

# HOUSE BILL No. 4150

February 7, 1991, Introduced by Reps. Ciaramitaro, Jacobetti, Emerson, Richard A. Young, Hood, Hollister, Harrison, DeMars, Joe Young, Sr., Webb, Gire, Scott, Berman and Owen and referred to the Committee on Appropriations.

A bill to amend section 352 of Act No. 431 of the Public Acts of 1984, entitled as amended  
"The management and budget act,"  
as amended by Act No. 504 of the Public Acts of 1988, being section 18.1352 of the Michigan Compiled Laws; and to add sections 362, 367a, 367b, 367c, 367d, 367e, 367f, and 367g.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 352 of Act No. 431 of the Public Acts of  
2 1984, as amended by Act No. 504 of the Public Acts of 1988, being  
3 section 18.1352 of the Michigan Compiled Laws, is amended and  
4 sections 362, 367a, 367b, 367c, 367d, 367e, 367f, and 367g are  
5 added to read as follows:

6       Sec. 352. (1) When the annual growth rate is more than 2%,  
7 the percentage excess over 2% shall be multiplied by the total  
8 state general fund-general purpose revenue for the fiscal year

1 ending in the current calendar year to determine the amount to be  
2 transferred to the fund from the state general fund in the fiscal  
3 year beginning in the current calendar year.

4       (2) When the annual growth rate is less than 0%, the percen-  
5 tage deficiency under 0% shall be multiplied by the total state  
6 general fund-general purpose revenue for the fiscal year ending  
7 in the current calendar year to determine the eligible amount to  
8 be transferred to the state general fund from the fund in the  
9 current fiscal year. When the formula calls for a larger trans-  
10 fer from the fund than is necessary to balance the current fiscal  
11 year state general fund-general purpose budget, the excess shall  
12 remain in the fund.

13       (3) THE AMOUNT TO BE TRANSFERRED TO THE FUND FROM THE STATE  
14 GENERAL FUND IN A FISCAL YEAR SHALL BE BASED UPON THE CONSENSUS  
15 FORECAST ESTABLISHED IN THE JANUARY REVENUE ESTIMATING CONFER-  
16 ENCE, EXCEPT FOR 1991 WHEN IT SHALL BE BASED UPON THE FEBRUARY  
17 REVENUE ESTIMATING CONFERENCE IN THE FOLLOWING MANNER:

18       (A) IF THE CONSENSUS FORECAST EXCLUDING THOSE AMOUNTS  
19 ATTRIBUTABLE TO STATUTORY OR ADMINISTRATIVE CHANGES IS ABOVE THE  
20 STATUTORY ESTIMATE BY NOT LESS THAN 1.0% BUT NOT MORE THAN 1.5%,  
21 THEN 1/2 OF THE AMOUNT BY WHICH IT EXCEEDS 1.0% BUT NOT MORE THAN  
22 1.5% OF THE STATUTORY ESTIMATE SHALL BE TRANSFERRED INTO THE  
23 FUND.

24       (B) IF THE CONSENSUS FORECAST EXCLUDING THOSE AMOUNTS  
25 ATTRIBUTABLE TO STATUTORY OR ADMINISTRATIVE CHANGES IS ABOVE THE  
26 STATUTORY ESTIMATE BY MORE THAN 1.5% BUT NOT MORE THAN 2.5%, THEN  
27 2/3 OF THE AMOUNT BY WHICH IT EXCEEDS 1.5% BUT NOT MORE THAN 2.5%

1 OF THE STATUTORY ESTIMATE PLUS THE AMOUNT DETERMINED UNDER  
2 SUBDIVISION (A) SHALL BE TRANSFERRED INTO THE FUND.

3 (C) IF THE CONSENSUS FORECAST EXCLUDING THOSE AMOUNTS  
4 ATTRIBUTABLE TO STATUTORY OR ADMINISTRATIVE CHANGES IS ABOVE THE  
5 STATUTORY ESTIMATE BY MORE THAN 2.5%, THEN ALL OF THE AMOUNT IN  
6 EXCESS OF 2.5% OF THE STATUTORY ESTIMATE PLUS THE AMOUNTS DETER-  
7 MINED UNDER SUBDIVISIONS (A) AND (B) SHALL BE TRANSFERRED INTO  
8 THE FUND.

