2007 state fiscal years, for cities, villages, and townships with
26 populations of less than 750,000, subject to the limitations under
27 this section, a taxable value payment shall be made to each city,

1 village, and township determined as follows:

2 (a) Determine the per capita taxable value for each city,
3 village, and township by dividing the taxable value of that city,
4 village, or township by the population of that city, village, or
5 township.

6 (b) Determine the statewide per capita taxable value by
7 dividing the total taxable value of all cities, villages, and
8 townships by the total population of all cities, villages, and
9 townships.

10 (c) Determine the per capita taxable value ratio for each
11 city, village, and township by dividing the statewide per capita
12 taxable value by the per capita taxable value for that city,
13 village, or township.

14 (d) Determine the adjusted taxable value population for each
15 city, village, and township by multiplying the per capita taxable
16 value ratio as determined under subdivision (c) for that city,
17 village, or township by the population of that city, village, or
18 township.

19 (e) Determine the total statewide adjusted taxable value
20 population which is the sum of all adjusted taxable value
21 population for all cities, villages, and townships.

22 (f) Determine the taxable value payment rate by dividing
23 74.94% of 21.3% of the sales tax collections at a rate of 4% in the
24 12-month period ending June 30 of the state fiscal year in which
25 the payments under this subsection are made by 3, and dividing that
26 result by the total statewide adjusted taxable value population as
27 determined under subdivision (e).

1 (g) Determine the taxable value payment for each city,
2 village, and township by multiplying the result under subdivision
3 (f) by the adjusted taxable value population for that city,
4 village, or township.

5 (9) Subject to section 13d, for the 1998-1999 through 2005-
6 2006 state fiscal years and for the period of October 1, 2006
7 through September 30, 2007, subject to the limitations under this
8 section and except as provided in subsection (14), a unit type
9 population payment shall be made to each city, village, and
10 township with a population of less than 750,000 determined as
11 follows:

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

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

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

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

20 (iv) For a township with a population of more than 20,000 but
21 less than 40,001, the unit type population weight factor is 1.73.

22 (v) For a township with a population of more than 40,000 but
23 less than 80,001, the unit type population weight factor is 2.07.

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

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

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

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

5 (x) For a city with a population of 5,000 or less, the unit
6 type population weight factor is 2.5.

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

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

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

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

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

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

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

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

23 (b) Determine the adjusted unit type population for each city,
24 village, and township by multiplying the unit type population
25 weight factor for that city, village, or township as determined
26 under subdivision (a) by the population of the city, village, or
27 township.

1 (c) Determine the total statewide adjusted unit type
2 population, which is the sum of the adjusted unit type population
3 for all cities, villages, and townships.

4 (d) Determine the unit type population payment rate by
5 dividing 74.94% of 21.3% of the sales tax collections at a rate of
6 4% in the 12-month period ending June 30 of the state fiscal year
7 in which the payments under this subsection are made by 3, and then
8 dividing that result by the total statewide adjusted unit type
9 population as determined under subdivision (c).

10 (e) Determine the unit type population payment for each city,
11 village, and township by multiplying the result under subdivision
12 (d) by the adjusted unit type population for that city, village, or
13 township.

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

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

1 guaranteed tax base.

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

5 (i) An amount greater than zero that is equal to the difference
6 between the guaranteed tax base determined in subdivision (a) and
7 the per capita taxable value of the city, village, or township.

8 (ii) The local tax effort of the city, village, or township,
9 not to exceed 0.02, multiplied by the population of that city,
10 village, or township.

11 (c) The yield equalization payment is the full yield
12 equalization payment divided by 3.

13 (11) For ~~state fiscal years after the~~ 1997-1998 **THROUGH 2006-**
14 **2007** state fiscal ~~year~~ **YEARS**, distributions under this section for
15 cities, villages, and townships with populations of less than
16 750,000 shall be determined as follows:

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

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

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

5 (b) For the 1999-2000 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) Eighty percent of the total amount available for
9 distribution under subsections (8), (9), and (10) for the 1999-2000
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) Twenty percent of the total amount available for
17 distribution under subsections (8), (9), and (10) for the 1999-2000
18 state fiscal year multiplied by the city's, village's, or
19 township's percentage share of the distribution amounts calculated
20 under subsections (8), (9), and (10).

21 (c) For the 2000-2001 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) Seventy percent of the total amount available for
25 distribution under subsections (8), (9), and (10) for the 2000-2001
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) Thirty percent of the total amount available for
6 distribution under subsections (8), (9), and (10) for the 2000-2001
7 state fiscal year multiplied by the percentage share of the
8 distribution amounts calculated under subsections (8), (9), and
9 (10).

10 (d) For the 2001-2002 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) Sixty percent of the total amount available for
14 distribution under subsections (8), (9), and (10) for the 2001-2002
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) Forty percent of the total amount available for
22 distribution under subsections (8), (9), and (10) for the 2001-2002
23 state fiscal year multiplied by the percentage share of the
24 distribution amounts calculated under subsections (8), (9), and
25 (10).

26 (e) For the 2002-2003 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) Fifty percent of the total amount available for
3 distribution under subsections (8), (9), and (10) for the 2002-2003
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) Fifty percent of the total amount available for
11 distribution under subsections (8), (9), and (10) for the 2002-2003
12 state fiscal year multiplied by the percentage share of the
13 distribution amounts calculated under subsections (8), (9), and
14 (10).

15 (f) For the 2003-2004 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) Forty percent of the total amount available for
19 distribution under subsections (8), (9), and (10) for the 2003-2004
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) Sixty percent of the total amount available for
27 distribution under subsections (8), (9), and (10) for the 2003-2004

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

4 (g) For the 2004-2005 state fiscal year, the payment under
5 this section for each city, village, and township shall be the sum
6 of the following:

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

15 (ii) Seventy percent of the total amount available for
16 distribution under subsections (8), (9), and (10) for the 2004-2005
17 state fiscal year multiplied by the percentage share of the
18 distribution amounts calculated under subsections (8), (9), and
19 (10).

