



HOUSE BILL No. 4853

May 16, 1995, Introduced by Rep. Voorhees and referred to the Committee on Appropriations.

A bill to amend sections 4, 13, and 18 of Act No. 140 of the Public Acts of 1971, entitled as amended "State revenue sharing act of 1971," section 4 as amended by Act No. 116 of the Public Acts of 1987, section 13 as amended by Act No. 68 of the Public Acts of 1992, and section 18 as amended by Act No. 299 of the Public Acts of 1994, being sections 141.904, 141.913, and 141.918 of the Michigan Compiled Laws; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 4, 13, and 18 of Act No. 140 of the
2 Public Acts of 1971, section 4 as amended by Act No. 116 of the
3 Public Acts of 1987, section 13 as amended by Act No. 68 of the
4 Public Acts of 1992, and section 18 as amended by Act No. 299 of
5 the Public Acts of 1994, being sections 141.904, 141.913, and

1 141.918 of the Michigan Compiled Laws, are amended to read as
2 follows:

3 Sec. 4. (1) "Local property taxes" means ad valorem prop-
4 erty taxes levied by a city, village, or township.

5 (2) "Local income and excise taxes" means collections of
6 taxes pursuant to the city income tax act, Act No. 284 of the
7 Public Acts of 1964, ~~as amended,~~ being sections 141.501 to
8 141.787 of the Michigan Compiled Laws, or pursuant to the city
9 utility users tax act, Act No. ~~198-~~ 100 of the Public Acts of
10 ~~1970, as amended~~ 1990, being sections ~~141.801 to 141.837~~
11 141.1151 TO 141.1177 of the Michigan Compiled Laws, or pursuant
12 to any acts authorizing local income or excise taxes by a city,
13 village, or township, which collections are modified as follows:
14 (a) For a city levying a local income tax, an amount shall
15 be excluded prior to determining the rates pursuant to this act,
16 which amount shall be ~~determined by~~ a proportion ~~to be the~~
17 ~~ratio~~ whose numerator is 1/2 of 1% and whose denominator is the
18 sum of the resident rate multiplied by 2 and the nonresident rate
19 multiplied by 1.

20 (b) If the local income tax actually collected by a city
21 from nonresident individuals is less than the amount determined
22 pursuant to subdivision (a), the amount excluded prior to deter-
23 mining the rates shall be the amount of actual collections from
24 nonresidents as certified by the city to the department of
25 treasury.

26 (3) "Local taxes" means local property taxes, local income
27 and excise taxes, and ~~, for distributions after June 30, 1987,~~

1 special assessments, which special assessments meet all of the
2 following criteria:

3 (a) The assessment district is the entire city, village, or
4 township.

5 (b) The assessment is levied on an ad valorem basis against
6 all real property in the city, village, or township.

7 ~~(4) "Overlapping taxes" means ad valorem property taxes,~~
8 ~~income taxes, and excise taxes levied in a city, village, or~~
9 ~~township by any of the following:~~

10 ~~(a) A county.~~

11 ~~(b) A school district, intermediate school district, or com-~~
12 ~~munity college district.~~

13 ~~(c) An authority or other governmental unit or agency except~~
14 ~~the state.~~

15 (4) ~~(5)~~ "Special assessments" means any of the following,
16 except as otherwise provided in subsection ~~(6)~~ (5):

17 (a) Special assessments imposed by a city, village, or town-
18 ship against property in the city, village, or township for
19 streets, sidewalks, storm or sanitary sewers, water supply,
20 drains, street lights, fire protection, police protection, or any
21 other public improvement, facility, or service authorized by
22 charter, ordinance, or statute to be imposed on the basis of ben-
23 efit to the property.

24 (b) Special assessments imposed by a county against property
25 in the city, village, or township to pay a portion of the cost of
26 constructing or maintaining a county public improvement

1 determined on the basis of the benefit of the public improvement
2 to the property.

