



# HOUSE BILL No. 5896

May 22, 1996, Introduced by Reps. Profit and Agee and referred to the Committee on Appropriations.

A bill to amend sections 352, 355, 356, and 357 of Act No. 431 of the Public Acts of 1984, entitled as amended "The management and budget act," sections 352 and 355 as amended by Act No. 72 of the Public Acts of 1991, being sections 18.1352, 18.1355, 18.1356, and 18.1357 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 352, 355, 356, and 357 of Act No. 431  
2 of the Public Acts of 1984, sections 352 and 355 as amended by  
3 Act No. 72 of the Public Acts of 1991, being sections 18.1352,  
4 18.1355, 18.1356, and 18.1357 of the Michigan Compiled Laws, are  
5 amended to read as follows:

6 Sec. 352. (1) When the annual growth rate is more than 2%,  
7 the percentage excess over 2% shall be multiplied by the COMBINED  
8 total state general fund-general purpose revenue AND STATE SCHOOL

1 AID FUND REVENUE for the fiscal year ending in the current  
2 calendar year to determine the amount to be transferred to the  
3 fund from the state general fund AND STATE SCHOOL AID FUND in the  
4 fiscal year beginning in the current calendar year.

5       (2) When the annual growth rate is less than 0%, the percen-  
6 tage deficiency under 0% shall be multiplied by the COMBINED  
7 total state general fund-general purpose revenue AND STATE SCHOOL  
8 AID FUND REVENUE for the fiscal year ending in the current calen-  
9 dar year to determine the eligible amount to be transferred to  
10 the state general fund AND STATE SCHOOL AID FUND from the fund in  
11 the current fiscal year. When the formula calls for a larger  
12 transfer from the fund than is necessary to balance the current  
13 fiscal year state general fund-general purpose budget AND STATE  
14 SCHOOL AID FUND BUDGET, the excess shall remain in the fund.

15       Sec. 355. (1) The transfer into or out of the fund as pro-  
16 vided in section 352 for each fiscal year beginning after  
17 September 30, 1978, may be adjusted in light of revision in the  
18 annual growth rate for the calendar year upon which that transfer  
19 was made. The adjustment, if made, shall be directly propor-  
20 tional to an increase or decrease in the annual growth rate, but  
21 the adjustment shall not be in excess of 1% multiplied by the  
22 COMBINED total general fund-general purpose revenue AND STATE  
23 SCHOOL AID FUND REVENUE of the fiscal year upon which the trans-  
24 fer was based. The basis for an adjustment shall be a change in  
25 the personal income level for that calendar year as determined by  
26 the bureau of economic analysis of the United States department  
27 of commerce in the last report it makes before April 30 of the

1 fiscal year in which that calendar year ended. The adjustment,  
 2 if made, shall be effective on June 1 of the fiscal year in which  
 3 the transfer is made.

4 (2) An appropriation from the fund as provided in section  
 5 353 may be adjusted for a change in the unemployment rate statis-  
 6 tics for the 4 quarters immediately preceding the quarter in  
 7 which the appropriation is to be made, as long as an adjustment  
 8 has not already been made in an appropriation from the fund  
 9 because of a prior change in the unemployment rate statistics for  
 10 1 or more of those 4 quarters. A change in the unemployment rate  
 11 statistics shall not be made until that change is certified by  
 12 the director of the Michigan employment security commission.

13 (3) An adjustment made pursuant to subsection (2) shall not  
 14 be made unless the change in the unemployment rate statistics  
 15 would have provided for a different percent of the fund to be  
 16 appropriated under section 353. If the adjustment creates a  
 17 state general fund OR STATE SCHOOL AID FUND liability, that  
 18 liability shall be offset against future appropriations ~~which~~  
 19 THAT would have been made under section 353.

