

SENATE BILL No. 1375

August 9, 2006, Introduced by Senator SWITALSKI 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 13 (MCL 141.913), as amended by 2005 PA 196.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) This subsection and subsection (2) apply to
2 distributions to cities, villages, and townships during the state
3 fiscal years before the 1996-1997 state fiscal year of collections
4 from the state income tax and single business tax. Except as
5 otherwise provided in subsection (2), the department of treasury
6 shall cause to be paid to each city, village, and township its
7 share, computed in accordance with the tax effort formula, of the
8 following revenues:

9 (a) During each August, November, February, and May, the

1 collections from the state income tax for the quarter periods
2 ending the prior June 30, September 30, December 31, and March 31
3 that are available for distribution to cities, villages, and
4 townships under the income tax act of 1967, 1967 PA 281, MCL 206.1
5 to 206.532.

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

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

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

24 (4) The department of treasury shall cause to be paid during
25 the 1997-1998 state fiscal year an amount equal to 75.5% of the
26 difference between 21.3% of the sales tax collections at a rate of
27 4% in the 12-month period ending June 30 of the state fiscal year

1 in which the payments are made and the total distribution for the
2 state fiscal year under section 12a, both of the following:

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

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

17 (5) Subject to section 13d, for the 1998-1999 through 2006-
18 2007 state fiscal years, the department of treasury shall cause
19 distributions determined under subsections (6) to (13) to be paid
20 to each city, village, and township from an amount equal to 74.94%
21 of 21.3% of the sales tax collections at a rate of 4% in the 12-
22 month period ending June 30 of the state fiscal year in which the
23 payments are made. After September 30, 2007, 74.94% of 21.3% of
24 sales tax collections at a rate of 4% shall be distributed to
25 cities, villages, and townships as provided by law.

26 (6) Subject to section 13d, for the 1998-1999 through 2006-
27 2007 state fiscal years, except for the 2002-2003 through ~~2005-~~

1 ~~2006—~~ **2006-2007** state fiscal years, and except as otherwise
2 provided in subsection (15), the department of treasury shall cause
3 to be paid \$333,900,000.00 to a city with a population of 750,000
4 or more as the total combined distribution under this act and
5 section 10 of article IX of the state constitution of 1963 as
6 annualized for any period of less than 12 months to that city. For
7 the 2002-2003 state fiscal year only, the total combined
8 distribution under this subsection and section 10 of article IX of
9 the state constitution of 1963 shall be the lesser of
10 \$322,213,500.00 or \$333,900,000.00 multiplied by the percentage as
11 determined under this subsection. For the 2002-2003 state fiscal
12 year, the percentage under this subsection shall be determined by
13 dividing the sum of all payments under section 10 of article IX of
14 the state constitution of 1963 and \$791,070,000.00 by
15 \$1,515,644,218.00. For the 2003-2004 state fiscal year only, the
16 total combined distribution under this subsection and section 10 of
17 article IX of the state constitution of 1963 shall be the lesser of
18 92%, or the percentage determined under this subsection, of the
19 total combined distribution under this subsection and section 10 of
20 article IX of the state constitution of 1963 for the 2002-2003
21 state fiscal year. For the 2003-2004 state fiscal year, the
22 percentage under this subsection shall be determined by dividing
23 the sum of all payments under section 10 of article IX of the state
24 constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and
25 then subtracting 0.08. For the 2004-2005 state fiscal year only,
26 the total combined distribution under this subsection and section
27 10 of article IX of the state constitution of 1963 shall be the

1 lesser of 100%, or the percentage determined under this subsection,
2 of the total combined distribution under this subsection and
3 section 10 of article IX of the state constitution of 1963 for the
4 2003-2004 state fiscal year. For the 2004-2005 state fiscal year,
5 the percentage under this subsection shall be determined by
6 dividing the sum of all payments under section 10 of article IX of
7 the state constitution of 1963 and \$445,300,000.00 by
8 \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the
9 total combined distribution under this subsection and section 10 of
10 article IX of the state constitution of 1963 shall be the lesser of
11 100%, or the percentage determined under this subsection, of the
12 total combined distribution under this subsection and section 10 of
13 article IX of the state constitution of 1963 for the 2004-2005
14 state fiscal year. For the 2005-2006 state fiscal year, the
15 percentage under this subsection shall be determined by dividing
16 the sum of all payments under section 10 of article IX of the state
17 constitution of 1963 for the 2005-2006 state fiscal year and
18 \$423,350,000.00 by \$1,115,875,000.00. **FOR THE 2006-2007 STATE**
19 **FISCAL YEAR ONLY, THE TOTAL COMBINED DISTRIBUTION UNDER THIS**
20 **SUBSECTION AND SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION**
21 **OF 1963 SHALL BE THE LESSER OF 100%, OR THE PERCENTAGE DETERMINED**
22 **UNDER THIS SUBSECTION, OF THE TOTAL COMBINED DISTRIBUTION UNDER**
23 **THIS SUBSECTION AND SECTION 10 OF ARTICLE IX OF THE STATE**
24 **CONSTITUTION OF 1963 FOR THE 2005-2006 STATE FISCAL YEAR. FOR THE**
25 **2006-2007 STATE FISCAL YEAR, THE PERCENTAGE UNDER THIS SUBSECTION**
26 **SHALL BE DETERMINED BY DIVIDING THE SUM OF ALL PAYMENTS UNDER**
27 **SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 FOR THE**

