

**SUBSTITUTE FOR
SENATE BILL NO. 1019**

A bill to amend 1971 PA 140, entitled
"Glenn Steil state revenue sharing act of 1971,"
by amending sections 11 and 13 (MCL 141.911 and 141.913), as
amended by 2003 PA 168.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For state fiscal years before the 1996-1997
2 state fiscal year, the department of management and budget shall
3 cause to be paid during each August, November, February, and May,
4 to counties on a per capita basis the collections from the state
5 income tax as certified by the department of treasury for the
6 quarter periods ending the prior June 30, September 30,
7 December 31, and March 31 that are available for distribution to
8 and retention by counties.

9 (2) For state fiscal years beginning after September 30, 1992
10 and ending before October 1, 1996, the collections from the state

1 income tax otherwise available for distribution to counties in
2 November for the quarter period ending the prior September 30
3 shall be increased by \$35,900,000.00 and the collections from the
4 state income tax otherwise available for distribution to counties
5 in August for the quarter period ending the prior June 30 shall
6 be decreased by \$35,900,000.00.

7 (3) For the 1996-1997 and 1997-1998 state fiscal years, the
8 department of treasury shall cause to be paid to counties on a
9 per capita basis an amount equal to 24.5% of the difference
10 between 21.3% of the sales tax collections at a rate of 4% in the
11 12-month period ending June 30 of the state fiscal year in which
12 the payments are made and the total distribution for the state
13 fiscal year under section 12a. Subject to section 13d, for the
14 1998-1999 through 2005-2006 state fiscal years and for the period
15 of October 1, 2006 through September 30, 2007, the department of
16 treasury shall cause to be paid to counties all of the
17 following:

18 (a) Except as provided in subdivision (c), an amount equal to
19 the amount the county was eligible to receive under section 12a
20 in the 1997-1998 state fiscal year.

21 (b) Except as provided in subdivision (c), an amount equal to
22 25.06% of 21.3% of the sales tax collections at a rate of 4% in
23 the 12-month period ending June 30 of the state fiscal year in
24 which the payments are made minus the amount determined under
25 subdivision (a) which shall be distributed on a per capita
26 basis. If the amount appropriated under this section to counties
27 is less than 25.06% of 21.3% of the sales tax rate of 4%, any

1 reduction made necessary by this appropriation in distributions
2 to counties shall first be applied to the distribution under this
3 subdivision.

4 (c) For the 2002-2003 state fiscal year only, each county
5 shall receive the lesser of 96.5%, or the percentage determined
6 under this subdivision, of the amount that the county would have
7 received if the total available for distribution under
8 subdivisions (a) and (b) were \$211,549,002.00. The total amount
9 available for distribution to all counties under this subdivision
10 shall not exceed \$204,144,787.00. For the 2002-2003 state fiscal
11 year, the percentage under this subdivision shall be determined
12 by dividing the sum of all payments under section 10 of article
13 IX of the state constitution of 1963 and \$791,070,000.00 by
14 \$1,515,644,218.00. For the 2003-2004 state fiscal year only,
15 each county shall receive the lesser of ~~97%~~ 92%, or the
16 percentage determined under this subdivision, of the amount
17 distributed to the county under this subsection for the 2002-2003
18 state fiscal year. For the 2003-2004 state fiscal year, the
19 percentage under this subdivision shall be determined by dividing
20 the sum of all payments under section 10 of article IX of the
21 state constitution of 1963 and \$724,800,000.00 by
22 \$1,407,850,000.00 and then subtracting ~~0.03~~ 0.08.

23 (4) After September 30, 2007, 25.06% of 21.3% of the sales
24 tax collections at a rate of 4% shall be distributed to counties
25 as provided by law.

26 (5) The payments under subsection (3) shall be made from
27 revenues collected during the state fiscal year in which the

1 payments are made and shall be made during each October,
2 December, February, April, June, and August. Payments shall be
3 based on collections from the sales tax at a rate of 4% in the
4 2-month period ending the prior August 31, October 31,
5 December 31, February 28, April 30, and June 30, and for the
6 1996-1997 and 1997-1998 state fiscal years only the payments
7 shall be reduced by 1/6 of the total distribution for the state
8 fiscal year under section 12a. For state fiscal years after the
9 1995-1996 state fiscal year, the collections from the sales tax
10 otherwise available for distribution to counties under subsection
11 (3) in December shall be increased by \$17,000,000.00 and the
12 collections from the sales tax otherwise available for
13 distribution to counties under subsection (3) in April shall be
14 decreased by \$17,000,000.00.

