



SENATE BILL No. 498

May 3, 1995, Introduced by Senator GAST and referred to the Committee on Appropriations.

A bill to amend sections 38b and 136 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," section 38b as added by Act No. 45 of the Public Acts of 1984 and section 136 as amended by Act No. 300 of the Public Acts of 1994, being sections 208.38b and 208.136 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Section 1. Sections 38b and 136 of Act No. 228 of the Public Acts of 1975, section 38b as added by Act No. 45 of the Public Acts of 1984 and section 136 as amended by Act No. 300 of the Public Acts of 1994, being sections 208.38b and 208.136 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 38b. (1) For amounts paid after March 31, 1984, pursuant to section 352 of THE WORKER'S DISABILITY COMPENSATION

1 ACT OF 1969, Act No. 317 of the Public Acts of 1969, being
2 section 418.352 of the Michigan Compiled Laws, a taxpayer that is
3 an employer or carrier subject to Act No. 317 of the Public Acts
4 of 1969, being sections 418.101 to 418.941 of the Michigan
5 Compiled Laws, shall claim a credit against the tax imposed by
6 this act for the taxable year IN an amount equal to the amount
7 paid during that tax year by the taxpayer pursuant to section 352
8 of Act No. 317 of the Public Acts of 1969, as certified by the
9 director of the bureau of worker's disability compensation pursu-
10 ant to section 391(6) of Act No. 317 of the Public Acts of 1969,
11 being section 418.391 of the Michigan Compiled Laws.

12 (2) A taxpayer claiming a credit under this section shall
13 claim a portion of the credit allowed by this section equal to
14 the payments made during a calendar quarter pursuant to
15 section 352 of Act No. 317 of the Public Acts of 1969, against
16 the estimated tax payments made under section 71. Any credit in
17 excess of an estimated payment shall be refunded to the taxpayer
18 on a quarterly basis within 60 calendar days after receipt of a
19 properly completed estimated tax return. Any subsequent increase
20 or decrease in the amount claimed for payments made by the
21 insurer or self-insurer shall be reflected in the amount of the
22 credit taken for the calendar quarter in which the amount of the
23 adjustment is finalized.

24 (3) The credit under this section is in addition to any
25 other credits the taxpayer is eligible for under this act.

26 (4) Any amount of the credit under this section which is in
27 excess of the tax liability of the taxpayer for the tax year

1 shall be refunded, without interest, by the department to the
2 taxpayer within 60 calendar days of receipt of a properly com-
3 pleted annual return required by this act.

4 ~~(5) For purposes of section 136, gross collections shall~~
5 ~~not be reduced by the amount of the credit provided for under~~
6 ~~this section.~~

7 Sec. 136. (1) The department of treasury shall ~~total the~~
8 ~~amounts payable to cities, villages, and townships under section~~
9 ~~134 between July 1, 1976 and February 1, 1977, but excluding any~~
10 ~~payments under section 137~~ DISTRIBUTE TO CITIES, VILLAGES, AND
11 TOWNSHIPS 13.91% OF THE GROSS COLLECTIONS BEFORE REFUNDS OF THE
12 SINGLE BUSINESS TAX FROM THE MOST RECENTLY COMPLETED JULY 1
13 THROUGH JUNE 30 PERIOD AS CERTIFIED BY THE DEPARTMENT OF
14 TREASURY. FOR THE 1995-96 STATE FISCAL YEAR, THE AMOUNT DETER-
15 MINED UNDER THIS SUBSECTION SHALL BE REDUCED BY \$16,000,000.00
16 BEFORE THE DISTRIBUTION UNDER THIS SUBSECTION IS MADE.

17 (2) ~~Between July 1, 1977 and February 28, 1978, an addi-~~
18 ~~tional amount of the single business tax equal to 5% of the~~
19 ~~amount calculated in subsection (1) shall be distributed~~ THE
20 DEPARTMENT OF TREASURY SHALL DISTRIBUTE THE REVENUE UNDER SUBSEC-
21 TION (1) to all cities, villages, and townships through the tax
22 effort formula as defined in the state revenue sharing act of
23 1971, Act No. 140 of the Public Acts of 1971, ~~as amended,~~ being
24 sections 141.901 to 141.921 of the Michigan Compiled Laws.

