

Legislative Analysis



REVENUE SHARING: DISTRIBUTION FORMULA

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1375

Sponsor: Sen. Michael Switalski

House Committee: None

Senate Committee: Appropriations

Complete to 9-14-06

A SUMMARY OF SENATE BILL 1375 AS PASSED BY THE SENATE:

Senate Bill 1375 would amend the Revenue Sharing Act to distribute the appropriated funding such that each city, village, and township (CVT) would receive in FY 2006-07 an amount equal to the total payment received in FY 2005-06.

Over the past three years, increases in Constitutional payments have been offset by reductions in statutory payments. As a result, more than 975 CVTs will have had their statutory payments reduced to zero by the end of FY2006-07. Because an increase in the Constitutional amount cannot be fully offset by a reduction in the statutory payment, these units will actually realize net revenue sharing increases.

Should the amount available to be distributed as Constitutional revenue sharing fall below the estimated amount of \$698.9 million, payments to CVTs units will be reduced equally in percentage terms.

FISCAL IMPACT:

Senate Bill 1375 would have no impact on state revenue; it would only change the distribution of the appropriated funding.

Fiscal Analyst: Jim Stansell

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