15 (6) The department of treasury may withhold all or a portion
16 of payments under this section to a county that has not timely
17 furnished the statement required under section 151(1) of the
18 state school aid act of 1979, 1979 PA 94, MCL 388.1751, or
19 distributed an industrial facilities tax as required under 1974
20 PA 198, MCL 207.551 to 207.572, or the specific tax as required
21 under section 21b of the enterprise zone act, 1985 PA 224, MCL
22 125.2121b. Before withholding all or a portion of the payments
23 under this section to a county, the department shall inform the
24 county in writing of the intent to withhold payments and offer an
25 opportunity for an informal conference on the matter.

26 Sec. 13. (1) This subsection and subsection (2) apply to
27 distributions to cities, villages, and townships during the state

1 fiscal years before the 1996-1997 state fiscal year of
2 collections from the state income tax and single business tax.
3 Except as otherwise provided in subsection (2), the department of
4 treasury shall cause to be paid to each city, village, and
5 township its share, computed in accordance with the tax effort
6 formula, of the following revenues:

7 (a) During each August, November, February, and May, the
8 collections from the state income tax for the quarter periods
9 ending the prior June 30, September 30, December 31, and March 31
10 that are available for distribution to cities, villages, and
11 townships under the income tax act of 1967, 1967 PA 281, MCL
12 206.1 to 206.532.

13 (b) The amount of the collections from the single business
14 tax available for distribution to cities, villages, and townships
15 under former section 136 of the single business tax act, 1975 PA
16 228.

17 (2) The amount of collections of the state income tax
18 otherwise available for distribution to cities, villages, and
19 townships in November, February, and May, computed in accordance
20 with the tax effort formula, shall be increased by
21 \$22,600,000.00. The amount of collections otherwise available
22 for distribution to cities, villages, and townships in August,
23 computed in accordance with the tax effort formula, shall be
24 decreased by \$67,800,000.00.

25 (3) This subsection applies to distributions to cities,
26 villages, and townships for the 1996-1997 state fiscal year. The
27 department shall cause to be paid in accordance with the tax

1 effort formula an amount equal to 75.5% of the difference between
2 21.3% of the sales tax collections at a rate of 4% in the
3 12-month period ending June 30 of the state fiscal year in which
4 the payments are made and the total distribution for the state
5 fiscal year under section 12a.

6 (4) The department of treasury shall cause to be paid during
7 the 1997-1998 state fiscal year an amount equal to 75.5% of the
8 difference between 21.3% of the sales tax collections at a rate
9 of 4% in the 12-month period ending June 30 of the state fiscal
10 year in which the payments are made and the total distribution
11 for the state fiscal year under section 12a, both of the
12 following:

13 (a) To each city, village, and township, the amount of
14 collections distributed under subsection (3) to cities, villages,
15 and townships for the 1996-1997 state fiscal year or its pro rata
16 share of the collections if the collections are less than the
17 amount of collections distributed under subsection (3) for the
18 1996-1997 state fiscal year. A city's, village's, or township's
19 share of revenues under this subdivision shall be computed using
20 the tax effort formula.

21 (b) To each city, village, and township its share of the
22 collections to the extent the total collections available for
23 distribution under this subsection exceed the amount distributed
24 to cities, villages, and townships under subdivision (a) for the
25 fiscal year. A city's, village's, or township's share of
26 revenues under this subdivision shall be computed on a per capita
27 basis.

1 (5) Subject to section 13d, for the 1998-1999 through
2 2005-2006 state fiscal years and for the period of October 1,
3 2006 through September 30, 2007, the department of treasury shall
4 cause distributions determined under subsections (6) to (13) to
5 be paid to each city, village, and township from an amount equal
6 to 74.94% of 21.3% of the sales tax collections at a rate of 4%
7 in the 12-month period ending June 30 of the state fiscal year in
8 which the payments are made. After September 30, 2007, 74.94% of
9 21.3% of sales tax collections at a rate of 4% shall be
10 distributed to cities, villages, and townships as provided by
11 law.

