

**SUBSTITUTE FOR
HOUSE BILL NO. 5847**

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending sections 302, 352, 354, 355, 356, 358, and 367b (MCL
18.1302, 18.1352, 18.1354, 18.1355, 18.1356, 18.1358, and
18.1367b), sections 352, 354, 355, and 356 as amended by 1999 PA 8,
section 358 as amended by 2014 PA 188, and section 367b as amended
by 2011 PA 47; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 302. (1) "Adjusted personal income" means the total
2 personal income of this state, less transfer payments, adjusted for
3 inflation. The adjustment for inflation shall be determined by
4 reducing the total personal income of this state less transfer
5 payments for a calendar year by the average of the Detroit consumer

1 price index for the ~~12 months ending 6 months before the~~ **SAME**
2 calendar year. ~~ends.~~

3 (2) "Allocation of state financial resources" means the
4 decision process to place priorities on services by proposing and
5 appropriating money by law for state government services.

6 (3) "Allotment schedule" means the estimated periodic
7 expenditures and obligations of appropriations constituting a
8 spending plan.

9 (4) "Annual growth rate" means the percentage change in
10 adjusted personal income for the current calendar year as compared
11 to adjusted personal income for the calendar year immediately
12 preceding the current calendar year. The annual growth rate shall
13 be rounded off to the nearest 0.1%.

14 Sec. 352. (1) When the annual growth rate is more than 2%, the
15 percentage excess over 2% shall be multiplied by the total state
16 general fund-general purpose revenue for the fiscal year ending in
17 the current calendar year to determine the amount to be transferred
18 to the fund from the state general fund in the fiscal year
19 beginning in the current calendar year.

20 **(2) FOR EACH FISCAL YEAR BEGINNING WITH THE FISCAL YEAR ENDING**
21 **SEPTEMBER 30, 2017, NOT LESS THAN 25% OF THE ENDING UNASSIGNED**
22 **GENERAL FUND BALANCE SHALL BE APPROPRIATED FOR DEPOSIT INTO THE**
23 **COUNTERCYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND IN THE FIRST**
24 **QUARTER OF THE SUBSEQUENT FISCAL YEAR.**

25 **(3) ~~(2)~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 358, THE**
26 **LEGISLATURE SHALL NOT APPROPRIATE MONEY FROM THE FUND DURING A**
27 **FISCAL YEAR WHEN THE ANNUAL GROWTH RATE IS GREATER THAN 0%. When**

1 the annual growth rate is ~~less than 0%~~, **ESTIMATED TO BE LESS THAN**
 2 **0% AT A REVENUE ESTIMATING CONFERENCE**, the ~~percentage deficiency~~
 3 ~~under 0% shall be multiplied by the total state general fund-~~
 4 ~~general purpose revenue for the fiscal year ending in the current~~
 5 ~~calendar year to determine the eligible amount to be transferred to~~
 6 ~~the state general fund from the fund in the fiscal year ending in~~
 7 ~~the current calendar year. When the formula calls for a larger~~
 8 ~~transfer from the fund than is necessary to balance the current~~
 9 ~~fiscal year state general fund-general purpose budget, the excess~~
 10 ~~shall remain in the fund.~~ **LEGISLATURE MAY APPROPRIATE BY LAW NO MORE**
 11 **THAN 25% OF THE AVAILABLE FUND BALANCE IN THE FISCAL YEAR ENDING IN**
 12 **THE CURRENT CALENDAR YEAR. HOWEVER, IF THE ANNUAL GROWTH RATE IS**
 13 **ESTIMATED TO BE LESS THAN 0% IN CONSECUTIVE CALENDAR YEARS, FOR**
 14 **EACH OF THOSE FISCAL YEARS, THE LEGISLATURE MAY APPROPRIATE BY LAW**
 15 **NO MORE THAN 25% OF THE AVAILABLE FUND BALANCE AT THE BEGINNING OF**
 16 **THE FIRST FISCAL YEAR ENDING IN THE FIRST CALENDAR YEAR THAT HAD AN**
 17 **ANNUAL GROWTH RATE LESS THAN 0%.**

