

# SENATE BILL No. 511

September 24, 1991, Introduced by Senator POSTHUMUS and referred to the Committee on Appropriations.

A bill to amend sections 134 and 136 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," section 134 as amended by Act No. 267 of the Public Acts of 1987, being sections 208.134 and 208.136 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 134 and 136 of Act No. 228 of the  
2 Public Acts of 1975, section 134 as amended by Act No. 267 of the  
3 Public Acts of 1987, being sections 208.134 and 208.136 of the  
4 Michigan Compiled Laws, are amended to read as follows:

5       Sec. 134. (1) The department of treasury shall calculate  
6 the amount of payment to be made to a city, village, or township  
7 by multiplying the amount of state equalized value of tax exempt  
8 inventory property as certified by the department of treasury

1 under section 132 times the property tax rate for each taxing  
2 unit as certified each year to the department of treasury for  
3 purposes of this act. HOWEVER, FOR THE 1991-1992 STATE FISCAL  
4 YEAR, THE AMOUNT OF PAYMENT TO EACH CITY, VILLAGE, OR TOWNSHIP  
5 SHALL BE REDUCED BY AN AMOUNT DETERMINED BY MULTIPLYING  
6 \$6,225,000.00 BY A FRACTION THE NUMERATOR OF WHICH IS THE AMOUNT  
7 OF PAYMENT THAT WOULD HAVE BEEN PAID UNDER THIS SUBSECTION TO THE  
8 CITY, VILLAGE, OR TOWNSHIP BEFORE THIS REDUCTION AND THE DENOMI-  
9 NATOR OF WHICH IS THE TOTAL AMOUNT OF PAYMENTS TO ALL CITIES,  
10 VILLAGES, OR TOWNSHIPS THAT WOULD HAVE BEEN PAID UNDER THIS SUB-  
11 SECTION BEFORE THIS REDUCTION. The amount due under this section,  
12 including any accrued interest, shall be paid to the cities and  
13 villages between July 1 and October 2 of each year. The town-  
14 ships shall receive their funds by February 1 of each year.

15 (2) Payments made under this section ~~and~~ OR section 136,  
16 and the allocation and appropriation of amounts necessary to make  
17 the payments under this section ~~and~~ OR section 136, shall  
18 include interest ~~which shall accrue~~ THAT ACCRUES on the unpaid  
19 balance from October 2 for payments under this section to cities  
20 and villages, from February 1 for payments under this section to  
21 townships, and from the date each year the distributions under  
22 section 136 are required to have been paid. Interest ~~shall~~  
23 ~~accrue~~ ACCRUES at the rate determined under section 13b of the  
24 state revenue sharing act OF 1971, Act No. 140 of the Public Acts  
25 of 1971, being section 141.913b of the Michigan Compiled Laws.

26 (3) A payment required to be made under this section or  
27 section 136 shall not be delayed so as to cause interest to

1 accrue pursuant to subsection (2) unless the delay in ~~any~~ A  
2 payment is authorized by a written directive issued and signed by  
3 the governor ~~which~~ AND THAT directive ~~shall conform~~ CONFORMS  
4 to and ~~be~~ IS subject to ~~subsections (2) and (3) of section 13b~~  
5 ~~of the state revenue sharing act~~ SECTION 13B(2) AND (3) OF ACT  
6 NO. 140 OF THE PUBLIC ACTS OF 1971.

7 (4) Amounts required to be paid pursuant to this section or  
8 section 136 that are subject to an unavoidable delay of a de  
9 minimis period or that are withheld or set off pursuant to law in  
10 the settlement or adjustment of an obligation or debt due to this  
11 state ~~shall~~ ARE not ~~be~~ subject to subsections (2) and (3).

12 (5) The state treasurer may make a disbursement for a pay-  
13 ment under this section or section 136 ~~which~~ THAT has been  
14 delayed in advance of the date the delayed payment is expected to  
15 be paid.

