

**SUBSTITUTE FOR  
HOUSE BILL NO. 5217**

A bill to amend 1971 PA 140, entitled  
"Glenn Steil state revenue sharing act of 1971,"  
by amending section 13 (MCL 141.913), as amended by 2006 PA 437.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 13. (1) This subsection and subsection (2) apply to  
2       distributions to cities, villages, and townships during the state  
3       fiscal years before the 1996-1997 state fiscal year of collections  
4       from the state income tax and single business tax. Except as  
5       otherwise provided in subsection (2), the department of treasury  
6       shall cause to be paid to each city, village, and township its  
7       share, computed in accordance with the tax effort formula, of the  
8       following revenues:

9       (a) During each August, November, February, and May, the  
10      collections from the state income tax for the quarter periods  
11      ending the prior June 30, September 30, December 31, and March 31

1 that are available for distribution to cities, villages, and  
2 townships under the income tax act of 1967, 1967 PA 281, MCL 206.1  
3 to 206.532.

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

7 (2) The amount of collections of the state income tax  
8 otherwise available for distribution to cities, villages, and  
9 townships in November, February, and May, computed in accordance  
10 with the tax effort formula, shall be increased by \$22,600,000.00.  
11 The amount of collections otherwise available for distribution to  
12 cities, villages, and townships in August, computed in accordance  
13 with the tax effort formula, shall be decreased by \$67,800,000.00.

14 (3) This subsection applies to distributions to cities,  
15 villages, and townships for the 1996-1997 state fiscal year. The  
16 department shall cause to be paid in accordance with the tax effort  
17 formula an amount equal to 75.5% of the difference between 21.3% of  
18 the sales tax collections at a rate of 4% in the 12-month period  
19 ending June 30 of the state fiscal year in which the payments are  
20 made and the total distribution for the state fiscal year under  
21 section 12a.

22 (4) The department of treasury shall cause to be paid during  
23 the 1997-1998 state fiscal year an amount equal to 75.5% of the  
24 difference between 21.3% of the sales tax collections at a rate of  
25 4% in the 12-month period ending June 30 of the state fiscal year  
26 in which the payments are made and the total distribution for the  
27 state fiscal year under section 12a, both of the following:

1 (a) To each city, village, and township, the amount of  
2 collections distributed under subsection (3) to cities, villages,  
3 and townships for the 1996-1997 state fiscal year or its pro rata  
4 share of the collections if the collections are less than the  
5 amount of collections distributed under subsection (3) for the  
6 1996-1997 state fiscal year. A city's, village's, or township's  
7 share of revenues under this subdivision shall be computed using  
8 the tax effort formula.

9 (b) To each city, village, and township its share of the  
10 collections to the extent the total collections available for  
11 distribution under this subsection exceed the amount distributed to  
12 cities, villages, and townships under subdivision (a) for the  
13 fiscal year. A city's, village's, or township's share of revenues  
14 under this subdivision shall be computed on a per capita basis.

15 (5) Subject to section 13d, ~~for the 1998-1999 through 2006-~~  
16 ~~2007 state fiscal years,~~ the department of treasury shall cause  
17 distributions determined under subsections (6) to (13) to be paid  
18 to each city, village, and township from an amount equal to 74.94%  
19 of 21.3% of the sales tax collections at a rate of 4% in the 12-  
20 month period ending June 30 of the state fiscal year in which the  
21 payments are made. ~~After September 30, 2007, 74.94% of 21.3% of~~  
22 ~~sales tax collections at a rate of 4% shall be distributed to~~  
23 ~~cities, villages, and townships as provided by law.~~

24 (6) Subject to section 13d, for the 1998-1999 through ~~2006-~~  
25 ~~2007-2007-2008~~ state fiscal years, except for the 2002-2003 through  
26 ~~2006-2007-2007-2008~~ state fiscal years, and except as otherwise  
27 provided in subsection (15), the department of treasury shall cause

1 to be paid \$333,900,000.00 to a city with a population of 750,000  
2 or more as the total combined distribution under this act and  
3 section 10 of article IX of the state constitution of 1963 as  
4 annualized for any period of less than 12 months to that city. For  
5 the 2002-2003 state fiscal year only, the total combined  
6 distribution under this subsection and section 10 of article IX of  
7 the state constitution of 1963 shall be the lesser of  
8 \$322,213,500.00 or \$333,900,000.00 multiplied by the percentage as  
9 determined under this subsection. For the 2002-2003 state fiscal  
10 year, the percentage under this subsection shall be determined by  
11 dividing the sum of all payments under section 10 of article IX of  
12 the state constitution of 1963 and \$791,070,000.00 by  
13 \$1,515,644,218.00. For the 2003-2004 state fiscal year only, the  
14 total combined distribution under this subsection and section 10 of  
15 article IX of the state constitution of 1963 shall be the lesser of  
16 92%, or the percentage determined under this subsection, of the  
17 total combined distribution under this subsection and section 10 of  
18 article IX of the state constitution of 1963 for the 2002-2003  
19 state fiscal year. For the 2003-2004 state fiscal year, the  
20 percentage under this subsection shall be determined by dividing  
21 the sum of all payments under section 10 of article IX of the state  
22 constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and  
23 then subtracting 0.08. For the 2004-2005 state fiscal year only,  
24 the total combined distribution under this subsection and section  
25 10 of article IX of the state constitution of 1963 shall be the  
26 lesser of 100%, or the percentage determined under this subsection,  
27 of the total combined distribution under this subsection and

