

RAINY DAY FUND; FORMULA

House Bill 4040

Sponsor: Rep. Kirk A. Profit

Committee: Appropriations

Complete to 7-22-97

A SUMMARY OF HOUSE BILL 4040 AS INTRODUCED 1-8-97

Under the Management and Budget Act, money is deposited into the countercyclical budget and economic stabilization fund (the "rainy day" fund) when the annual growth rate of the Michigan economy, measured as growth in personal income, exceeds two percent when compared to the previous year. The amount deposited is calculated by multiplying the general purpose revenue in the general fund by the percentage of growth over two percent. Money may be transferred out of the fund when there is a negative growth rate in personal income, when unemployment reaches certain levels, and when approved by a two-thirds vote of the legislature.

Calculations of the amount of deposits into the fund and withdrawals from it are based on total state general fund-general purpose revenue. House Bill 4040 would amend the act to expand that base to include the combined revenue of the general fund and the state school aid fund.

MCL 18.1352 et al.

House Bill 4040 (7-22-97)

Analyst: D. Martens

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