



Senate Fiscal Agency
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House Bill 4001 (Substitute S-2 as passed by the Senate)
Sponsor: Representative Angela Witwer
House Committee: Tax Policy (discharged)
Senate Committee: Committee of the Whole

Date Completed: 2-1-23

CONTENT

The bill would amend the Income Tax Act to modify the amount of gross individual income tax (IIT) collections that must be deposited into the School Aid Fund (SAF).

Currently, the Act requires that percentage of the gross collections before refunds from the IIT that is equal to 1.012% divided by the income tax rate (i.e., currently approximately 23.81% of gross collections) be deposited in the SAF. Under the bill, this would apply through fiscal year (FY) 2022-23. After that, that percentage of the gross collections before refunds from the IIT that is equal to 1.045% divided by the income tax rate would have to be deposited into the SAF.

MCL 206.51

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would reduce General Fund revenue, and increase SAF revenue, by the same amount. Based on the January 2023 Consensus Revenue Estimates, the bill would shift approximately \$126.5 million in fiscal year (FY) 2023-24 and \$131.3 million in FY 2024-25, with the impact increasing over time as IIT revenue grows.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.