25 (3) ~~For every year following June 30, 1978, the growth in~~
26 ~~the single business tax payable to cities, villages, and~~

1 ~~townships by the tax effort formula is calculated in the~~
2 ~~following manner:~~

3 ~~(a) The percentage that the amount calculated in subsection~~
4 ~~(1) is of the gross collections before refunds of the single~~
5 ~~business tax from July 1, 1976, through June 30, 1977.~~

6 ~~(b) The percentage calculated in subdivision (a) is multi-~~
7 ~~plied by the gross collections before refunds of the single busi-~~
8 ~~ness tax levied at a rate of 2.35% from each July 1 through~~
9 ~~June 30, starting with the gross collections before refunds from~~
10 ~~July 1, 1977, through June 30, 1978. From this amount subtract~~
11 ~~the amount necessary to make the payments to cities, villages,~~
12 ~~and townships under section 134 for the same year. The differ-~~
13 ~~ence shall be distributed to cities, villages, and townships by~~
14 ~~the tax effort formula between October 1 and February 28 follow-~~
15 ~~ing the calculation based upon the preceding June 30. At least~~
16 ~~1/2 of this payment shall be distributed before November 1 in any~~
17 ~~year that money is distributed under this section. OF THE AMOUNT~~
18 ~~DISTRIBUTED UNDER THIS SECTION, 1/4 SHALL BE PAID IN OCTOBER, 1/4~~
19 ~~IN FEBRUARY, AND 1/2 IN JUNE.~~

20 ~~(4) During each June, starting in 1976, the department of~~
21 ~~treasury shall distribute to cities, villages, and townships~~
22 ~~through the tax effort formula, as defined in Act No. 140 of the~~
23 ~~Public Acts of 1971, an amount to replace payments to cities,~~
24 ~~villages, and townships from the intangibles tax previously made~~
25 ~~under section 13 of Act No. 140 of the Public Acts of 1971, as~~
26 ~~amended, being section 141.913 of the Michigan Compiled Laws,~~
27 ~~determined as follows:~~

1 ~~(a) For the June 1976 payment only, \$35,000,000.00 of the~~
2 ~~collections of the tax levied by this act and for the June 1977~~
3 ~~payment only, \$35,000,000.00 of the collections of the tax levied~~
4 ~~by this act.~~

5 ~~(b) For payments after January 1, 1978, a percentage of the~~
6 ~~gross collections before refunds of the tax levied by this act at~~
7 ~~the rate of 2.35% for the most recent fully completed July 1~~
8 ~~through June 30 period as certified by the department of treasury~~
9 ~~as of May 31. The percentage set aside for distribution is cal-~~
10 ~~culated by dividing \$40,000,000.00 by the gross collections~~
11 ~~before refunds of the single business tax from July 1, 1976,~~
12 ~~through June 30, 1977. For the 1993-94 state fiscal year, the~~
13 ~~amount determined under this subsection shall be reduced by~~
14 ~~\$6,863,000.00 before the distribution under this subsection is~~
15 ~~made. For the 1994-95 state fiscal year, the amount determined~~
16 ~~under this subsection shall be reduced by \$6,863,000.00 before~~
17 ~~the distribution under this subsection is made. Beginning in~~
18 ~~1996, the payments required by this subdivision shall be~~
19 ~~increased by 0.53% of the gross collections before refunds of the~~
20 ~~single business tax for the 12 month period ending on the June 30~~
21 ~~immediately preceding the payment date.~~

22 ~~(4) (5)~~ A city, village, or township is not eligible for a
23 payment under ~~subsection (4)~~ THIS SECTION unless that local
24 unit of government requires sealed competitive bidding for any
25 contract of \$20,000.00 or more except a contract for professional
26 services or emergency repairs or services exempted pursuant to a
27 written policy adopted or approved by the governing body of the

1 local unit of government. This ~~section shall~~ SUBSECTION DOES
2 not apply to transactions between governmental units.

3 Section 2. This amendatory act shall take effect July 1,
4 1995.

5 Section 3. This amendatory act shall not take effect unless
6 Senate Bill No. 497
7 of the 88th Legislature is enacted into law.