12 (6) Subject to section 13d, for the 1998-1999 through
13 2005-2006 state fiscal years and for the period of October 1,
14 2006 through September 30, 2007, except for the 2002-2003 and
15 2003-2004 state fiscal years, and except as otherwise provided in
16 subsection (15), the department of treasury shall cause to be
17 paid \$333,900,000.00 to a city with a population of 750,000 or
18 more as the total combined distribution under this act and
19 section 10 of article IX of the state constitution of 1963 as
20 annualized for any period of less than 12 months to that city.
21 For the 2002-2003 state fiscal year only, the total combined
22 distribution under this subsection and section 10 of article IX
23 of the state constitution of 1963 shall be the lesser of
24 \$322,213,500.00 or \$333,900,000.00 multiplied by the percentage
25 as determined under this subsection. For the 2002-2003 state
26 fiscal year, the percentage under this subsection shall be
27 determined by dividing the sum of all payments under section 10

1 of article IX of the state constitution of 1963 and
2 \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state
3 fiscal year only, the total combined distribution under this
4 subsection and section 10 of article IX of the state constitution
5 of 1963 shall be the lesser of ~~97%~~ **92%**, or the percentage
6 determined under this subsection, of the total combined
7 distribution under this subsection and section 10 of article IX
8 of the state constitution of 1963 for the 2002-2003 state fiscal
9 year. For the 2003-2004 state fiscal year, the percentage under
10 this subsection shall be determined by dividing the sum of all
11 payments under section 10 of article IX of the state constitution
12 of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then
13 subtracting ~~0.03~~ **0.08**.

14 (7) Except as otherwise provided in this subsection,
15 distributions under subsections (8) to (13) to cities, villages,
16 and townships with populations of less than 750,000 shall be made
17 from the amount available for distribution under this section
18 that remains after the distribution under subsection (6) is
19 made. For the 2002-2003 state fiscal year only, each city,
20 village, and township with a population of less than 750,000
21 shall receive the lesser of 96.5%, or the percentage determined
22 under this subsection, of the amount that the city, village, or
23 township would have received if the total available for
24 distribution under subsections (8) to (13) were \$363,069,728.00
25 and the total available for distribution under section 10 of
26 article IX of the state constitution of 1963 were
27 \$607,125,488.00. The total amount available for distribution to

1 all cities, villages, and townships under this subsection shall
 2 not exceed \$936,238,383.00. For the 2002-2003 state fiscal year,
 3 the percentage under this subsection shall be determined by
 4 dividing the sum of all payments under section 10 of article IX
 5 of the state constitution of 1963 and \$791,070,000.00 by
 6 \$1,515,644,218.00. For the 2003-2004 state fiscal year only,
 7 each city, village, and township with a population of less than
 8 750,000 shall receive an amount equal to the lesser of ~~97%~~ 92%,
 9 or the percentage determined under this subsection, of the amount
 10 distributed to the city, village, or township under this
 11 subsection and section 10 of article IX of the state constitution
 12 of 1963 for the 2002-2003 state fiscal year. For the 2003-2004
 13 state fiscal year, the percentage under this subsection shall be
 14 determined by dividing the sum of all payments under section 10
 15 of article IX of the state constitution of 1963 and
 16 \$724,800,000.00 by \$1,407,850,000.00 and then subtracting ~~0.03~~
 17 0.08. The amount of the adjustment under this subsection shall
 18 be accomplished by reducing the payments under subsections (8) to
 19 (13), and payments under section 10 of article IX shall not be
 20 reduced based on any adjustments made under this subsection.

21 (8) Subject to section 13d, for the 1998-1999 through
 22 2005-2006 state fiscal years and for the period of October 1,
 23 2006 through September 30, 2007, for cities, villages, and
 24 townships with populations of less than 750,000, subject to the
 25 limitations under this section, a taxable value payment shall be
 26 made to each city, village, and township determined as follows:

27 (a) Determine the per capita taxable value for each city,

1 village, and township by dividing the taxable value of that city,
2 village, or township by the population of that city, village, or
3 township.

4 (b) Determine the statewide per capita taxable value by
5 dividing the total taxable value of all cities, villages, and
6 townships by the total population of all cities, villages, and
7 townships.

8 (c) Determine the per capita taxable value ratio for each
9 city, village, and township by dividing the statewide per capita
10 taxable value by the per capita taxable value for that city,
11 village, or township.

12 (d) Determine the adjusted taxable value population for each
13 city, village, and township by multiplying the per capita taxable
14 value ratio as determined under subdivision (c) for that city,
15 village, or township by the population of that city, village, or
16 township.