1 2006-2007 STATE FISCAL YEAR AND \$407,485,000.00 BY
2 \$1,106,410,000.00.

3 (7) Except as otherwise provided in this subsection,
4 distributions under subsections (8) to (13) to cities, villages,
5 and townships with populations of less than 750,000 shall be made
6 from the amount available for distribution under this section that
7 remains after the distribution under subsection (6) is made. For
8 the 2002-2003 state fiscal year only, each city, village, and
9 township with a population of less than 750,000 shall receive the
10 lesser of 96.5%, or the percentage determined under this
11 subsection, of the amount that the city, village, or township would
12 have received if the total available for distribution under
13 subsections (8) to (13) were \$363,069,728.00 and the total
14 available for distribution under section 10 of article IX of the
15 state constitution of 1963 were \$607,125,488.00. The total amount
16 available for distribution to all cities, villages, and townships
17 under this subsection shall not exceed \$936,238,383.00. For the
18 2002-2003 state fiscal year, the percentage under this subsection
19 shall be determined by dividing the sum of all payments under
20 section 10 of article IX of the state constitution of 1963 and
21 \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state
22 fiscal year only, each city, village, and township with a
23 population of less than 750,000 shall receive an amount equal to
24 the lesser of 92%, or the percentage determined under this
25 subsection, of the amount distributed to the city, village, or
26 township under this subsection and section 10 of article IX of the
27 state constitution of 1963 for the 2002-2003 state fiscal year. For

1 the 2003-2004 state fiscal year, the percentage under this
2 subsection shall be determined by dividing the sum of all payments
3 under section 10 of article IX of the state constitution of 1963
4 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.
5 For the 2004-2005 state fiscal year only, the combined distribution
6 under this subsection and section 10 of article IX of the state
7 constitution of 1963 to each city, village, and township with a
8 population of less than 750,000 shall be the lesser of 100%, or the
9 percentage determined under this subsection, of the total combined
10 distribution to that city, village, or township under this
11 subsection and section 10 of article IX of the state constitution
12 of 1963 for the 2003-2004 state fiscal year. For the 2004-2005
13 state fiscal year, the percentage under this subsection shall be
14 determined by dividing the sum of all payments under section 10 of
15 article IX of the state constitution of 1963 and \$445,300,000.00 by
16 \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the
17 total combined distribution under this subsection and section 10 of
18 article IX of the state constitution of 1963 shall be the lesser of
19 100%, or the percentage determined under this subsection, of the
20 total combined distribution under this subsection and section 10 of
21 article IX of the state constitution of 1963 for the 2004-2005
22 state fiscal year. For the 2005-2006 state fiscal year, the
23 percentage under this subsection shall be determined by dividing
24 the sum of all payments under section 10 of article IX of the state
25 constitution of 1963 for the 2005-2006 state fiscal year and
26 \$423,350,000.00 by \$1,115,875,000.00. **FOR THE 2006-2007 STATE**
27 **FISCAL YEAR ONLY, THE TOTAL COMBINED DISTRIBUTION UNDER THIS**

1 SUBSECTION AND SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION
2 OF 1963 SHALL BE THE LESSER OF 100%, OR THE PERCENTAGE DETERMINED
3 UNDER THIS SUBSECTION, OF THE TOTAL COMBINED DISTRIBUTION UNDER
4 THIS SUBSECTION AND SECTION 10 OF ARTICLE IX OF THE STATE
5 CONSTITUTION OF 1963 FOR THE 2005-2006 STATE FISCAL YEAR. FOR THE
6 2006-2007 STATE FISCAL YEAR, THE PERCENTAGE UNDER THIS SUBSECTION
7 SHALL BE DETERMINED BY DIVIDING THE SUM OF ALL PAYMENTS UNDER
8 SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 FOR THE
9 2006-2007 STATE FISCAL YEAR AND \$407,485,000.00 BY
10 \$1,106,410,000.00. The amount of the adjustment under this
11 subsection shall be accomplished by reducing the payments under
12 subsections (8) to (13), and payments under section 10 of article
13 IX shall not be reduced based on any adjustments made under this
14 subsection.