16 (6) For the payments due in February 1988 and February 1989  
17 only, a city, village, or township that received a payment in  
18 February 1987 that was based upon a local tax rate that included  
19 special assessments shall not receive less than the amount  
20 received in February 1987. A payment shall not be made in 1989  
21 to a township pursuant to this subsection unless the township  
22 becomes a charter township or city prior to February 1, 1989.

23 Sec. 136. (1) The department of treasury shall total the  
24 amounts payable to cities, villages, and townships under section  
25 134 between July 1, 1976 and February 1, 1977, but excluding any  
26 payments under section 137.

1       (2) Between July 1, 1977 and February 28, 1978, an  
2 additional amount of the single business tax equal to 5% of the  
3 amount calculated in subsection (1) shall be distributed to all  
4 cities, villages, and townships through the relative tax effort  
5 formula as defined in THE STATE REVENUE SHARING ACT OF 1971, Act  
6 No. 140 of the Public Acts of 1971, as amended, being sections  
7 141.901 to ~~141.919~~ 141.921 of the Michigan Compiled Laws.

8       (3) For every year following June 30, 1978, the growth in  
9 the single business tax payable to cities, villages, and town-  
10 ships by the relative tax effort formula is calculated in the  
11 following manner:

12       (a) The percentage that the amount calculated in subsection  
13 (1) is of the gross collections before refunds of the single  
14 business tax from July 1, 1976, through June 30, 1977.

15       (b) The percentage calculated in subdivision (a) is multi-  
16 plied by the gross collections before refunds of the single busi-  
17 ness tax from each July 1 through June 30, starting with the  
18 gross collections before refunds from July 1, 1977, through June  
19 30, 1978. From this amount subtract the amount necessary to make  
20 the payments to cities, villages, and townships under section 134  
21 for the same year. The difference shall be distributed to  
22 cities, villages, and townships by the relative tax effort for-  
23 mula between August 1 and February 28 following the calculation  
24 based upon the preceding June 30. At least 1/2 of this payment  
25 shall be distributed before October 1 in any year that money is  
26 distributed under this section.

1 (4) During each June, starting in 1976, the department of  
2 treasury shall distribute to cities, villages, and townships  
3 through the relative tax effort formula, as defined in Act No.  
4 140 of the Public Acts of 1971, ~~as amended, being sections~~  
5 ~~141.901 to 141.919 of the Michigan Compiled Laws,~~ an amount ~~,~~  
6 to replace payments to cities, villages, and townships from the  
7 intangibles tax previously made under section 13 of Act No. 140  
8 of the Public Acts of 1971, as amended, ~~. The amount shall be~~  
9 BEING SECTION 141.913 OF THE MICHIGAN COMPILED LAWS, determined  
10 as follows:

11 (a) For the June 1976 payment only, \$35,000,000.00 of the  
12 collections of the tax levied by this act and for the June 1977  
13 payment only, \$35,000,000.00 of the collections of the tax levied  
14 by this act.

15 (b) For payments after January 1, 1978, a percentage of the  
16 gross collections before refunds of the tax levied by this act  
17 for the most recent fully completed July 1 through June 30 period  
18 ~~and~~ as certified by the department of treasury as of May 31.  
19 The percentage set aside for distribution is calculated by divid-  
20 ing \$40,000,000.00 by the gross collections before refunds of the  
21 single business tax from July 1, 1976, through June 30, 1977.  
22 HOWEVER, FOR THE 1991-1992 STATE FISCAL YEAR, THE AMOUNT DETER-  
23 MINED UNDER THIS SUBDIVISION SHALL BE REDUCED BY \$6,225,000.00  
24 BEFORE THE DISTRIBUTION UNDER THIS SUBSECTION IS MADE.

25 Section 2. This amendatory act shall not take effect unless  
26 all of the following bills of the 86th Legislature are enacted  
27 into law:

1       (a) Senate Bill No. 509.

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3       (b) Senate Bill No. 510.

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