17 (e) Determine the total statewide adjusted taxable value
18 population which is the sum of all adjusted taxable value
19 population for all cities, villages, and townships.

20 (f) Determine the taxable value payment rate by dividing
21 74.94% of 21.3% of the sales tax collections at a rate of 4% in
22 the 12-month period ending June 30 of the state fiscal year in
23 which the payments under this subsection are made by 3, and
24 dividing that result by the total statewide adjusted taxable
25 value population as determined under subdivision (e).

26 (g) Determine the taxable value payment for each city,
27 village, and township by multiplying the result under subdivision

1 (f) by the adjusted taxable value population for that city,
2 village, or township.

3 (9) Subject to section 13d, for the 1998-1999 through
4 2005-2006 state fiscal years and for the period of October 1,
5 2006 through September 30, 2007, subject to the limitations under
6 this section and except as provided in subsection (14), a unit
7 type population payment shall be made to each city, village, and
8 township with a population of less than 750,000 determined as
9 follows:

10 (a) Determine the unit type population weight factor for each
11 city, village, and township as follows:

12 (i) For a township with a population of 5,000 or less, the
13 unit type population weight factor is 1.0.

14 (ii) For a township with a population of more than 5,000 but
15 less than 10,001, the unit type population weight factor is 1.2.

16 (iii) For a township with a population of more than 10,000
17 but less than 20,001, the unit type population weight factor is
18 1.44.

19 (iv) For a township with a population of more than 20,000 but
20 less than 40,001, the unit type population weight factor is
21 1.73.

22 (v) For a township with a population of more than 40,000 but
23 less than 80,001, the unit type population weight factor is
24 2.07.

25 (vi) For a township with a population of more than 80,000,
26 the unit type population weight factor is 2.49.

27 (vii) For a village with a population of 5,000 or less, the

1 unit type population weight factor is 1.5.

2 (viii) For a village with a population of more than 5,000 but
3 less than 10,001, the unit type population weight factor is 1.8.

4 (ix) For a village with a population of more than 10,000, the
5 unit type population weight factor is 2.16.

6 (x) For a city with a population of 5,000 or less, the unit
7 type population weight factor is 2.5.

8 (xi) For a city with a population of more than 5,000 but less
9 than 10,001, the unit type population weight factor is 3.0.

10 (xii) For a city with a population of more than 10,000 but
11 less than 20,001, the unit type population weight factor is 3.6.

12 (xiii) For a city with a population of more than 20,000 but
13 less than 40,001, the unit type population weight factor is
14 4.32.

15 (xiv) For a city with a population of more than 40,000 but
16 less than 80,001, the unit type population weight factor is
17 5.18.

18 (xv) For a city with a population of more than 80,000 but
19 less than 160,001, the unit type population weight factor is
20 6.22.

21 (xvi) For a city with a population of more than 160,000 but
22 less than 320,001, the unit type population weight factor is
23 7.46.

24 (xvii) For a city with a population of more than 320,000 but
25 less than 640,001, the unit type population weight factor is
26 8.96.

27 (xviii) For a city with a population of more than 640,000,

1 the unit type population weight factor is 10.75.

2 (b) Determine the adjusted unit type population for each
3 city, village, and township by multiplying the unit type
4 population weight factor for that city, village, or township as
5 determined under subdivision (a) by the population of the city,
6 village, or township.

7 (c) Determine the total statewide adjusted unit type
8 population, which is the sum of the adjusted unit type population
9 for all cities, villages, and townships.

10 (d) Determine the unit type population payment rate by
11 dividing 74.94% of 21.3% of the sales tax collections at a rate
12 of 4% in the 12-month period ending June 30 of the state fiscal
13 year in which the payments under this subsection are made by 3,
14 and then dividing that result by the total statewide adjusted
15 unit type population as determined under subdivision (c).

16 (e) Determine the unit type population payment for each city,
17 village, and township by multiplying the result under subdivision
18 (d) by the adjusted unit type population for that city, village,
19 or township.

20 (10) Subject to section 13d, for the 1998-1999 through
21 2005-2006 state fiscal years and for the period of October 1,
22 2006 through September 30, 2007, subject to the limitations under
23 this section, a yield equalization payment shall be made to each
24 city, village, and township with a population of less than
25 750,000 sufficient to provide the guaranteed tax base for a local
26 tax effort not to exceed 0.02. The payment shall be determined
27 as follows:

1 (a) The guaranteed tax base is the maximum combined state and
2 local per capita taxable value that can be guaranteed in a state
3 fiscal year to each city, village, and township for a local tax
4 effort not to exceed 0.02 if an amount equal to 74.94% of 21.3%
5 of the state sales tax at a rate of 4% is distributed to cities,
6 villages, and townships whose per capita taxable value is below
7 the guaranteed tax base.