15 (8) Subject to section 13d, for the 1998-1999 through 2006-
16 2007 state fiscal years, for cities, villages, and townships with
17 populations of less than 750,000, subject to the limitations under
18 this section, a taxable value payment shall be made to each city,
19 village, and township determined as follows:

20 (a) Determine the per capita taxable value for each city,
21 village, and township by dividing the taxable value of that city,
22 village, or township by the population of that city, village, or
23 township.

24 (b) Determine the statewide per capita taxable value by
25 dividing the total taxable value of all cities, villages, and
26 townships by the total population of all cities, villages, and
27 townships.

1 (c) Determine the per capita taxable value ratio for each
2 city, village, and township by dividing the statewide per capita
3 taxable value by the per capita taxable value for that city,
4 village, or township.

5 (d) Determine the adjusted taxable value population for each
6 city, village, and township by multiplying the per capita taxable
7 value ratio as determined under subdivision (c) for that city,
8 village, or township by the population of that city, village, or
9 township.

10 (e) Determine the total statewide adjusted taxable value
11 population which is the sum of all adjusted taxable value
12 population for all cities, villages, and townships.

13 (f) Determine the taxable value payment rate by dividing
14 74.94% of 21.3% of the sales tax collections at a rate of 4% in the
15 12-month period ending June 30 of the state fiscal year in which
16 the payments under this subsection are made by 3, and dividing that
17 result by the total statewide adjusted taxable value population as
18 determined under subdivision (e).

19 (g) Determine the taxable value payment for each city,
20 village, and township by multiplying the result under subdivision
21 (f) by the adjusted taxable value population for that city,
22 village, or township.

23 (9) Subject to section 13d, for the 1998-1999 through 2005-
24 2006 state fiscal years and for the period of October 1, 2006
25 through September 30, 2007, subject to the limitations under this
26 section and except as provided in subsection (14), a unit type
27 population payment shall be made to each city, village, and

1 township with a population of less than 750,000 determined as
2 follows:

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

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

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

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

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

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

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

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

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

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

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

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

27 (xii) For a city with a population of more than 10,000 but less

1 than 20,001, the unit type population weight factor is 3.6.

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

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

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

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

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

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

14 (b) Determine the adjusted unit type population for each city,
15 village, and township by multiplying the unit type population
16 weight factor for that city, village, or township as determined
17 under subdivision (a) by the population of the city, village, or
18 township.

19 (c) Determine the total statewide adjusted unit type
20 population, which is the sum of the adjusted unit type population
21 for all cities, villages, and townships.

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

1 (e) Determine the unit type population payment for each city,
2 village, and township by multiplying the result under subdivision
3 (d) by the adjusted unit type population for that city, village, or
4 township.

5 (10) 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, a yield equalization payment shall be made to each city,
9 village, and township with a population of less than 750,000
10 sufficient to provide the guaranteed tax base for a local tax
11 effort not to exceed 0.02. The payment shall be determined as
12 follows:

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

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

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

26 (ii) The local tax effort of the city, village, or township,
27 not to exceed 0.02, multiplied by the population of that city,

1 village, or township.

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

4 (11) For state fiscal years after the 1997-1998 state fiscal
5 year, distributions under this section for cities, villages, and
6 townships with populations of less than 750,000 shall be determined
7 as follows:

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

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

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

23 (b) For the 1999-2000 state fiscal year, the payment under
24 this section for each city, village, and township shall be the sum
25 of the following:

26 (i) Eighty percent of the total amount available for
27 distribution under subsections (8), (9), and (10) for the 1999-2000

1 state fiscal year multiplied by the city's, village's, or
2 township's percentage share of the distributions under this section
3 and section 12a minus the amount of a distribution under this
4 section and section 12a to a city that is eligible to receive a
5 distribution under subsection (6) in the 1997-1998 state fiscal
6 year.

7 (ii) Twenty percent of the total amount available for
8 distribution under subsections (8), (9), and (10) for the 1999-2000
9 state fiscal year multiplied by the city's, village's, or
10 township's percentage share of the distribution amounts calculated
11 under subsections (8), (9), and (10).

12 (c) For the 2000-2001 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) Seventy percent of the total amount available for
16 distribution under subsections (8), (9), and (10) for the 2000-2001
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) Thirty percent of the total amount available for
24 distribution under subsections (8), (9), and (10) for the 2000-2001
25 state fiscal year multiplied by the percentage share of the
26 distribution amounts calculated under subsections (8), (9), and
27 (10).