18 **(4) THE LEGISLATURE SHALL PROVIDE FOR TRANSFERS INTO OR OUT OF**
 19 **THE FUND THROUGH AN APPROPRIATIONS ACT.**

20 Sec. 354. (1) The executive budget for each fiscal year shall
 21 contain an estimate of the **REQUIRED** transfer into ~~or~~ **THE FUND OR**
 22 **THE AMOUNT OF FUNDS RECOMMENDED TO BE APPROPRIATED** out of the fund
 23 ~~required by~~ **UNDER** section 352. **THE EXECUTIVE BUDGET FOR EACH FISCAL**
 24 **YEAR SHALL NOT CONTAIN AN ESTIMATE FOR A TRANSFER OUT OF THE FUND**
 25 **UNLESS THE ANNUAL GROWTH RATE IS ESTIMATED TO BE LESS THAN 0% IN**
 26 **THAT FISCAL YEAR.**

27 (2) The legislature shall include a ~~THE~~ final estimate ~~AMOUNT~~

1 of the transfer into ~~or~~ **THE FUND OR THE AMOUNT OF FUNDS**

2 **APPROPRIATED** out of the fund required ~~by~~ **UNDER** section 352 in the
3 appropriations bill which contains the revenue estimate required by
4 section 31 of article IV of the state constitution of 1963.

5 (3) ~~Except as provided in subsection (4), a~~ **A** transfer into
6 the fund shall be made in equal monthly installments throughout the
7 fiscal year. ~~Except as provided in subsection (4), a~~ **A** transfer out
8 of the fund may be made as needed during the fiscal year.

9 ~~—— (4) Notwithstanding section 352, for each fiscal year ending~~
10 ~~after October 1, 1997, all unreserved general fund-general purpose~~
11 ~~balances at the final close of the fiscal year shall be transferred~~
12 ~~to the fund. If an amount is required to be transferred to the fund~~
13 ~~for a fiscal year under section 352, any amount transferred to the~~
14 ~~fund under this subsection shall be considered to be a part of the~~
15 ~~amount transferred to the fund for purposes of section 352.~~

16 Sec. 355. (1) The transfer into or out of the fund as provided
17 in section 352 for each fiscal year beginning after September 30,
18 1978, may be adjusted in light of revision in the annual growth
19 rate for the calendar year upon which that transfer was made. If an
20 adjustment is made, it shall be implemented by an appropriation
21 bill enacted into law. The

22 (2) **FOR A TRANSFER INTO THE FUND, THE** adjustment, if made,
23 shall be directly proportional to an increase or decrease in the
24 annual growth rate. ~~, but the adjustment shall not be in excess of~~
25 ~~1% multiplied by the total general fund-general purpose revenue of~~
26 ~~the fiscal year upon which the transfer was based.~~

27 (3) The basis for an adjustment **UNDER THIS SECTION** shall be a

1 change in the personal income level for that calendar year as
2 determined by the bureau of economic analysis of the United States
3 ~~department of commerce~~ **DEPARTMENT OF COMMERCE** or its successor in
4 the last report it makes before April 30 of the fiscal year in
5 which that calendar year ended. The adjustment, if made, shall be
6 effective on June 1 of the fiscal year in which the transfer is
7 made.

8 Sec. 356. The balance in the fund shall not exceed ~~10%~~ **15%** of
9 the combined level of general fund-general purpose and school aid
10 fund revenues. If the balance in the fund at the end of a fiscal
11 year exceeds ~~10%~~ **15%** of the actual state general fund-general
12 purpose and school aid fund revenues for that fiscal year, the
13 excess shall be rebated to taxpayers on the individual income tax
14 returns filed following the close of that fiscal year according to
15 a schedule to be established by law.

16 Sec. 358. (1) Except as otherwise provided in this section,
17 the legislature may make an emergency appropriation from the fund
18 subject to all of the following conditions:

19 (a) The maximum appropriation from the fund for budget
20 stabilization as provided in section ~~352(2)~~ **352(3)** has already been
21 made for the current fiscal year.