20 ~~(4) For the fiscal year ending September 30, 1991 only, the~~  
 21 ~~mid-year adjustment to be used to calculate the amount to be~~  
 22 ~~transferred from the fund to the general fund pursuant to~~  
 23 ~~section 352(2) shall be based on the following estimates:~~

24		<u>Dollars in</u>	
25		<u>Millions</u>	
26		<u>+1990</u>	<u>+1991</u>
27	Michigan personal income.....	\$ +70,534	\$ +75,484

1	<del>Less: Transfer payments.....</del>	<del>(26,866)</del>	<del>(28,932)</del>
2	<del>Subtotal.....</del>	<del>\$ 143,668</del>	<del>\$ 146,552</del>
3	<del>Divided by: Detroit C.P.I. for 12 months</del>		
4	<del>ending June 30 (1982=1.00).....</del>	<del>1.253</del>	<del>1.317</del>
5	<del>Equals: Real adjusted Michigan personal</del>		
6	<del>income.....</del>	<del>\$ 114,659</del>	<del>\$ 111,277</del>
7	<del>Percentage decrease.....</del>		<del>(2.95)%</del>
8	<del>Multiplied by: Estimated GF/GP revenue in</del>		
9	<del>FY 1990-91.....</del>		<del>7,120</del>
10	<del>Equals: Transfer from countercyclical</del>		
11	<del>budget and economic stabilization fund</del>		
12	<del>for the fiscal year ending September 30,</del>		
13	<del>1991.....</del>	<del>\$</del>	<del>210</del>

14 ~~(5) In accordance with the economic stabilization transfer~~  
15 ~~allowed under section 353(1) there is appropriated from the fund~~  
16 ~~for the fiscal year ending September 30, 1991 the sum of~~  
17 ~~\$20,000,000.00 determined as follows:~~

18	<del>-</del>	<del>Fund Balance</del>		
19	<del>Calendar</del>	<del>as of First</del>		<del>Maximum Dollar</del>
20	<del>Quarter</del>	<del>Day of Calendar</del>	<del>Maximum Allowable</del>	<del>Amount of</del>
21	<del>Beginning</del>	<del>Quarter</del>	<del>Withdrawal</del>	<del>Withdrawal</del>
22	<del>4/1/91</del>	<del>\$400,000,000</del>	<del>2.5% of the fund</del>	<del>\$10,000,000</del>
23			<del>balance as of first</del>	
24			<del>day of quarter</del>	
25	<del>-</del>			
26	<del>7/1/91</del>	<del>\$398,000,000</del>	<del>2.5% of the fund</del>	<del>\$10,000,000</del>
27			<del>balance as of first</del>	
28			<del>day of quarter</del>	
29	<del>-</del>			

30 ~~(6) The total transfer from the fund to the general fund for~~  
31 ~~the fiscal year ending September 30, 1991 pursuant to subsections~~  
32 ~~(4) and (5) shall be \$230,000,000.00.~~

33 Sec. 356. If the balance in the fund at the end of a fiscal  
34 year exceeds 25% of the actual COMBINED TOTAL state general  
35 fund-general purpose revenue AND STATE SCHOOL AID FUND REVENUE  
36 for that fiscal year, the excess shall be rebated on the

1 individual income tax returns filed following the close of that  
2 fiscal year according to a schedule to be established by law.

3       Sec. 357. In each fiscal year in which a transfer to the  
4 fund takes place, if the COMBINED TOTAL state general,  
5 fund-general purpose revenue AND STATE SCHOOL AID FUND REVENUE  
6 falls short of the level upon which a balanced state general fund  
7 budget AND STATE SCHOOL AID FUND BUDGET was adopted for that year  
8 and the shortfall cannot be attributed to a statutory change in  
9 the tax rate, the tax base, fee schedules, or any other change in  
10 the revenue sources by which the general fund estimate ~~was~~ AND  
11 STATE SCHOOL AID FUND ESTIMATE WERE made, an amount not to exceed  
12 the amount deposited into the fund for that fiscal year may, by  
13 majority vote of the members elected to and serving in each  
14 house, be appropriated from the fund to raise THE COMBINED TOTAL  
15 state general fund-general purpose revenue AND STATE SCHOOL AID  
16 FUND REVENUE to the level originally anticipated.