

# Legislative Analysis



## RESTORE SCHOOL AID FUND EARMARK

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<http://www.house.mi.gov/hfa>

**House Bill 4125 as enacted**  
**Public Act 75 of 2020**  
**Sponsor: Rep. Scott VanSingel**  
**1st House Committee: Tax Policy**  
**2nd House Committee: Appropriations**  
**Senate Committee: Appropriations**  
**Complete to 10-23-20**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 4125 amends the Income Tax Act to adjust the School Aid Fund (SAF) earmark from 0.954% to 1.012%.

2018 PA 588 reduced the SAF earmark, beginning December 1, 2018, to put more revenue in the state's general fund. That act also earmarked \$69.0 million for the Renew Michigan Fund and made distributions to the Michigan Transportation Fund (MTF).

HB 4125 returns the SAF earmark to its level before 2018 PA 588 was enacted, beginning October 1, 2019. The bill retains the distributions for the MTF and keeps the dollar amounts directed to the fund at \$264.0 million for 2018-19 and \$468.0 million for 2019-20, unless the minimum foundation allowance falls below a certain level as determined under the School Aid Act. The bill also retains the \$69.0 million distribution to the Renew Michigan Fund.

MCL 206.51 and 206.51d

### FISCAL IMPACT:

As written, the bill would increase the SAF earmark from about 22.4% of gross income tax revenue (income tax revenue before refunds are subtracted) to roughly 23.8% of gross income tax revenue. As a result, SAF revenue is expected to increase (and therefore reduce GF/GP revenue) by about \$155 million in FY 2019-20, \$158 million in FY 2020-21, and \$168 million in FY 2020-21.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.