

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5727 (Substitute H-2 as discharged)
Sponsor: Representative Joanne Voorhees
House Committee: Senior Health, Security and Retirement
Senate Committee: Appropriations

CONTENT

The bill would amend the State Revenue Sharing Act to allow the State Treasurer to withhold revenue sharing payments to a local unit to satisfy payments the local unit was required to make to its public pension and retirement system, or to the Municipal Employees Retirement System. This provision would not apply if the payment were required to satisfy an obligation under an agreement the local unit entered into, that assigned all or a portion of the payment to the Michigan Municipal Bond Authority; if withholding the payment would reduce or eliminate the bond rating of an obligation, issued by the Authority, for which revenue sharing payments had been pledged; or if payments had been pledged for the payment of a local unit's obligations that had been approved by the State Treasurer.

The Act requires the State Treasurer to withhold all or part of a payment that a local unit is eligible to receive to satisfy a payment owed to the State. The Act contains exceptions to this requirement. Under the bill, the withholding requirement also would not apply if withholding a payment would reduce or eliminate the bond rating of an obligation, issued by the Michigan Municipal Bond Authority, for which revenue sharing payments had been pledged.

MCL 141.917a

FISCAL IMPACT

The bill would have a minimal impact on local unit revenues and no impact on State revenues. It is unknown how many local units would meet the circumstances that would allow a revenue sharing payment to be withheld, and how much of the existing payments receive by those local units would qualify for the exceptions identified by the bill. Because the payment (or portion of a payment) would be withheld rather than reduced, the bill would affect only the timing of payments rather than the total amount finally received.

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