3 (c) ~~For distributions after June 30, 1976, capital~~ CAPITAL
4 improvement charges imposed in lieu of special assessments pursu-
5 ant to charter, ordinance, or statute by a city, village, or
6 township to pay for a portion of the cost of constructing a
7 public improvement determined on the basis of the benefit of the
8 public improvement to the property.

9 (5) ~~(6)~~ "Special assessment" does not include a special
10 assessment that is included in local taxes under subsection (3).

11 Sec. 13. ~~(+)~~ Except as otherwise provided in this sec-
12 tion, the department of management and budget shall cause to be
13 paid to each city, village, and township its share ~~, computed in~~
14 ~~accordance with the tax effort formula,~~ of the following
15 revenues:

16 (a) DURING EACH AUGUST, THE COLLECTIONS FROM THE STATE
17 INCOME TAX FOR THE QUARTER PERIOD ENDING THE PRIOR JUNE 30 THAT
18 ARE AVAILABLE FOR DISTRIBUTION TO CITIES, VILLAGES, AND TOWNSHIPS
19 UNDER THE INCOME TAX ACT OF 1967, ACT NO. 281 OF THE PUBLIC ACTS
20 OF 1967, BEING SECTIONS 206.1 TO 206.532 OF THE MICHIGAN COMPILED
21 LAWS, OR \$13,500,000.00 OF THOSE COLLECTIONS, WHICHEVER IS LESS.
22 During each ~~August,~~ November, February, and May, the collec-
23 tions from the state income tax for the quarter periods ending
24 the prior ~~June 30,~~ September 30, December 31, and March 31 that
25 are available for distribution to cities, villages, and townships
26 under ~~the income tax act of 1967,~~ Act No. 281 of the Public
27 Acts of 1967, ~~being sections 206.1 to 206.532 of the Michigan~~

1 ~~Compiled Laws~~ OR \$78,000,000.00 OF THOSE COLLECTIONS, WHICHEVER
2 IS LESS. A CITY'S, VILLAGE'S, OR TOWNSHIP'S SHARE OF REVENUES
3 UNDER THIS SUBDIVISION SHALL BE COMPUTED USING THE TAX EFFORT
4 FORMULA.

5 (B) DURING EACH AUGUST, THE COLLECTIONS FROM THE STATE
6 INCOME TAX FOR THE QUARTER PERIOD ENDING THE PRIOR JUNE 30 THAT
7 ARE AVAILABLE FOR DISTRIBUTION TO CITIES, VILLAGES, AND TOWNSHIPS
8 UNDER ACT NO. 281 OF THE PUBLIC ACTS OF 1967, TO THE EXTENT SUCH
9 COLLECTIONS EXCEED \$13,500,000.00. DURING EACH NOVEMBER,
10 FEBRUARY, AND MAY, THE COLLECTIONS FROM THE STATE INCOME TAX FOR
11 THE QUARTER PERIODS ENDING THE PRIOR SEPTEMBER 30, DECEMBER 31,
12 AND MARCH 31 THAT ARE AVAILABLE FOR DISTRIBUTION TO CITIES, VIL-
13 LAGES, AND TOWNSHIPS UNDER ACT NO. 281 OF THE PUBLIC ACTS OF
14 1967, TO THE EXTENT SUCH COLLECTIONS EXCEED \$78,000,000.00. A
15 CITY'S, VILLAGE'S, OR TOWNSHIP'S SHARE OF REVENUES UNDER THIS
16 SUBDIVISION SHALL BE COMPUTED ON A PER CAPITA BASIS.

17 (C) ~~(b)~~ During each June, the amount of the collections
18 from the single business tax that is available for distribution
19 to cities, villages, and townships under section 136(4) of the
20 single business tax act, Act No. 228 of the Public Acts of 1975,
21 being section 208.136 of the Michigan Compiled Laws, OR
22 \$94,800,000.00, WHICHEVER IS LESS. A CITY'S, VILLAGE'S, OR
23 TOWNSHIP'S SHARE OF REVENUES UNDER THIS SUBDIVISION SHALL BE COM-
24 PUTED USING THE TAX EFFORT FORMULA.

