



SENATE BILL No. 1130

April 28, 1994, Introduced by Senators GAST, GEAKE and
SCHWARZ 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 328 of the Public Acts of 1993, 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 328 of the Public Acts of 1993, being
3 section 206 481 of the Michigan Compiled Laws, is amended to read
4 as follows

5 Sec 481 (1) The state disbursing authority shall remit to
6 cities, villages, townships, and counties in accordance with the
7 state revenue sharing act of 1971, Act No 140 of the Public Acts
8 of 1971, as amended, being sections 141 901 to 141 921 of the
9 Michigan Compiled Laws, a portion of an amount measured by 6 91²

1 of the gross collections before refunds for collections for
 2 periods before May 1, 1994 ~~, 7 23% of gross collections before~~
 3 ~~refunds from the tax levied at a rate of 4 6%, for collections~~
 4 ~~for periods after April 30, 1994 if the tax is levied at the rate~~
 5 ~~established in section 51(1)(b), or~~ AND 7 21% of gross collec-
 6 tions before refunds for collections for periods after April 30,
 7 1994 ~~if the tax is levied at the rate established in~~
 8 ~~section 51(1)(c)~~— An appropriation for each distribution is
 9 hereby made from like taxes collected during the quarter in which
 10 the distribution is required to be made ~~—However, for the~~
 11 ~~1991-1992 state fiscal year, the amount of collections available~~
 12 ~~for distribution to cities, villages, and townships under section~~
 13 ~~13(1)(a) of Act No 140 of the Public Acts of 1971, being section~~
 14 ~~141-913 of the Michigan Compiled Laws, in August 1992, after the~~
 15 ~~application of subsection (7), shall not be distributed but shall~~
 16 ~~lapse to the general fund at the close of the fiscal year ending~~
 17 ~~September 30, 1992—~~

18 (2) Beginning July 1, 1987

19 (a) Thirty-four point sixty-five percent of the amount
 20 determined by subsection (1) shall be distributed to counties in
 21 accordance with Act No 140 of the Public Acts of 1971 ~~—For the~~
 22 ~~1992-1993 state fiscal year, the amount available for distribu-~~
 23 ~~tion under this subdivision shall be reduced by \$6,725,000 00~~
 24 ~~before a distribution under this subdivision is made—~~ For the
 25 1993-1994 state fiscal year, the amount available for distribu-
 26 tion under this subdivision shall be reduced by \$9,857,000 00
 27 before a distribution under this subdivision is made FOR THE

1 1994-1995 STATE FISCAL YEAR, THE AMOUNT AVAILABLE FOR
2 DISTRIBUTION UNDER THIS SUBDIVISION SHALL BE REDUCED BY
3 \$10,000,000 00 BEFORE A DISTRIBUTION UNDER THIS SUBDIVISION IS
4 MADE

5 (b) Sixty-five point thirty-five percent of the amount
6 determined by subsection (1) shall be distributed to cities, vil-
7 lages, and townships in accordance with Act No 140 of the Public
8 Acts of 1971 ~~For the 1992-1993 state fiscal year, the amount~~
9 ~~available for distribution under this subdivision shall be~~
10 ~~reduced by \$17,500,000 00 before a distribution under this subdi-~~
11 ~~vision is made~~ For the 1993-1994 state fiscal year, the amount
12 available for distribution under this subdivision shall be
13 reduced by \$38,280,000 00 before a distribution under this subdi-
14 vision is made FOR THE 1994-1995 STATE FISCAL YEAR, THE AMOUNT
15 AVAILABLE FOR DISTRIBUTION UNDER THIS SUBDIVISION SHALL BE
16 REDUCED BY \$40,600,000 00 BEFORE A DISTRIBUTION UNDER THIS SUBDI-
17 VISION IS MADE

18 (3) If it is determined that the federal government shall
19 pay any of the costs for public welfare grants in respect to gen-
20 eral relief that are appropriated by the legislature under sec-
21 tion 18 of the social welfare act, Act No 280 of the Public Acts
22 of 1939, as amended, being section 400 18 of the Michigan
23 Compiled Laws, the percentage of the amount determined by subsec-
24 tion (1) to be distributed to counties in any year pursuant to
25 subsection (2)(a) shall be computed as follows commencing with
26 July 1 after the date federal assumption of costs takes place

1 (a) Subtract the percentage designated for counties in that
2 year from 50%

3 (b) Multiply the difference obtained in subdivision (a) by
4 the percentage obtained by dividing the amount of federal pay-
5 ments by the state appropriation for that year for general
6 relief

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

9 (d) The difference between the amount that would be distrib-
10 uted using the percentage obtained in subdivision (c) and the
11 amount to be distributed to counties from the income tax in any
12 year shall be appropriated from the general fund and paid to
13 counties with the August payment of the following year as pro-
14 vided under section 11 of Act No 140 of the Public Acts of 1971,
15 being section 141 911 of the Michigan Compiled Laws

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

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

20 (6) As used in this section, "average income tax collection
21 rate" means a rate that shall be certified by the state treasurer
22 for each quarter immediately preceding the quarter in which col-
23 lections under this act are to be remitted under Act No 140 of
24 the Public Acts of 1971, as the average rate upon which the gross
25 collections before refunds for the respective quarter are based
26 This certification shall account for any differences between
27 gross collections before refunds based upon the income tax rate

1 levied in section 51 in effect during a quarter and gross
2 collections before refunds based upon both the rate upon which
3 withholdings and estimated tax payments are made during that
4 quarter under sections 301 and 351 and the rate upon which annual
5 returns are submitted during that quarter

6 (7) From the amount determined by subsection (1) to be dis-
7 tributed to cities, villages, and townships, \$27,400,000 00 from
8 the amount that would have been the payment based on the quarter
9 of collections ending June 30, 1992 shall be distributed in
10 June 1992 in accordance with the tax effort formula as defined in
11 Act No 140 of the Public Acts of 1971

12 (8) A city, village, township, or county is not eligible for
13 a payment under subsection (1) unless that local unit of govern-
14 ment requires sealed competitive bidding for any contract of
15 \$20,000 00 or more except a contract for professional services or
16 emergency repairs or services exempted pursuant to a written
17 policy adopted or approved by the governing body of the local
18 unit of government This section shall not apply to transactions
19 between governmental units