9 (4) A TRANSFER FROM THE FUND TO THE STATE GENERAL FUND IN A  
10 FISCAL YEAR SHALL BE BASED UPON THE CONSENSUS FORECAST ESTAB-  
11 LISHED IN THE JANUARY REVENUE ESTIMATING CONFERENCE, EXCEPT FOR  
12 1991 WHEN IT SHALL BE BASED UPON THE FEBRUARY REVENUE ESTIMATING  
13 CONFERENCE IN THE FOLLOWING MANNER:

14 (A) IF THE CONSENSUS FORECAST EXCLUDING THOSE AMOUNTS  
15 ATTRIBUTABLE TO STATUTORY OR ADMINISTRATIVE CHANGES FALLS BELOW  
16 THE STATUTORY ESTIMATE BY NOT LESS THAN 1.0% BUT NOT MORE THAN  
17 1.5%, THEN 1/3 OF THE FUND BALANCE SHALL BE AVAILABLE FOR  
18 TRANSFER.

19 (B) IF THE CONSENSUS FORECAST EXCLUDING THOSE AMOUNTS  
20 ATTRIBUTABLE TO STATUTORY OR ADMINISTRATIVE CHANGES FALLS BELOW  
21 THE STATUTORY ESTIMATE BY 1.5% TO NOT MORE THAN 2.5%, 2/3 OF THE  
22 FUND BALANCE SHALL BE AVAILABLE FOR TRANSFER.

23 (C) IF THE CONSENSUS FORECAST EXCLUDING THOSE AMOUNTS  
24 ATTRIBUTABLE TO STATUTORY OR ADMINISTRATIVE CHANGES FALLS BELOW  
25 THE STATUTORY ESTIMATE BY MORE THAN 2.5%, THE ENTIRE BALANCE IN  
26 THE FUND SHALL BE AVAILABLE FOR TRANSFER.

1 (5) AFTER THE ALTERNATIVE CALCULATIONS REQUIRED BY  
2 SUBSECTIONS (1), (2), (3), AND (4) ARE MADE, A TRANSFER FROM THE  
3 GENERAL FUND TO THE FUND OR FROM THE FUND TO THE GENERAL FUND  
4 SHALL ONLY BE MADE BASED UPON THAT CALCULATION THAT RESULTS IN  
5 THE GREATEST AMOUNT FOR TRANSFER.

6 (6) IF IN ANY YEAR A CONSENSUS FORECAST IS NOT REACHED AT  
7 THE REVENUE ESTIMATING CONFERENCE REQUIRED BY THIS ACT, THE UNI-  
8 VERSITY OF MICHIGAN RESEARCH SERIES QUANTITATIVE ECONOMICS FORE-  
9 CAST FOR GENERAL FUND/GENERAL PURPOSE REVENUES SHALL BE CONSID-  
10 ERED THE CONSENSUS FORECAST IN THAT YEAR FOR THE PURPOSES OF THIS  
11 SECTION.

12 (7) AS USED IN THIS SECTION, "STATUTORY ESTIMATE" MEANS THE  
13 REVENUE ESTIMATE CONTAINED IN 1 OF THE GENERAL APPROPRIATION  
14 BILLS EACH FISCAL YEAR AS REQUIRED BY SECTION 31 OF ARTICLE IV OF  
15 THE STATE CONSTITUTION OF 1963.

16 SEC. 362. (1) BEGINNING WITH THE FISCAL YEAR BEGINNING  
17 OCTOBER 1, 1990, THE AMOUNTS DISTRIBUTED BY THE DEPARTMENT OF  
18 TREASURY FOR REFUNDABLE INCOME TAX CREDITS ESTABLISHED BY LAW  
19 SHALL BE APPROPRIATED AS EXPENDITURES, RATHER THAN REVENUE  
20 REDUCTIONS. FOR PURPOSES OF THIS SECTION, REFUNDABLE INCOME TAX  
21 CREDITS INCLUDE PROPERTY TAX AND RENTER CREDITS, PRESCRIPTION  
22 DRUG CREDITS, HOME HEATING CREDITS, AND ANY OTHER CREDITS WHICH  
23 ARE NOT LIMITED TO THE TAX LIABILITY OF THE TAXPAYER RECEIVING  
24 THE CREDIT. EXPENDITURES FOR SUCH CREDITS SHALL BE RECOGNIZED AS  
25 EXPENDITURES IN THE YEAR IN WHICH THE FINAL RETURNS CLAIMING THE  
26 CREDITS ARE FILED.