8 (b) The full yield equalization payment to each city,
9 village, and township is the product of the amounts determined
10 under subparagraphs (i) and (ii):

11 (i) An amount greater than zero that is equal to the
12 difference between the guaranteed tax base determined in
13 subdivision (a) and the per capita taxable value of the city,
14 village, or township.

15 (ii) The local tax effort of the city, village, or township,
16 not to exceed 0.02, multiplied by the population of that city,
17 village, or township.

18 (c) The yield equalization payment is the full yield
19 equalization payment divided by 3.

20 (11) For state fiscal years after the 1997-1998 state fiscal
21 year, distributions under this section for cities, villages, and
22 townships with populations of less than 750,000 shall be
23 determined as follows:

24 (a) For the 1998-1999 state fiscal year, the payment under
25 this section for each city, village, and township shall be the
26 sum of the following:

27 (i) Ninety percent of the total amount available for

1 distribution under subsections (8), (9), and (10) for the
2 1998-1999 state fiscal year multiplied by the city's, village's,
3 or township's percentage share of the distributions under this
4 section and section 12a minus the amount of a distribution under
5 this section and section 12a to a city that is eligible to
6 receive a distribution under subsection (6) in the 1997-1998
7 state fiscal year.

8 (ii) Ten percent of the total amount available for
9 distribution under subsections (8), (9), and (10) for the
10 1998-1999 state fiscal year multiplied by the percentage share of
11 the distribution amounts calculated under subsections (8), (9),
12 and (10).

13 (b) For the 1999-2000 state fiscal year, the payment under
14 this section for each city, village, and township shall be the
15 sum of the following:

16 (i) Eighty percent of the total amount available for
17 distribution under subsections (8), (9), and (10) for the
18 1999-2000 state fiscal year multiplied by the city's, village's,
19 or township's percentage share of the distributions under this
20 section and section 12a minus the amount of a distribution under
21 this section and section 12a to a city that is eligible to
22 receive a distribution under subsection (6) in the 1997-1998
23 state fiscal year.

24 (ii) Twenty percent of the total amount available for
25 distribution under subsections (8), (9), and (10) for the
26 1999-2000 state fiscal year multiplied by the city's, village's,
27 or township's percentage share of the distribution amounts

1 calculated under subsections (8), (9), and (10).

2 (c) For the 2000-2001 state fiscal year, the payment under
3 this section for each city, village, and township shall be the
4 sum of the following:

5 (i) Seventy percent of the total amount available for
6 distribution under subsections (8), (9), and (10) for the
7 2000-2001 state fiscal year multiplied by the city's, village's,
8 or township's percentage share of the distributions under this
9 section and section 12a minus the amount of a distribution under
10 this section and section 12a to a city that is eligible to
11 receive a distribution under subsection (6) in the 1997-1998
12 state fiscal year.

13 (ii) Thirty percent of the total amount available for
14 distribution under subsections (8), (9), and (10) for the
15 2000-2001 state fiscal year multiplied by the percentage share of
16 the distribution amounts calculated under subsections (8), (9),
17 and (10).

18 (d) For the 2001-2002 state fiscal year, the payment under
19 this section for each city, village, and township shall be the
20 sum of the following:

21 (i) Sixty percent of the total amount available for
22 distribution under subsections (8), (9), and (10) for the
23 2001-2002 state fiscal year multiplied by the city's, village's,
24 or township's percentage share of the distributions under this
25 section and section 12a minus the amount of a distribution under
26 this section and section 12a to a city that is eligible to
27 receive a distribution under subsection (6) in the 1997-1998

1 state fiscal year.

2 (ii) Forty percent of the total amount available for
3 distribution under subsections (8), (9), and (10) for the
4 2001-2002 state fiscal year multiplied by the percentage share of
5 the distribution amounts calculated under subsections (8), (9),
6 and (10).

7 (e) For the 2002-2003 state fiscal year, the payment under
8 this section for each city, village, and township shall be the
9 sum of the following:

10 (i) Fifty percent of the total amount available for
11 distribution under subsections (8), (9), and (10) for the
12 2002-2003 state fiscal year multiplied by the city's, village's,
13 or township's percentage share of the distributions under this
14 section and section 12a minus the amount of a distribution under
15 this section and section 12a to a city that is eligible to
16 receive a distribution under subsection (6) in the 1997-1998
17 state fiscal year.