1 section 10 of article IX of the state constitution of 1963 for the  
2 2003-2004 state fiscal year. For the 2004-2005 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 of  
5 the state constitution of 1963 and \$445,300,000.00 by  
6 \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the  
7 total combined distribution under this subsection and section 10 of  
8 article IX of the state constitution of 1963 shall be the lesser of  
9 100%, or the percentage determined under this subsection, of the  
10 total combined distribution under this subsection and section 10 of  
11 article IX of the state constitution of 1963 for the 2004-2005  
12 state fiscal year. For the 2005-2006 state fiscal year, the  
13 percentage under this subsection shall be determined by dividing  
14 the sum of all payments under section 10 of article IX of the state  
15 constitution of 1963 for the 2005-2006 state fiscal year and  
16 \$423,350,000.00 by \$1,115,875,000.00. For the 2006-2007 state  
17 fiscal year only, the total combined distribution under this  
18 subsection and section 10 of article IX of the state constitution  
19 of 1963 shall be the lesser of 100%, or the percentage determined  
20 under this subsection, of the total combined distribution under  
21 this subsection and section 10 of article IX of the state  
22 constitution of 1963 for the 2005-2006 state fiscal year. For the  
23 2006-2007 state fiscal year, the percentage under this subsection  
24 shall be determined by dividing the sum of all payments under  
25 section 10 of article IX of the state constitution of 1963 for the  
26 2006-2007 state fiscal year and \$407,485,000.00 by  
27 \$1,106,410,000.00. **FOR THE 2007-2008 STATE FISCAL YEAR ONLY, THE**

House Bill No. 5217 (H-2) as amended September 23, 2007

1 TOTAL COMBINED DISTRIBUTION UNDER THIS SUBSECTION AND SECTION 10 OF  
2 ARTICLE IX OF THE STATE CONSTITUTION OF 1963 SHALL BE THE LESSER OF  
3 100%, OR THE PERCENTAGE DETERMINED UNDER THIS SUBSECTION, OF THE  
4 TOTAL COMBINED DISTRIBUTION UNDER THIS SUBSECTION AND SECTION 10 OF  
5 ARTICLE IX OF THE STATE CONSTITUTION OF 1963 FOR THE 2006-2007  
6 STATE FISCAL YEAR. FOR THE 2007-2008 STATE FISCAL YEAR, THE  
7 PERCENTAGE UNDER THIS SUBSECTION SHALL BE DETERMINED BY DIVIDING  
8 THE SUM OF ALL PAYMENTS UNDER SECTION 10 OF ARTICLE IX OF THE STATE  
9 CONSTITUTION OF 1963 FOR THE 2007-2008 STATE FISCAL YEAR AND  
10 \$398,713,000.00 BY [\$1,072,665,000.00].

11 (7) Except as otherwise provided in this subsection,  
12 distributions under subsections (8) to (13) to cities, villages,  
13 and townships with populations of less than 750,000 shall be made  
14 from the amount available for distribution under this section that  
15 remains after the distribution under subsection (6) is made. For  
16 the 2002-2003 state fiscal year only, each city, village, and  
17 township with a population of less than 750,000 shall receive the  
18 lesser of 96.5%, or the percentage determined under this  
19 subsection, of the amount that the city, village, or township would  
20 have received if the total available for distribution under  
21 subsections (8) to (13) were \$363,069,728.00 and the total  
22 available for distribution under section 10 of article IX of the  
23 state constitution of 1963 were \$607,125,488.00. The total amount  
24 available for distribution to all cities, villages, and townships  
25 under this subsection shall not exceed \$936,238,383.00. For the  
26 2002-2003 state fiscal year, the percentage under this subsection  
27 shall be determined by dividing the sum of all payments under