1       (2) TO IMPLEMENT THIS SECTION, THE DIRECTOR SHALL REQUEST AN  
2 APPROPRIATION WITH FUNDING PROVIDED BY RESTRICTING INCOME TAX  
3 REVENUE IN AN AMOUNT SUFFICIENT TO COVER THE EXPENDITURES TO BE  
4 RECORDED. FOR THOSE PERSONS WHO RECEIVE PAYMENTS AND WHO EITHER  
5 HAVE NO INCOME TAX LIABILITY OR HAVE REFUNDABLE CREDITS THAT  
6 EXCEED THEIR INCOME TAX LIABILITY BEFORE WITHHOLDING, FUNDING  
7 SHALL BE FROM REVENUES RECOGNIZED IN THE FISCAL YEAR THE CREDITS  
8 ARE PAID. FOR PERSONS RECEIVING PAYMENTS WHOSE CREDITS ARE LESS  
9 THAN THEIR INCOME TAX LIABILITY BEFORE WITHHOLDING, FUNDING SHALL  
10 BE PROVIDED BY RESERVING REVENUES RECOGNIZED FROM THOSE INDIVIDU-  
11 ALS PROPORTIONATELY OVER THE YEAR.

12       SEC. 367A. AS USED IN THIS SECTION AND SECTIONS 367B TO  
13 367G:

14       (A) "CONFERENCE" MEANS THE REVENUE ESTIMATING CONFERENCE  
15 ESTABLISHED BY THIS ACT.

16       (B) "PRINCIPAL" MEANS A PERSON DESIGNATED IN SECTION 367B TO  
17 BE A PRINCIPAL OF THE CONFERENCE.

18       SEC. 367B. (1) A REVENUE ESTIMATING CONFERENCE SHALL BE  
19 HELD IN FEBRUARY 1991 AND IN THE SECOND WEEK OF JANUARY AND IN  
20 THE LAST WEEK IN MAY OF EACH SUCCEEDING YEAR AFTER 1991, AND AS  
21 OTHERWISE PROVIDED IN THIS ACT.

22       (2) THE PRINCIPALS OF THE CONFERENCE SHALL BE THE DIRECTOR  
23 OF THE DEPARTMENT OF MANAGEMENT AND BUDGET, THE DIRECTOR OF THE  
24 SENATE FISCAL AGENCY, AND THE DIRECTOR OF THE HOUSE FISCAL  
25 AGENCY, OR THEIR RESPECTIVE DESIGNEES.

26       (3) THE CONFERENCE SHALL ESTABLISH AN OFFICIAL ECONOMIC  
27 FORECAST OF MAJOR VARIABLES OF THE NATIONAL AND STATE ECONOMIES.

1 THE CONFERENCE SHALL ALSO ESTABLISH A FORECAST OF ANTICIPATED  
2 STATE REVENUES AS THE CONFERENCE DETERMINES INCLUDING THE  
3 FOLLOWING:

4 (A) STATE INCOME TAX COLLECTIONS.

5 (B) STATE SALES TAX COLLECTIONS.

6 (C) SINGLE BUSINESS TAX COLLECTIONS.

7 (D) TOTAL GENERAL FUND/GENERAL PURPOSE REVENUES.

8 (E) LOTTERY TRANSFERS TO THE SCHOOL AID FUND.

9 (F) TOTAL SCHOOL AID FUND REVENUES.

10 (4) THE CONFERENCE'S OFFICIAL FORECAST OF ECONOMIC AND REVE-  
11 NUE VARIABLES SHALL BE DETERMINED BY CONSENSUS AMONG THE  
12 PRINCIPALS.

13 (5) THE FORECASTS REQUIRED BY THIS SECTION SHALL BE FOR THE  
14 FISCAL YEAR IN WHICH THE CONFERENCE IS BEING HELD AND THE ENSUING  
15 FISCAL YEAR.

16 (6) THE OFFICIAL CONFERENCE FORECAST SHALL BE BASED UPON THE  
17 ASSUMPTION THAT THE CURRENT LAW AND CURRENT ADMINISTRATIVE PROCE-  
18 DURES WILL REMAIN IN EFFECT FOR THE FORECAST PERIOD.

