



SENATE BILL No. 694

June 9, 1993, Introduced by Senator GAST and referred to the Committee on Appropriations.

A bill to amend section 481 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as amended by Act No. 160 of the Public Acts of 1992, being section 206.481 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 481 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 160 of the Public Acts of 1992, being
3 section 206.481 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 481. (1) Beginning January 1, 1974, the state disburs-
6 ing authority shall remit to cities, villages, townships, and
7 counties in accordance with the state revenue sharing act of
8 1971, Act No. 140 of the Public Acts of 1971, as amended, being
9 sections 141.901 to 141.921 of the Michigan Compiled Laws, a

1 portion of an amount measured by 6.91% of the gross collections
2 before refunds. An appropriation for each distribution is hereby
3 made from like taxes collected during the quarter in which the
4 distribution is required to be made. However, for the 1991-1992
5 state fiscal year, the amount of collections available for dis-
6 tribution to cities, villages, and townships under section
7 13(1)(a) of Act No. 140 of the Public Acts of 1971, being section
8 141.913 of the Michigan Compiled Laws, in August 1992, after the
9 application of subsection (7), shall not be distributed but shall
10 lapse to the general fund at the close of the fiscal year ending
11 September 30, 1992.

12 (2) Beginning July 1, 1987:

13 (a) Thirty-four point sixty-five percent of the amount
14 determined by subsection (1) shall be distributed to counties in
15 accordance with Act No. 140 of the Public Acts of 1971. For the
16 1992-1993 state fiscal year, the amount available for distribu-
17 tion under this subdivision shall be reduced by \$6,725,000.00
18 before a distribution under this subdivision is made. FOR THE
19 1993-1994 STATE FISCAL YEAR, THE AMOUNT AVAILABLE FOR DISTRIBU-
20 TION UNDER THIS SUBDIVISION SHALL BE REDUCED BY \$7,190,000.00
21 BEFORE A DISTRIBUTION UNDER THIS SUBDIVISION IS MADE.

22 (b) Sixty-five point thirty-five percent of the amount
23 determined by subsection (1) shall be distributed to cities, vil-
24 lages, and townships in accordance with Act No. 140 of the Public
25 Acts of 1971. For the 1992-1993 state fiscal year, the amount
26 available for distribution under this subdivision shall be
27 reduced by \$17,500,000.00 before a distribution under this

1 subdivision is made. FOR THE 1993-1994 STATE FISCAL YEAR, THE
2 AMOUNT AVAILABLE FOR DISTRIBUTION UNDER THIS SUBDIVISION SHALL BE
3 REDUCED BY \$27,910,000.00 BEFORE A DISTRIBUTION UNDER THIS SUBDI-
4 VISION IS MADE.

5 (3) If it is determined that the federal government shall
6 pay any of the costs for public welfare grants in respect to gen-
7 eral relief that are appropriated by the legislature under sec-
8 tion 18 of the social welfare act, Act No. 280 of the Public Acts
9 of 1939, as amended, being section 400.18 of the Michigan
10 Compiled Laws, the percentage of the amount determined by subsec-
11 tion (1) to be distributed to counties in any year pursuant to
12 subsection (2)(a) shall be computed as follows commencing with
13 July 1 after the date federal assumption of costs takes place:

14 (a) Subtract the percentage designated for counties in that
15 year from 50%.

16 (b) Multiply the difference obtained in subdivision (a) by
17 the percentage obtained by dividing the amount of federal pay-
18 ments by the state appropriation for that year for general
19 relief.

20 (c) Add the product obtained in subdivision (b) to the per-
21 centage designated for distribution to counties in that year.

22 (d) The difference between the amount that would be distrib-
23 uted using the percentage obtained in subdivision (c) and the
24 amount to be distributed to counties from the income tax in any
25 year shall be appropriated from the general fund and paid to
26 counties with the August payment of the following year as

1 provided under section 11 of Act No. 140 of the Public Acts of
2 1971, being section 141.911 of the Michigan Compiled Laws.

3 (4) Any overpayments, underpayments, or errors may be
4 adjusted on the subsequent payment date.

5 (5) The balance in the general fund shall be disbursed only
6 on appropriation of the legislature.

7 (6) As used in this section, "average income tax collection
8 rate" means a rate that shall be certified by the state treasurer
9 for each quarter immediately preceding the quarter in which col-
10 lections under this act are to be remitted under Act No. 140 of
11 the Public Acts of 1971, as the average rate upon which the gross
12 collections before refunds for the respective quarter are based.
13 This certification shall account for any differences between
14 gross collections before refunds based upon the income tax rate
15 levied in section 51 in effect during a quarter and gross collec-
16 tions before refunds based upon both the rate upon which with-
17 holdings and estimated tax payments are made during that quarter
18 under sections 301 and 351 and the rate upon which annual returns
19 are submitted during that quarter.

20 (7) From the amount determined by subsection (1) to be dis-
21 tributed to cities, villages, and townships, \$27,400,000.00 from
22 the amount that would have been the payment based on the quarter
23 of collections ending June 30, 1992 shall be distributed in
24 June 1992 in accordance with the tax effort formula as defined in
25 Act No. 140 of the Public Acts of 1971.