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

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

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

17 (e) For the 2002-2003 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) Fifty percent of the total amount available for
21 distribution under subsections (8), (9), and (10) for the 2002-2003
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) Fifty percent of the total amount available for
2 distribution under subsections (8), (9), and (10) for the 2002-2003
3 state fiscal year multiplied by the percentage share of the
4 distribution amounts calculated under subsections (8), (9), and
5 (10).

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

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

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

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

25 (i) Thirty percent of the total amount available for
26 distribution under subsections (8), (9), and (10) for the 2004-2005
27 state fiscal year multiplied by the city's, village's, or

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

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

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

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

22 (ii) Eighty percent of the total amount available for
23 distribution under subsections (8), (9), and (10) for the 2005-2006
24 state fiscal year multiplied by the percentage share of the
25 distribution amounts calculated under subsections (8), (9), and
26 (10).

27 (i) For the period of October 1, 2006 through September 30,

1 2007, the payment under this section for each city, village, and
2 township shall be the sum of the following:

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

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

15 (12) Except as otherwise provided in this subsection, the
16 total payment to any city, village, or township under this act and
17 section 10 of article IX of the state constitution of 1963 shall
18 not increase by more than 8% over the amount of the payment under
19 this act and section 10 of article IX of the state constitution of
20 1963 in the immediately preceding state fiscal year. From the
21 amount not distributed because of the limitation imposed by this
22 subsection, the department shall distribute an amount to certain
23 cities, villages, and townships such that the percentage increase
24 in the total payment under this act and section 10 of article IX of
25 the state constitution of 1963 from the immediately preceding state
26 fiscal year to each of those cities, villages, and townships is
27 equal to, but does not exceed, the percentage increase from the

1 immediately preceding state fiscal year of any city, village, or
2 township that does not receive a distribution under this
3 subsection. This subsection does not apply for state fiscal years
4 after the 2000 federal decennial census becomes official to a city,
5 village, or township with a 10% or more increase in population from
6 the official 1990 federal decennial census to the official 2000
7 federal decennial census.

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

20 (14) A township that provides for or makes available fire,
21 police on a 24-hour basis either through contracting for or
22 directly employing personnel, water to 50% or more of its
23 residents, and sewer services to 50% or more of its residents and
24 has a population of 10,000 or more or a township that has a
25 population of 20,000 or more shall use the unit type population
26 weight factor under subsection (9)(a) for a city with the same
27 population as the township.

1 (15) For a state fiscal year in which the sales tax
2 collections decrease from the sales tax collections for the
3 immediately preceding state fiscal year, the department shall
4 reduce the amount to be distributed to a city with a population of
5 750,000 or more under subsection (6) by an amount determined by
6 subtracting the amount the city is eligible for under section 10 of
7 article IX of the state constitution of 1963 for the state fiscal
8 year from \$333,900,000.00 and multiplying that result by the same
9 percentage as the percentage decrease in sales tax collections for
10 that state fiscal year as compared to sales tax collections for the
11 immediately preceding state fiscal year. This subsection does not
12 apply to the 2002-2003 through ~~2005-2006~~ **2006-2007** state fiscal
13 years.

14 (16) Notwithstanding any other provision of this section for
15 the 1998-1999 state fiscal year, the total combined amount received
16 by each city, village, and township under this section and section
17 10 of article IX of the state constitution of 1963 shall not be
18 less than the combined amount received under this section, section
19 12a, and section 10 of article IX of the state constitution of 1963
20 in the 1997-1998 state fiscal year. The increase, if any, for each
21 city, village, and township from the 1997-1998 state fiscal year,
22 other than a city that receives a distribution under subsection
23 (6), shall be reduced by a uniform percentage to the extent
24 necessary to fund distributions under this subsection.

25 (17) The payments under subsections (3), (4), and (5) shall be
26 made during each October, December, February, April, June, and
27 August. Payments under subsections (3), (4), and (5) shall be based

1 on collections from the sales tax at the 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.

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

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

12 (20) After the department has informed a city, village, or
13 township in writing of the intent to withhold all or a portion of
14 payments under this section and offered the affected city, village,
15 or township an opportunity for an informal conference on the
16 matter, the department of treasury may withhold all or a portion of
17 payments under this section to a city, village, or township that
18 has not distributed 1 or more of the following:

19 (a) An industrial facilities tax as required under 1974 PA
20 198, MCL 207.551 to 207.572.

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

23 (c) Any portion of the state education tax levied under the
24 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, or of
25 property taxes levied for any purpose by a local or intermediate
26 school district under the revised school code, 1976 PA 451, MCL
27 380.1 to 380.1852, determined by the state tax commission to have

1 been wrongfully captured and retained to implement a tax increment
2 financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax
3 increment finance authority act, 1980 PA 450, MCL 125.1801 to
4 125.1830, or the local development financing act, 1986 PA 281, MCL
5 125.2151 to 125.2174.