25 (D) DURING EACH JUNE, THE AMOUNT OF THE COLLECTIONS FROM THE
26 SINGLE BUSINESS TAX THAT IS AVAILABLE FOR DISTRIBUTION TO CITIES,
27 VILLAGES, AND TOWNSHIPS UNDER SECTION 136(4) OF ACT NO. 228 OF

1 THE PUBLIC ACTS OF 1975, TO THE EXTENT SUCH COLLECTIONS EXCEED
2 \$94,800,000.00. A CITY'S, VILLAGE'S, OR TOWNSHIP'S SHARE OF REV-
3 ENUES UNDER THIS SUBDIVISION SHALL BE COMPUTED ON A PER CAPITA
4 BASIS.

5 (E) ~~(c)~~ The amount of the collections from the single
6 business tax available for distribution to cities, villages, and
7 townships under section 136(2) and (3) of ~~the single business~~
8 ~~tax act~~ ACT NO. 228 OF THE PUBLIC ACTS OF 1975 OR
9 \$97,100,000.00, WHICHEVER IS LESS. A CITY'S, VILLAGE'S, OR
10 TOWNSHIP'S SHARE OF REVENUES UNDER THIS SUBDIVISION SHALL BE COM-
11 PUTED USING THE TAX EFFORT FORMULA.

12. ~~(2) The amount of collections available for distribution to~~
13 ~~cities, villages, and townships under subsection (1)(a) in August~~
14 ~~1992 after the application of section 481(7) of the income tax~~
15 ~~act of 1967, Act No. 281 of the Public Acts of 1967, being sec-~~
16 ~~tion 206.481 of the Michigan Compiled Laws, shall not be distrib-~~
17 ~~uted but shall lapse to the general fund at the close of the~~
18 ~~fiscal year ending September 30, 1992. For state fiscal years~~
19 ~~beginning after September 30, 1992, the amount of collections~~
20 ~~otherwise available for distribution to cities, villages, and~~
21 ~~townships in November, February, and May, computed in accordance~~
22 ~~with the tax effort formula, shall be increased by~~
23 ~~\$22,600,000.00. For state fiscal years beginning after September~~
24 ~~30, 1992, the amount of collections otherwise available for dis-~~
25 ~~tribution to cities, villages, and townships in August, computed~~
26 ~~in accordance with the tax effort formula, shall be decreased by~~
27 ~~\$67,800,000.00.~~

1 (F) THE AMOUNT OF COLLECTIONS FROM THE SINGLE BUSINESS TAX
2 AVAILABLE FOR DISTRIBUTION TO CITIES, VILLAGES, AND TOWNSHIPS
3 UNDER SECTION 136(2) AND (3) OF ACT NO. 228 OF THE PUBLIC ACTS OF
4 1975, TO THE EXTENT SUCH COLLECTIONS EXCEED \$97,100,000.00. A
5 CITY'S, VILLAGE'S, OR TOWNSHIP'S SHARE OF REVENUES UNDER THIS
6 SUBDIVISION SHALL BE COMPUTED ON A PER CAPITA BASIS.

7 Sec. 18. (1) Each city, village, or township shall report
8 its local taxes and special assessments and cities and townships
9 shall report their overlapping taxes to the department of trea-
10 sury by March 1. A city, village, or township that levied less
11 than 1 mill in the immediately preceding calendar year, when it
12 reports its local taxes, shall also report whether its levied
13 millage rate would have been at least 1 mill except for the mill-
14 age reductions pursuant to section 31 of article IX of the state
15 constitution of 1963; except for a millage reduction pursuant to
16 section 34 of the general property tax act, Act No. 206 of the
17 Public Acts of 1893, ~~as amended,~~ being section 211.34 of the
18 Michigan Compiled Laws; or except for the fact that the city,
19 village, or township did not elect to increase the millage rate
20 permitted by operation of section 24e(2) of Act No. 206 of the
21 Public Acts of 1893, being section 211.24e of the Michigan
22 Compiled Laws, or for any combination of these exceptions. If a
23 city, village, or township fails to report as provided in this
24 section, the department of treasury shall give notice of the
25 failure to the assessor and the chief executive officer of the
26 city, village, or township. After the department of treasury
27 gives such notice, payments under this act of revenues collected

