

HOUSE BILL No. 5172

September 5, 2007, Introduced by Rep. Acciavatti 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

1 retention by counties.

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

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

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

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

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

7 (c) For the 2002-2003 state fiscal year only, each county
8 shall receive the lesser of 96.5%, or the percentage determined
9 under this subdivision, of the amount that the county would have
10 received if the total available for distribution under subdivisions
11 (a) and (b) were \$211,549,002.00. The total amount available for
12 distribution to all counties under this subdivision shall not
13 exceed \$204,144,787.00. For the 2002-2003 state fiscal year, the
14 percentage under this subdivision shall be determined by dividing
15 the sum of all payments under section 10 of article IX of the state
16 constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For
17 the 2003-2004 state fiscal year only, each county shall receive the
18 lesser of 92%, or the percentage determined under this subdivision,
19 of the amount distributed to the county under this subsection for
20 the 2002-2003 state fiscal year. For the 2003-2004 state fiscal
21 year, the percentage under this subdivision shall be determined by
22 dividing the sum of all payments under section 10 of article IX of
23 the state constitution of 1963 and \$724,800,000.00 by
24 \$1,407,850,000.00 and then subtracting 0.08.

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

1 ~~provided by law.~~

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

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

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

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

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

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

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

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

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

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

1 section 12a.

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

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

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

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

1 payments are made. After September 30, 2007, 74.94% of 21.3% of
2 sales tax collections at a rate of 4% shall be distributed to
3 cities, villages, and townships ~~as provided by law~~ **ON A PER CAPITA**
4 **BASIS.**

5 (6) Subject to section 13d, for the 1998-1999 through 2006-
6 2007 state fiscal years, except for the 2002-2003 through 2006-2007
7 state fiscal years, and except as otherwise provided in subsection
8 (15), the department of treasury shall cause to be paid
9 \$333,900,000.00 to a city with a population of 750,000 or more as
10 the total combined distribution under this act and section 10 of
11 article IX of the state constitution of 1963 as annualized for any
12 period of less than 12 months to that city. For the 2002-2003 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 \$322,213,500.00 or \$333,900,000.00
16 multiplied by the percentage as determined under this subsection.
17 For the 2002-2003 state fiscal year, the percentage under this
18 subsection shall be determined by dividing the sum of all payments
19 under section 10 of article IX of the state constitution of 1963
20 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state
21 fiscal year only, the total combined distribution under this
22 subsection and section 10 of article IX of the state constitution
23 of 1963 shall be the lesser of 92%, or the percentage determined
24 under this subsection, of the total combined distribution under
25 this subsection and section 10 of article IX of the state
26 constitution of 1963 for the 2002-2003 state fiscal year. For the
27 2003-2004 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 \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08. For
4 the 2004-2005 state fiscal year only, the total combined
5 distribution under this subsection and section 10 of article IX of
6 the state constitution of 1963 shall be the lesser of 100%, or the
7 percentage determined under this subsection, of the total combined
8 distribution under this subsection and section 10 of article IX of
9 the state constitution of 1963 for the 2003-2004 state fiscal year.
10 For the 2004-2005 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 \$445,300,000.00 by \$1,126,300,000.00. For the 2005-2006 state
14 fiscal year only, the total combined distribution under this
15 subsection and section 10 of article IX of the state constitution
16 of 1963 shall be the lesser of 100%, or the percentage determined
17 under this subsection, of the total combined distribution under
18 this subsection and section 10 of article IX of the state
19 constitution of 1963 for the 2004-2005 state fiscal year. For the
20 2005-2006 state fiscal year, the percentage under this subsection
21 shall be determined by dividing the sum of all payments under
22 section 10 of article IX of the state constitution of 1963 for the
23 2005-2006 state fiscal year and \$423,350,000.00 by
24 \$1,115,875,000.00. For the 2006-2007 state fiscal year only, the
25 total combined distribution under this subsection and section 10 of
26 article IX of the state constitution of 1963 shall be the lesser of
27 100%, or the percentage determined under this subsection, of the

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

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

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

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

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

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

1 township.

