

SENATE BILL No. 620

June 3, 2009, Introduced by Senator ALLEN and referred to the Committee on Finance.

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 25 (MCL 205.75), as amended by 2008 PA 361.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 25. (1) All money received and collected under this act
2 shall be deposited by the department in the state treasury to the
3 credit of the general fund, except as otherwise provided in this
4 section.

5 (2) Fifteen percent of the collections of the tax imposed at a
6 rate of 4% shall be distributed to cities, villages, and townships
7 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971
8 PA 140, MCL 141.901 to 141.921.

9 (3) Sixty percent of the collections of the tax imposed at a

1 rate of 4% shall be deposited in the state school aid fund
2 established in section 11 of article IX of the state constitution
3 of 1963 and distributed as provided by law. In addition, all of the
4 collections of the tax imposed at the additional rate of 2%
5 approved by the electors March 15, 1994 shall be deposited in the
6 state school aid fund.

7 (4) For the fiscal year ending September 30, 1988 and each
8 fiscal year ending after September 30, 1988, of the 25% of the
9 collections of the general sales tax imposed at a rate of 4%
10 directly or indirectly on fuels sold to propel motor vehicles upon
11 highways, on the sale of motor vehicles, and on the sale of the
12 parts and accessories of motor vehicles by new and used car
13 businesses, used car businesses, accessory dealer businesses, and
14 gasoline station businesses as classified by the department of
15 treasury remaining after the allocations and distributions are made
16 pursuant to subsections (2) and (3), the following amounts shall be
17 deposited each year into the respective funds:

18 (a) For the fiscal year ending September 30, 2003 and for the
19 fiscal year ending September 30, 2006 and each fiscal year ending
20 after September 30, 2006, not less than 27.9% to the comprehensive
21 transportation fund. For the fiscal year ending September 30, 2004
22 through the fiscal year ending September 30, 2005, not less than
23 24% to the comprehensive transportation fund. For the fiscal year
24 ending September 30, 2006 only, the amount deposited to the
25 comprehensive transportation fund under this subdivision shall be
26 reduced by \$11,100,000.00. For the fiscal year ending September 30,
27 2007 only, the amount deposited to the comprehensive transportation

1 fund under this subdivision shall be reduced by \$10,270,000.00. For
2 the fiscal year ending September 30, 2008 only, the amount
3 deposited to the comprehensive transportation fund under this
4 subdivision shall be reduced by \$5,000,000.00 and shall be
5 deposited in the state treasury to the credit of the general fund.

6 (b) The balance to the state general fund.

7 (5) After the allocations and distributions are made pursuant
8 to subsections (2) and (3), an amount equal to the collections of
9 the tax imposed at a rate of 4% under this act from the sale at
10 retail of computer software as defined in section 1a shall be
11 deposited in the Michigan health initiative fund created in section
12 5911 of the public health code, 1978 PA 368, MCL 333.5911, and
13 shall be considered in addition to, and is not intended as a
14 replacement for any other money appropriated to the department of
15 community health. The funds deposited in the Michigan health
16 initiative fund on an annual basis shall not be less than
17 \$9,000,000.00 or more than \$12,000,000.00.

18 (6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8), AFTER THE
19 ALLOCATIONS AND DISTRIBUTIONS ARE MADE PURSUANT TO SUBSECTIONS (2)
20 THROUGH (5), 100% OF THE TOURISM-GENERATED INCREASE IN THE
21 COLLECTIONS OF THE TAX IMPOSED AT A RATE OF 4% UNDER THIS ACT
22 DIRECTLY OR INDIRECTLY FROM THE SALE OF TOURIST-ORIENTED GOODS AND
23 SERVICES SHALL BE DEPOSITED INTO THE MICHIGAN PROMOTION FUND. AS
24 USED IN THIS SUBSECTION:

25 (A) "MICHIGAN PROMOTION FUND" MEANS THE FUND CREATED IN
26 SECTION 39 OF THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270, MCL
27 125.2039.

1 (B) "SALE OF TOURIST-ORIENTED GOODS AND SERVICES" MEANS SALES
2 BY TOURISM BUSINESSES.

3 (C) "TOURISM BUSINESSES" MEANS THOSE BUSINESSES REGISTERED
4 WITH THE DEPARTMENT OF TREASURY UNDER THE FOLLOWING MAJOR INDUSTRY
5 GROUPS UNDER THE STANDARD INDUSTRIAL CLASSIFICATION CODE AS
6 COMPILED BY THE UNITED STATES DEPARTMENT OF LABOR:

7 (i) 581.

8 (ii) 582.

9 (iii) 583.

10 (iv) 584.

11 (v) 585.

12 (vi) 586.

13 (vii) 587.

14 (viii) 701.

15 (ix) 702.

16 (x) 703.

17 (xi) 751.

18 (xii) 792.

19 (xiii) 794.

20 (xiv) 842.

21 (D) "TOURISM-GENERATED INCREASE" MEANS AN AMOUNT EQUAL TO THE
22 INCREASE IN THE COLLECTIONS OF THE TAX IMPOSED AT A RATE OF 4%
23 UNDER THIS ACT FROM THE SALE OF TOURISM-ORIENTED GOODS AND SERVICES
24 BY TOURISM BUSINESSES, CALCULATED INDIVIDUALLY FOR EACH MAJOR
25 INDUSTRY GROUP IDENTIFIED UNDER SUBDIVISION (C), IN THE CURRENT
26 FISCAL YEAR OVER THE COLLECTIONS OF THE TAX IMPOSED AT A RATE OF 4%
27 UNDER THIS ACT FROM THE SALE OF TOURISM-ORIENTED GOODS AND SERVICES

1 BY TOURISM BUSINESSES, CALCULATED INDIVIDUALLY FOR EACH MAJOR
2 INDUSTRY GROUP IDENTIFIED UNDER SUBDIVISION (C), IN THE 2008 FISCAL
3 YEAR.

4 (7) ~~(6)~~—The balance in the state general fund shall be
5 disbursed only on an appropriation or appropriations by the
6 legislature.

7 (8) BEGINNING JANUARY 1, 2013 AND EVERY 3 YEARS THEREAFTER,
8 THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION SHALL COMMISSION A
9 RETURN ON INVESTMENT STUDY WITH AN INDEPENDENT PRIVATE ENTITY FOR
10 THE 3 IMMEDIATELY PRECEDING CALENDAR YEARS. THE RETURN ON
11 INVESTMENT STUDY SHALL BE REPORTED TO EACH HOUSE OF THE LEGISLATURE
12 AND TO THE GOVERNOR NOT LATER THAN JULY 1 OF THAT YEAR. IF THE
13 RETURN ON INVESTMENT STUDY IS NOT REPORTED TO EACH HOUSE OF THE
14 LEGISLATURE AND TO THE GOVERNOR ON OR BEFORE JULY 1 OR THE RETURN
15 ON INVESTMENT STUDY SHOWS THAT THE FUNDS DISBURSED UNDER THE
16 MICHIGAN PROMOTION FUND IN THOSE 3 YEARS HAVE A RATIO OF RETURN ON
17 INVESTMENT OF LESS THAN 1 FOR 1, THEN THE DISTRIBUTION UNDER
18 SUBSECTION (6) SHALL CEASE ON JANUARY 1 OF THE IMMEDIATELY
19 SUCCEEDING YEAR.