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BILL ANALYSIS

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House Bill 5065 (Substitute H-2)
Sponsor: Representative Willis Bullard
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 12-3-96

CONTENT

Public Act 342 (House Bill 4853) of 1996 specified several changes to the State revenue sharing program, one of which involved simplifying and combining the payment dates to local units of government. Due to different fiscal years for the State and the counties, the new payment schedule produced a delay of \$17 million for counties in FY 1995-96, which for the majority of counties ends December 31, 1996, but no change for the State.

The bill would amend section 11 of Public Act 140 of 1971, entitled the "State revenue sharing act of 1971," as amended by Public Act 342 of 1996, being section 141.911 of the Michigan Compiled Laws and shift \$17 million from the April to the December payments for counties.

FISCAL IMPACT

The bill would have no direct State fiscal impact since the shift of the \$17 million payment occurs in the same State fiscal year, however; county revenue sharing payments would be made at an earlier date. The bill would result indirectly in a State loss of General Fund cashflow interest earnings of approximately \$300,000 due to the earlier payment date of the revenue sharing funds.

The bill would prevent a county shortfall of \$17 million in revenue sharing payments during their FY 1995-96.

MCL 141.911

Fiscal Analyst: B. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.