

Legislative Analysis



REVENUE SHARING: AUTHORITY PAYMENTS

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Senate Bill 561 (Substitute S-1)

Sponsor: Sen. John Pappageorge

House Committee: Intergovernmental, Urban, and Regional Affairs

Senate Committee: Appropriations

Complete to 6-26-07

A SUMMARY OF SENATE BILL 561 AS PASSED BY THE SENATE 6-21-07

The bill would extend a revenue sharing sunset date from June 30, 2007 to September 30, 2007 (the end of the 2006-07 Fiscal Year). Other sunsets throughout the act already refer to the September 30, 2007 date.

The sunset being modified by the bill applies to a section of the State Revenue Sharing Act (MCL 141.912a) that directs the treasurer of a local unit of government who collects money for an authority that levies property taxes to pay to the eligible authority, from the local unit's revenue sharing payments under the act, the amount the eligible authority received for the 1997-98 state fiscal year.

[Local units of government receive a portion of sales tax revenue collected by the state. A portion of the revenue is distributed according to constitutional requirements and the rest is distributed according to statute. Statutory revenue sharing payments are subject to appropriation. Generally, revenue distributed under the act is unrestricted, and local units decide how the funds are used. Section 912a, however, requires local units to remit a portion of revenue sharing payments to the eligible authorities for which they collect taxes.]

FISCAL IMPACT:

According to the Michigan Department of Treasury, this bill would have no fiscal impact on the state and most local units. Payments to eligible authorities are often made in March and thus would not be affected by making the sunset conform to other periods in the act.

However, if a local unit has been interpreting the act to require or allow a proration or elimination of payments to eligible authorities that would occur during the 2007 fiscal year, then the bill would have an impact on that local unit, although minimal. If a local unit had been limiting its payments to authorities, then the bill would reduce the portion of the revenue sharing payment retained by a local unit and increase the revenue received by an eligible authority.

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