18 (ii) Fifty percent of the total amount available for
19 distribution under subsections (8), (9), and (10) for the
20 2002-2003 state fiscal year multiplied by the percentage share of
21 the distribution amounts calculated under subsections (8), (9),
22 and (10).

23 (f) For the 2003-2004 state fiscal year, the payment under
24 this section for each city, village, and township shall be the
25 sum of the following:

26 (i) Forty percent of the total amount available for
27 distribution under subsections (8), (9), and (10) for the

1 2003-2004 state fiscal year multiplied by the city's, village's,
2 or township's percentage share of the distributions under this
3 section and section 12a minus the amount of a distribution under
4 this section and section 12a to a city that is eligible to
5 receive a distribution under subsection (6) in the 1997-1998
6 state fiscal year.

7 (ii) Sixty percent of the total amount available for
8 distribution under subsections (8), (9), and (10) for the
9 2003-2004 state fiscal year multiplied by the percentage share of
10 the distribution amounts calculated under subsections (8), (9),
11 and (10).

12 (g) For the 2004-2005 state fiscal year, the payment under
13 this section for each city, village, and township shall be the
14 sum of the following:

15 (i) Thirty percent of the total amount available for
16 distribution under subsections (8), (9), and (10) for the
17 2004-2005 state fiscal year multiplied by the city's, village's,
18 or township's percentage share of the distributions under this
19 section and section 12a minus the amount of a distribution under
20 this section and section 12a to a city that is eligible to
21 receive a distribution under subsection (6) in the 1997-1998
22 state fiscal year.

23 (ii) Seventy percent of the total amount available for
24 distribution under subsections (8), (9), and (10) for the
25 2004-2005 state fiscal year multiplied by the percentage share of
26 the distribution amounts calculated under subsections (8), (9),
27 and (10).

1 (h) For the 2005-2006 state fiscal year, the payment under
2 this section for each city, village, and township shall be the
3 sum of the following:

4 (i) Twenty percent of the total amount available for
5 distribution under subsections (8), (9), and (10) for the
6 2005-2006 state fiscal year multiplied by the city's, village's,
7 or township's percentage share of the distributions under this
8 section and section 12a minus the amount of a distribution under
9 this section and section 12a to a city that is eligible to
10 receive a distribution under subsection (6) in the 1997-1998
11 state fiscal year.

12 (ii) Eighty percent of the total amount available for
13 distribution under subsections (8), (9), and (10) for the
14 2005-2006 state fiscal year multiplied by the percentage share of
15 the distribution amounts calculated under subsections (8), (9),
16 and (10).

17 (i) For the period of October 1, 2006 through September 30,
18 2007, the payment under this section for each city, village, and
19 township shall be the sum of the following:

20 (i) Ten percent of the total amount available for
21 distribution under subsections (8), (9), and (10) for the
22 2006-2007 state fiscal year multiplied by the city's, village's,
23 or township's percentage share of the distributions under this
24 section and section 12a minus the amount of a distribution under
25 this section and section 12a to a city that is eligible to
26 receive a distribution under subsection (6) in the 1997-1998
27 state fiscal year.

1 (ii) Ninety percent of the total amount available for
2 distribution under subsections (8), (9), and (10) for the
3 2006-2007 state fiscal year multiplied by the percentage share of
4 the distribution amounts calculated under subsections (8), (9),
5 and (10).

6 (12) Except as otherwise provided in this subsection, the
7 total payment to any city, village, or township under this act
8 and section 10 of article IX of the state constitution of 1963
9 shall not increase by more than 8% over the amount of the payment
10 under this act and section 10 of article IX of the state
11 constitution of 1963 in the immediately preceding state fiscal
12 year. From the amount not distributed because of the limitation
13 imposed by this subsection, the department shall distribute an
14 amount to certain cities, villages, and townships such that the
15 percentage increase in the total payment under this act and
16 section 10 of article IX of the state constitution of 1963 from
17 the immediately preceding state fiscal year to each of those
18 cities, villages, and townships is equal to, but does not exceed,
19 the percentage increase from the immediately preceding state
20 fiscal year of any city, village, or township that does not
21 receive a distribution under this subsection. This subsection
22 does not apply for state fiscal years after the 2000 federal
23 decennial census becomes official to a city, village, or township
24 with a 10% or more increase in population from the official 1990
25 federal decennial census to the official 2000 federal decennial
26 census.