22 (b) The legislature has approved the emergency appropriations
23 bill by a 2/3 majority vote of the members elected to and serving
24 in each house.

25 (c) The emergency appropriations bill becomes law.

26 (2) The additional transfer from the fund may be made only for
27 the current fiscal year.

~~1 (3) For the fiscal year ending September 30, 2001, the fiscal~~
~~2 year ending September 30, 2002 and for each fiscal year beginning~~
~~3 with the fiscal year ending September 30, 2004 and ending with the~~
~~4 fiscal year ending September 30, 2016, there is appropriated and~~
~~5 transferred from the fund to the state trunk line fund established~~
~~6 under section 11 of 1951 PA 51, MCL 247.661, the sum of~~
~~7 \$35,000,000.00.~~

~~8 (4) For the fiscal year ending September 30, 2000, there is~~
~~9 appropriated and transferred from the fund to the state trunk line~~
~~10 fund established under section 11 of 1951 PA 51, MCL 247.661, the~~
~~11 sum of \$37,100,000.00.~~

~~12 (5) For the fiscal year ending September 30, 2000, an amount~~
~~13 equal to the unreserved general fund/general purpose balance~~
~~14 transferred to the fund for the fiscal year ending September 30,~~
~~15 2000, but not to exceed \$62,900,000.00, is appropriated and~~
~~16 transferred from the fund to the state trunk line fund established~~
~~17 under section 11 of 1951 PA 51, MCL 247.661.~~

~~18 (6) For the fiscal year ending September 30, 2014, there is~~
~~19 transferred \$194,800,000.00 from the fund to the settlement~~
~~20 administration fund created in the Michigan settlement~~
~~21 administration authority act for the purposes described in that~~
~~22 act.~~

23 Sec. 367b. (1) A revenue estimating conference shall be held
24 in the second week of January and in the third week in May of each
25 year, and as otherwise provided in this act.

26 (2) The principals of the conference shall be the state budget
27 director or the state treasurer, the director of the senate fiscal

1 agency, and the director of the house fiscal agency, or their
2 respective designees.

3 (3) The conference shall establish an official economic
4 forecast of major variables of the national and state economies.
5 The conference shall also establish a forecast of anticipated state
6 revenues as the conference determines including the following:

7 (a) State income tax collections.

8 (b) State sales tax collections.

9 (c) Corporate income tax collections.

10 (d) Michigan business tax collections.

11 (e) Total general fund/general purpose revenues.

12 (f) Lottery transfers to the school aid fund.

13 (g) Total school aid fund revenues.

14 (h) Annual percentage growth in the basic foundation allowance
15 provided for in the state school aid act of 1979, 1979 PA 94, MCL
16 388.1601 to ~~388.1772~~ **388.1896**.

17 (i) Compliance with the state revenue limit established by
18 section 26 of article IX of the state constitution of 1963.

19 (j) Pay-ins or **MAXIMUM ALLOWABLE** pay-outs ~~required~~ under the
20 countercyclical budget and economic stabilization fund.

21 (4) The conference's official forecast of economic and revenue
22 variables shall be determined by consensus among the principals.

23 (5) The forecasts required by this section shall be for the
24 fiscal year in which the conference is being held and the next 2
25 ensuing fiscal years. The conference shall also forecast general
26 fund/general purpose revenue trend line projections and school aid
27 fund revenue trend line projections for the next 2 ensuing fiscal

1 years.

2 (6) The May revenue estimating conference shall establish
3 expenditure forecasts for ~~medicaid~~**MEDICAID** expenditures and for
4 human services caseloads and expenditures for the fiscal year in
5 which the conference is being held and the next 2 ensuing fiscal
6 years.

7 (7) The official conference forecasts of revenues and
8 expenditures shall be based upon the assumption that the current
9 law and current administrative procedures will remain in effect for
10 the forecast period.

11 Enacting section 1. Sections 353 and 397 of the management and
12 budget act, 1984 PA 431, MCL 18.1353 and 18.1397, are repealed.

13 Enacting section 2. This amendatory act takes effect 90 days
14 after the date it is enacted into law.