

HOUSE BILL No. 4040

January 8, 1997, Introduced by Rep. Profit and referred to the Committee on Appropriations.

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending sections 352, 355, 356, and 357 (MCL 18.1352,
18.1355, 18.1356, and 18.1357), sections 352 and 355 as amended
by 1991 PA 1972.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 352. (1) When the annual growth rate is more than 2%,
2 the percentage excess over 2% shall be multiplied by the COMBINED
3 total state general fund-general purpose revenue AND STATE SCHOOL
4 AID FUND REVENUE for the fiscal year ending in the current calen-
5 dar year to determine the amount to be transferred to the fund
6 from the state general fund AND STATE SCHOOL AID FUND in the
7 fiscal year beginning in the current calendar year.

8 (2) When the annual growth rate is less than 0%, the
9 percentage deficiency under 0% shall be multiplied by the

1 COMBINED total state general fund-general purpose revenue AND
2 STATE SCHOOL AID FUND REVENUE for the fiscal year ending in the
3 current calendar year to determine the eligible amount to be
4 transferred to the state general fund AND STATE SCHOOL AID FUND
5 from the fund in the current fiscal year. When the formula calls
6 for a larger transfer from the fund than is necessary to balance
7 the current fiscal year state general fund-general purpose budget
8 AND STATE SCHOOL AID FUND BUDGET, the excess shall remain in the
9 fund.

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

26 (2) An appropriation from the fund as provided in section
27 353 may be adjusted for a change in the unemployment rate

1 statistics for the 4 quarters immediately preceding the quarter
 2 in which the appropriation is to be made, as long as an adjust-
 3 ment has not already been made in an appropriation from the fund
 4 because of a prior change in the unemployment rate statistics for
 5 1 or more of those 4 quarters. A change in the unemployment rate
 6 statistics shall not be made until that change is certified by
 7 the director of the Michigan employment security commission.

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

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

		<u>Dollars in</u>	
		<u>Millions</u>	
		<u>1990</u>	<u>1991</u>
22	Michigan personal income.....	\$ 170,534	\$ 175,484
23	Less: Transfer payments.....	(26,866)	(28,932)
24	Subtotal.....	\$ 143,668	\$ 146,552
25	Divided by: Detroit C.P.I. for 12 months		
26	ending June 30 (1982=1.00).....	1.253	1.317
27	Equals: Real adjusted Michigan personal		
28	income.....	\$ 114,659	\$ 111,277
29	Percentage decrease.....		(2.95)%

Multiplied by: ~~Estimated GF/GP revenue in~~
~~FY 1990-91.....~~ ~~7,120~~

~~Equals: Transfer from countercyclical~~
~~budget and economic stabilization fund~~
~~for the fiscal year ending September 30,~~
~~1991.....~~ ~~\$ 210~~

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

Calendar	Fund Balance	as of First	Maximum
Dollar	Quarter	Day of Calendar	Maximum Allowable
Beginning	Quarter	Withdrawal	Amount of
Withdrawal	Withdrawal	Withdrawal	Withdrawal
4/1/91	\$400,000,000	2.5% of the fund	\$10,000,000
		balance as of first	
		day of quarter	
7/1/91	\$398,000,000	2.5% of the fund	\$10,000,000
		balance as of first	
		day of quarter	

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

Sec. 356. If the balance in the fund at the end of a fiscal
year exceeds 25% of the actual COMBINED TOTAL state general
fund-general purpose revenue AND STATE SCHOOL AID FUND REVENUE
for that fiscal year, the excess shall be rebated on the individ-
ual income tax returns filed following the close of that fiscal
year according to a schedule to be established by law.

Sec. 357. In each fiscal year in which a transfer to the
fund takes place, if the COMBINED TOTAL state general
fund-general purpose revenue AND STATE SCHOOL AID FUND REVENUE
falls short of the level upon which a balanced state general fund

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