19 SEC. 367C. (1) THE REVENUE FORECAST ESTABLISHED AT THE  
20 JANUARY CONFERENCE OR THE FEBRUARY 1991 CONFERENCE SHALL BE THE  
21 REVENUE ESTIMATE USED BY THE DEPARTMENT OF MANAGEMENT AND BUDGET  
22 IN THE PREPARATION OF THE EXECUTIVE BUDGET. THE BUDGET RECOMMEN-  
23 DATIONS OF THE GOVERNOR SHALL NOT EXCEED THE SUM OF THAT CONFER-  
24 ENCE FORECAST OF REVENUES, ADJUSTED FOR ANY PRIOR FISCAL YEAR  
25 SURPLUS AND THE REQUIREMENTS OF SECTIONS 351 TO 359.

26 (2) THE REVENUE FORECAST ESTABLISHED AT THE MAY CONFERENCE  
27 SHALL BE UTILIZED BY THE LEGISLATURE IN ITS ADOPTION OF A STATE

1 BUDGET FOR THE ENSUING FISCAL YEAR. THE STATUTORY ESTIMATE OF  
2 REVENUE INCLUDED IN THE BUDGET SHALL BE IDENTICAL TO THE MAY CON-  
3 FERENCE REVENUE FORECAST. IF A REVENUE FORECAST IS NOT ESTAB-  
4 LISHED AT THE MAY CONFERENCE, THE JANUARY CONFERENCE FORECAST  
5 SHALL BE USED IN ITS PLACE.

6 SEC. 367D. THE CONFERENCE MAY REQUEST AND SHALL RECEIVE  
7 FROM ALL PUBLIC OFFICERS, DEPARTMENTS, AGENCIES, AND AUTHORITIES  
8 OF THE STATE THE ASSISTANCE AND DATA NEEDED TO ENABLE IT TO FUL-  
9 FILL ITS DUTIES.

10 SEC. 367E. (1) THE PROCEDURES OF THE CONFERENCE SHALL BE  
11 DECIDED BY THE PRINCIPALS, EXCEPT THAT ANY FINAL ACTION ESTAB-  
12 LISHING AN OFFICIAL FORECAST SHALL BE TAKEN ONLY WITH THE UNANI-  
13 MOUS DECISION OF ALL OF THE PRINCIPALS, AND A CONFERENCE SHALL  
14 COMPLETE ITS WORK WITHIN A PERIOD OF NOT MORE THAN 5 DAYS.

15 (2) ALL SESSIONS AND MEETINGS OF A CONFERENCE SHALL BE OPEN  
16 TO THE PUBLIC.

17 (3) A PRINCIPAL MAY INVITE PERSONS TO MAKE A PRESENTATION OR  
18 OFFER TESTIMONY TO THE CONFERENCE.

19 (4) A PRINCIPAL SHALL PRESIDE OVER CONFERENCE SESSIONS, CON-  
20 VENE CONFERENCE SESSIONS, AND SPECIFY TOPICS TO BE INCLUDED ON  
21 THE CONFERENCE AGENDA. THE RESPONSIBILITY OF PRESIDING OVER SES-  
22 SIONS OF THE CONFERENCE SHALL BE ROTATED ANNUALLY AMONG THE  
23 PRINCIPALS. THE PRINCIPALS SHALL ELECT THE INITIAL CHAIRPERSON  
24 AND THEREAFTER THE POSITION OF CHAIRPERSON SHALL ROTATE AMONG THE  
25 PRINCIPALS EACH YEAR.

26 (5) THE CHAIRPERSON PRESIDING OVER A CONFERENCE IS ALSO  
27 RESPONSIBLE FOR SETTING THE CONFERENCE DATE AND PREPARING AND

1 DISTRIBUTING THE NECESSARY WORKPAPERS BEFORE THE CONFERENCE. THE  
2 WORKPAPERS SHALL INCLUDE COMPARISONS BETWEEN ALTERNATIVE INFORMA-  
3 TION WHERE A COMPARISON IS WARRANTED.

4 SEC. 367F. THE CONFERENCE SHALL PUBLISH THE ECONOMIC AND  
5 REVENUE FORECASTS ESTABLISHED BY THE CONFERENCE.

6 SEC. 367G. (1) UPON THE WRITTEN REQUEST OF A PRINCIPAL, A  
7 CONFERENCE SHALL BE CONVENED BY THE DIRECTOR OF THE DEPARTMENT OF  
8 MANAGEMENT AND BUDGET.

9 (2) THE INITIAL CONFERENCE SHALL BE HELD BETWEEN FEBRUARY  
10 14, 1991 AND FEBRUARY 20, 1991, AS SET BY THE DIRECTOR OF THE  
11 DEPARTMENT OF MANAGEMENT AND BUDGET.