1 under the single business tax act, Act No. 228 of the Public Acts
2 of ~~1967~~ 1975, being sections 208.1 to 208.145 of the Michigan
3 Compiled Laws, and of state income tax revenues shall be
4 withheld. The withheld payments may later be issued if the city,
5 village, or township reports before the end of the revenue shar-
6 ing year. Not later than May 15, the department of treasury
7 shall report to the department of management and budget the local
8 taxes, special assessments, ~~overlapping taxes,~~ and state equal-
9 ized valuation, and whether the levied millage rate would have
10 been at least 1 mill if the required millage reductions or limi-
11 tations had not been applied, for each city, village, and town-
12 ship for the immediately preceding calendar year. ~~In determin-~~
13 ~~ing and reporting the overlapping taxes for a township and the~~
14 ~~villages within the township, the department of treasury shall~~
15 ~~prorate and allocate the overlapping taxes levied in the township~~
16 ~~to the township and each village in the same ratio that the state~~
17 ~~equalized value of the unincorporated area of the township and of~~
18 ~~each village bears to the total state equalized value of the~~
19 ~~township.~~

20 (2) Before December 2 of each year, each city, village, and
21 township shall report to the department of treasury, on a form
22 prepared by the department of treasury in consultation with the
23 department of management and budget, all local revenues collected
24 by the city, village, or township in the local unit's fiscal year
25 which ends during the immediately preceding July 1 to June 30
26 period. The department of treasury shall accumulate the reports
27 and submit a summary to the department of management and budget

1 by February 1. The department of management and budget shall
 2 analyze the reports and shall make recommendations to the legis-
 3 lature regarding other local general fund revenues that the
 4 department considers reflective of or equivalent to local tax
 5 effort. "Other local revenues" shall not include state or fed-
 6 eral shared revenues, block grants, or categorical grants, or
 7 grants or gifts from other sources, but shall include fees or
 8 charges imposed by the city, village, or township for municipal
 9 purposes.

10 (3) The department of treasury shall report to the depart-
 11 ment of management and budget the tax collections available for
 12 distribution. The department of management and budget may make
 13 the distribution in a single warrant. A millage rate certified
 14 to be levied for a city, village, or township of 1 mill or more
 15 that is reduced below 1 mill pursuant to section 31 of article IX
 16 of the state constitution of 1963, pursuant to section 34 of Act
 17 No. 206 of the Public Acts of 1893, ~~as amended,~~ or because the
 18 city, village, or township did not elect to increase the millage
 19 rate permitted by operation of section 24e(2) of Act No. 206 of
 20 the Public Acts of 1893, ~~as amended,~~ or due to any combination
 21 of these factors, shall be considered by the department of man-
 22 agement and budget to be 1 mill for all of the following
 23 purposes:

24 (a) Payments under sections ~~+2(2)-~~ 12(3) and 15, which pay-
 25 ments shall be calculated using the actual local property taxes.

26 ~~(b) Determining whether the city, village, or township is~~
 27 ~~eligible under section 14 for payments based upon the tax burden~~

1 ~~formula, which formula shall be calculated using the actual local~~
2 ~~property taxes.~~

3 (B) ~~(c)~~ Determining whether the city, village, or township
4 is eligible under section 14a for payments based upon the special
5 census formula, which formula shall be calculated using the
6 actual local property taxes.

7 Section 2. Sections 6 and 14 of Act No. 140 of the Public
8 Acts of 1971, being sections 141.906 and 141.914 of the Michigan
9 Compiled Laws, are repealed.

10 Section 3. This amendatory act shall not take effect unless
11 Senate Bill No. _____ or House Bill No. 4852 (request
12 no. 04987'95 a) of the 88th Legislature is enacted into law.