



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 775 (as reported without amendment)

Sponsor: Senator Michael Switalski

Committee: Appropriations

CONTENT

Public Acts 356 and 357 of 2004 provided a replacement for revenue sharing payments to counties by requiring counties to create a reserve fund and allowing counties to make withdrawals from the fund. Revenue in the reserve funds was obtained through an acceleration in the collection date for property taxes levied for county operating purposes. Each individual county maintains its own reserve fund and statute provides authorization regarding withdrawals from the fund.

Senate Bill 775 would amend the General Property Tax Act in order to prevent the loss of revenue to counties resulting from the passage of Senate Bill (S.B.) 774, although the bills are not tie-barred. Senate Bill 774 would permit the State in fiscal year 2006-07 to redirect money in the Convention Facility Development Fund from its historical use of distribution to counties, which includes a portion that must be spent on substance abuse treatment programs. This transfer would reduce the amount that otherwise would be carried over into FY 2007-08 for distribution among counties.

For 2008 only, S.B. 775 would authorize a county to spend from the reserve fund an amount equal to what it would have received from the Convention Facility Development Fund, subject to the same terms and conditions as if the money were being distributed under the Convention Facility Development Act.

MCL 211.44a

FISCAL IMPACT

By itself, the bill would have no impact on State revenue or expenditures. The bill would have no effect on local unit revenue or expenditures assuming that S.B. 774 was enacted. If S.B. 774 were not enacted, counties still would receive the distribution from the Convention Facility Development Fund but also would be authorized to make the withdrawals from the revenue sharing reserve funds. As a result, if S.B. 774 were not enacted, S.B. 775 would increase local unit revenue by approximately \$35.0 million.

Date Completed: 9-19-07

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