

Fiscal Analysis

REVENUE SHARING PAYMENT DISTRIBUTION



Bill/Sponsor SENATE BILL 575 S-1, Sen. Robert Emerson

Committee Appropriations

Analysis **Summary**

Senate Bill (SB) 575 (S-1) would amend the Glenn Steil State Revenue Sharing Act of 1971 to change the distribution of revenue sharing payments in fiscal year (FY) 2002-03 and FY 2003-04. This bill does not affect the total amount paid to local units. The FY 2003-04 total revenue sharing payments would be appropriated in SB 270 – the General Government bill.

The bill provides for modest changes to the distribution formula for FY 2002-03. In addition, the bill provides for a 3% reduction (consistent with the Executive Recommendation contained in SB 270 for total revenue sharing payments) for each local unit for FY 2003-04 from the payment each local unit received in FY 2002-03. The bill also contains provisions that would ensure a uniform percentage reduction for each local unit if actual sales tax revenue and therefore revenue sharing payments are below the estimates based on the May 2003 Consensus estimate.

Fiscal Impact

This bill would have no State fiscal impact and would not change the total revenue sharing payments to local units. However, SB 575 (S-1) would alter the distribution of the revenue sharing payments to the local units, as indicated on the table below. The Executive Recommendation would not change the distribution for FY 2002-03, but would put in place a 3% uniform reduction for FY 2003-04.

Estimated Revenue Sharing Payments Under SB 575 (S-1)
millions of dollars

Local Unit	FY 2002-03			FY 2003-04		
	Current Law	SB 575 (S-1)	Change	Current Law	SB 575 (S-1)	Change
Counties	202.1	202.5	0.4	181.6	196.5	14.9
Detroit	322.2	319.7	-2.4	333.9	310.1	-23.8
Other CVTs	926.9	928.9	2.0	892.1	901.1	9.0
Total	1,451.1	1,451.1	0.0	1,407.7	1,407.7	0.0

Note: Assumes Enactment of Executive Recommendation for FY 2003-04 total payment amount
CVTs are cities, villages, and townships

Analyst(s)

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