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

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

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

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

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

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

1 (9) Subject to section 13d, for the 1998-1999 through 2005-
2 2006 state fiscal years, ~~and for the period of October 1, 2006~~
3 ~~through September 30, 2007,~~ subject to the limitations under this
4 section and except as provided in subsection (14), a unit type
5 population payment shall be made to each city, village, and
6 township with a population of less than 750,000 determined as
7 follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (d) Determine the unit type population payment rate by

1 dividing 74.94% of 21.3% of the sales tax collections at a rate of
2 4% in the 12-month period ending June 30 of the state fiscal year
3 in which the payments under this subsection are made by 3, and then
4 dividing that result by the total statewide adjusted unit type
5 population as determined under subdivision (c).

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

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

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

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

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

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

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

9 (11) For ~~state fiscal years after the~~ 1997-1998 **THROUGH 2005-**
10 **2006** state fiscal ~~year~~-**YEARS**, distributions under this section for
11 cities, villages, and townships with populations of less than
12 750,000 shall be determined as follows:

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

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

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

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

17 (c) For the 2000-2001 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) Seventy percent of the total amount available for
21 distribution under subsections (8), (9), and (10) for the 2000-2001
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) Thirty percent of the total amount available for
2 distribution under subsections (8), (9), and (10) for the 2000-2001
3 state fiscal year multiplied by the percentage share of the
4 distribution amounts calculated under subsections (8), (9), and
5 (10).

6 (d) For the 2001-2002 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) Sixty percent of the total amount available for
10 distribution under subsections (8), (9), and (10) for the 2001-2002
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) Forty percent of the total amount available for
18 distribution under subsections (8), (9), and (10) for the 2001-2002
19 state fiscal year multiplied by the percentage share of the
20 distribution amounts calculated under subsections (8), (9), and
21 (10).

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

11 (f) For the 2003-2004 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) Forty percent of the total amount available for
15 distribution under subsections (8), (9), and (10) for the 2003-2004
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) Sixty percent of the total amount available for
23 distribution under subsections (8), (9), and (10) for the 2003-2004
24 state fiscal year multiplied by the percentage share of the
25 distribution amounts calculated under subsections (8), (9), and
26 (10).

27 (g) For the 2004-2005 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) Thirty percent of the total amount available for
4 distribution under subsections (8), (9), and (10) for the 2004-2005
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) Seventy percent of the total amount available for
12 distribution under subsections (8), (9), and (10) for the 2004-2005
13 state fiscal year multiplied by the percentage share of the
14 distribution amounts calculated under subsections (8), (9), and
15 (10).

16 (h) For the 2005-2006 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) Twenty percent of the total amount available for
20 distribution under subsections (8), (9), and (10) for the 2005-2006
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) Eighty percent of the total amount available for

1 distribution under subsections (8), (9), and (10) for the 2005-2006
2 state fiscal year multiplied by the percentage share of the
3 distribution amounts calculated under subsections (8), (9), and
4 (10).

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

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

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

20 (12) Except as otherwise provided in this subsection **FOR STATE**
21 **FISCAL YEARS BEFORE THE 2007-2008 STATE FISCAL YEAR**, the total
22 payment to any city, village, or township under this act and
23 section 10 of article IX of the state constitution of 1963 shall
24 not increase by more than 8% over the amount of the payment under
25 this act and section 10 of article IX of the state constitution of
26 1963 in the immediately preceding state fiscal year. From the
27 amount not distributed because of the limitation imposed by this

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

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

26 (14) ~~A—FOR STATE FISCAL YEARS BEFORE THE 2007-2008 STATE~~
27 ~~FISCAL YEAR, DISTRIBUTION UNDER THIS SECTION TO A~~ township that

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

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

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

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

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

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

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

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

27 (a) An industrial facilities tax as required under 1974 PA

1 198, MCL 207.551 to 207.572.

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

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