27 (13) The percentage allocations to distributions under

1 subsections (8) to (10) pursuant to subsection (11) shall be
2 calculated as if, in any state fiscal year, the amount
3 appropriated under this section for distribution to cities,
4 villages, and townships is 74.94% of 21.3% of the sales tax at a
5 rate of 4%. If the amount appropriated under this section to
6 cities, villages, and townships is less than 74.94% of 21.3% of
7 the sales tax at a rate of 4%, any reduction made necessary by
8 this appropriation in distributions to cities, villages, and
9 townships shall first be applied to the distribution under
10 subsections (8) to (10) and any remaining amount shall be applied
11 to the other distributions under this section.

12 (14) A township that provides for or makes available fire,
13 police on a 24-hour basis either through contracting for or
14 directly employing personnel, water to 50% or more of its
15 residents, and sewer services to 50% or more of its residents and
16 has a population of 10,000 or more or a township that has a
17 population of 20,000 or more shall use the unit type population
18 weight factor under subsection (9)(a) for a city with the same
19 population as the township.

20 (15) For a state fiscal year in which the sales tax
21 collections decrease from the sales tax collections for the
22 immediately preceding state fiscal year, the department shall
23 reduce the amount to be distributed to a city with a population
24 of 750,000 or more under subsection (6) by an amount determined
25 by subtracting the amount the city is eligible for under section
26 10 of article IX of the state constitution of 1963 for the state
27 fiscal year from \$333,900,000.00 and multiplying that result by

1 the same percentage as the percentage decrease in sales tax
2 collections for that state fiscal year as compared to sales tax
3 collections for the immediately preceding state fiscal year.
4 This subsection does not apply to the 2002-2003 and 2003-2004
5 state fiscal years.

6 (16) Notwithstanding any other provision of this section for
7 the 1998-1999 state fiscal year, the total combined amount
8 received by each city, village, and township under this section
9 and section 10 of article IX of the state constitution of 1963
10 shall not be less than the combined amount received under this
11 section, section 12a, and section 10 of article IX of the state
12 constitution of 1963 in the 1997-1998 state fiscal year. The
13 increase, if any, for each city, village, and township from the
14 1997-1998 state fiscal year, other than a city that receives a
15 distribution under subsection (6), shall be reduced by a uniform
16 percentage to the extent necessary to fund distributions under
17 this subsection.

18 (17) The payments under subsections (3), (4), and (5) shall
19 be made during each October, December, February, April, June, and
20 August. Payments under subsections (3), (4), and (5) shall be
21 based on collections from the sales tax at the rate of 4% in the
22 2-month period ending the prior August 31, October 31,
23 December 31, February 28, April 30, and June 30, and for the
24 1996-1997 and 1997-1998 state fiscal years only, the payments
25 shall be reduced by 1/6 of the total distribution for the state
26 fiscal year under section 12a.

27 (18) Payments under this section shall be made from revenues

1 collected during the state fiscal year in which the payments are
2 made.

3 (19) Distributions provided for by this act are subject to an
4 annual appropriation by the legislature.

5 (20) After the department has informed a city, village, or
6 township in writing of the intent to withhold all or a portion of
7 payments under this section and offered the affected city,
8 village, or township an opportunity for an informal conference on
9 the matter, the department of treasury may withhold all or a
10 portion of payments under this section to a city, village, or
11 township that has not distributed 1 or more of the following:

12 (a) An industrial facilities tax as required under 1974 PA
13 198, MCL 207.551 to 207.572.

14 (b) The specific tax as required under section 21b of the
15 enterprise zone act, 1985 PA 224, MCL 125.2121b.

16 (c) Any portion of the state education tax levied under the
17 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, or
18 of property taxes levied for any purpose by a local or
19 intermediate school district under the revised school code, 1976
20 PA 451, MCL 380.1 to 380.1852, determined by the state tax
21 commission to have been wrongfully captured and retained to
22 implement a tax increment financing plan under 1975 PA 197, MCL
23 125.1651 to 125.1681, the tax increment finance authority act,
24 1980 PA 450, MCL 125.1801 to 125.1830, or the local development
25 financing act, 1986 PA 281, MCL 125.2151 to 125.2174.