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

23 (i) Twenty percent of the total amount available for
24 distribution under subsections (8), (9), and (10) for the 2005-2006
25 state fiscal year multiplied by the city's, village's, or
26 township's percentage share of the distributions under this section
27 and section 12a minus the amount of a distribution under this

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

4 (ii) Eighty percent of the total amount available for
5 distribution under subsections (8), (9), and (10) for the 2005-2006
6 state fiscal year multiplied by the percentage share of the
7 distribution amounts calculated under subsections (8), (9), and
8 (10).

9 (i) For the period of October 1, 2006 through September 30,
10 2007, the payment under this section for each city, village, and
11 township shall be the sum of the following:

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

19 (ii) Ninety percent of the total amount available for
20 distribution under subsections (8), (9), and (10) for the 2006-2007
21 state fiscal year multiplied by the percentage share of the
22 distribution amounts calculated under subsections (8), (9), and
23 (10).

24 (12) Except as otherwise provided in this subsection, **BEFORE**
25 **SEPTEMBER 30, 2011**, the total payment to any city, village, or
26 township under this act and section 10 of article IX of the state
27 constitution of 1963 shall not increase by more than 8% over the

1 amount of the payment under this act and section 10 of article IX
2 of the state constitution of 1963 in the immediately preceding
3 state fiscal year. From the amount not distributed because of the
4 limitation imposed by this subsection, the department **OF TREASURY**
5 shall distribute an amount to certain cities, villages, and
6 townships such that the percentage increase in the total payment
7 under this act and section 10 of article IX of the state
8 constitution of 1963 from the immediately preceding state fiscal
9 year to each of those cities, villages, and townships is equal to,
10 but does not exceed, the percentage increase from the immediately
11 preceding state fiscal year of any city, village, or township that
12 does not receive a distribution under this subsection. This
13 subsection does not apply for state fiscal years after the 2000
14 federal decennial census becomes official to a city, village, or
15 township with a 10% or more increase in population from the
16 official 1990 federal decennial census to the official 2000 federal
17 decennial census.

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

1 remaining amount shall be applied to the other distributions under
2 this section.

3 (14) ~~A~~**BEFORE SEPTEMBER 30, 2011, A** township that provides for
4 or makes available fire, police on a 24-hour basis either through
5 contracting for or directly employing personnel, water to 50% or
6 more of its residents, and sewer services to 50% or more of its
7 residents and has a population of 10,000 or more or a township that
8 has a population of 20,000 or more shall use the unit type
9 population weight factor under subsection (9)(a) for a city with
10 the same population as the township.

11 (15) For a state fiscal year **BEFORE SEPTEMBER 30, 2011** in
12 which the sales tax collections decrease from the sales tax
13 collections for the immediately preceding state fiscal year, the
14 department **OF TREASURY** shall reduce the amount to be distributed to
15 a city with a population of 750,000 or more under subsection (6) by
16 an amount determined by subtracting the amount the city is eligible
17 for under section 10 of article IX of the state constitution of
18 1963 for the state fiscal year from \$333,900,000.00 and multiplying
19 that result by the same percentage as the percentage decrease in
20 sales tax collections for that state fiscal year as compared to
21 sales tax collections for the immediately preceding state fiscal
22 year. This subsection does not apply to the 2002-2003 through 2006-
23 2007 state fiscal years **OR AFTER SEPTEMBER 30, 2011.**

24 (16) Notwithstanding any other provision of this section for
25 the 1998-1999 state fiscal year, the total combined amount received
26 by each city, village, and township under this section and section
27 10 of article IX of the state constitution of 1963 shall not be

1 less than the combined amount received under this section, section
2 12a, and section 10 of article IX of the state constitution of 1963
3 in the 1997-1998 state fiscal year. The increase, if any, for each
4 city, village, and township from the 1997-1998 state fiscal year,
5 other than a city that receives a distribution under subsection
6 (6), shall be reduced by a uniform percentage to the extent
7 necessary to fund distributions under this subsection.

8 (17) The payments under subsections (3), (4), and (5) shall be
9 made during each October, December, February, April, June, and
10 August. Payments under subsections (3), (4), and (5) shall be based
11 on collections from the sales tax at the rate of 4% in the 2-month
12 period ending the prior August 31, October 31, December 31,
13 February 28, April 30, and June 30, and for the 1996-1997 and 1997-
14 1998 state fiscal years only, the payments shall be reduced by 1/6
15 of the total distribution for the state fiscal year under section
16 12a.

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

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

22 (20) After the department **OF TREASURY** has informed a city,
23 village, or township in writing of the intent to withhold all or a
24 portion of payments under this section and offered the affected
25 city, village, or township an opportunity for an informal
26 conference on the matter, the department of treasury may withhold
27 all or a portion of payments under this section to a city, village,

1 or township that has not distributed 1 or more of the following:

2 (a) An industrial facilities tax as required under 1974 PA
3 198, MCL 207.551 to 207.572.

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

6 (c) Any portion of the state education tax levied under the
7 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, or of
8 property taxes levied for any purpose by a local or intermediate
9 school district under the revised school code, 1976 PA 451, MCL
10 380.1 to 380.1852, determined by the state tax commission to have
11 been wrongfully captured and retained to implement a tax increment
12 financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
13 increment finance authority act, 1980 PA 450, MCL 125.1801 to
14 125.1830, or the local development financing act, 1986 PA 281, MCL
15 125.2151 to 125.2174.