1 section 10 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, each city, village, and township with a  
4 population of less than 750,000 shall receive an amount equal to  
5 the lesser of 92%, or the percentage determined under this  
6 subsection, of the amount distributed to the city, village, or  
7 township under this subsection and section 10 of article IX of the  
8 state constitution of 1963 for the 2002-2003 state fiscal year. For  
9 the 2003-2004 state fiscal year, the percentage under this  
10 subsection shall be determined by dividing the sum of all payments  
11 under section 10 of article IX of the state constitution of 1963  
12 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.  
13 For the 2004-2005 state fiscal year only, the combined distribution  
14 under this subsection and section 10 of article IX of the state  
15 constitution of 1963 to each city, village, and township with a  
16 population of less than 750,000 shall be the lesser of 100%, or the  
17 percentage determined under this subsection, of the total combined  
18 distribution to that city, village, or township under this  
19 subsection and section 10 of article IX of the state constitution  
20 of 1963 for the 2003-2004 state fiscal year. For the 2004-2005  
21 state fiscal year, the percentage under this subsection shall be  
22 determined by dividing the sum of all payments under section 10 of  
23 article IX of the state constitution of 1963 and \$445,300,000.00 by  
24 \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the  
25 total combined distribution under this subsection and section 10 of  
26 article IX of the state constitution of 1963 shall be the lesser of  
27 100%, or the percentage determined under this subsection, of the

1 total combined distribution under this subsection and section 10 of  
2 article IX of the state constitution of 1963 for the 2004-2005  
3 state fiscal year. For the 2005-2006 state fiscal year, the  
4 percentage under this subsection shall be determined by dividing  
5 the sum of all payments under section 10 of article IX of the state  
6 constitution of 1963 for the 2005-2006 state fiscal year and  
7 \$423,350,000.00 by \$1,115,875,000.00. For the 2006-2007 state  
8 fiscal year only, the total combined distribution under this  
9 subsection and section 10 of article IX of the state constitution  
10 of 1963 shall be the lesser of 100%, or the percentage determined  
11 under this subsection, of the total combined distribution under  
12 this subsection and section 10 of article IX of the state  
13 constitution of 1963 for the 2005-2006 state fiscal year. For the  
14 2006-2007 state fiscal year, the percentage under this subsection  
15 shall be determined by dividing the sum of all payments under  
16 section 10 of article IX of the state constitution of 1963 for the  
17 2006-2007 state fiscal year and \$407,485,000.00 by  
18 \$1,106,410,000.00. **FOR THE 2007-2008 STATE FISCAL YEAR ONLY, THE**  
19 **TOTAL COMBINED DISTRIBUTION UNDER THIS SUBSECTION AND SECTION 10 OF**  
20 **ARTICLE IX OF THE STATE CONSTITUTION OF 1963 SHALL BE THE LESSER OF**  
21 **100%, OR THE PERCENTAGE DETERMINED UNDER THIS SUBSECTION, OF THE**  
22 **TOTAL COMBINED DISTRIBUTION UNDER THIS SUBSECTION AND SECTION 10 OF**  
23 **ARTICLE IX OF THE STATE CONSTITUTION OF 1963 FOR THE 2006-2007**  
24 **STATE FISCAL YEAR. FOR THE 2007-2008 STATE FISCAL YEAR, THE**  
25 **PERCENTAGE UNDER THIS SUBSECTION SHALL BE DETERMINED BY DIVIDING**  
26 **THE SUM OF ALL PAYMENTS UNDER SECTION 10 OF ARTICLE IX OF THE STATE**  
27 **CONSTITUTION OF 1963 FOR THE 2007-2008 STATE FISCAL YEAR AND**



House Bill No. 5217 (H-2) as amended September 23, 2007

1 \$398,713,000.00 BY [\$1,072,665,000.00]. The amount of the adjustment  
2 under this subsection shall be accomplished by reducing the  
3 payments under subsections (8) to (13), and payments under section  
4 10 of article IX shall not be reduced based on any adjustments made  
5 under this subsection.

6 (8) Subject to section 13d, ~~for the 1998-1999 through 2006-~~  
7 ~~2007 state fiscal years,~~ for cities, villages, and townships with  
8 populations of less than 750,000, subject to the limitations under  
9 this section, a taxable value payment shall be made to each city,  
10 village, and township determined as follows:

11 (a) Determine the per capita taxable value for each city,  
12 village, and township by dividing the taxable value of that city,  
13 village, or township by the population of that city, village, or  
14 township.

15 (b) Determine the statewide per capita taxable value by  
16 dividing the total taxable value of all cities, villages, and  
17 townships by the total population of all cities, villages, and  
18 townships.

19 (c) Determine the per capita taxable value ratio for each  
20 city, village, and township by dividing the statewide per capita  
21 taxable value by the per capita taxable value for that city,  
22 village, or township.

23 (d) Determine the adjusted taxable value population for each  
24 city, village, and township by multiplying the per capita taxable  
25 value ratio as determined under subdivision (c) for that city,  
26 village, or township by the population of that city, village, or  
27 township.

1 (e) Determine the total statewide adjusted taxable value  
2 population which is the sum of all adjusted taxable value  
3 population for all cities, villages, and townships.

4 (f) Determine the taxable value payment rate by dividing  
5 74.94% of 21.3% of the sales tax collections at a rate of 4% in the  
6 12-month period ending June 30 of the state fiscal year in which  
7 the payments under this subsection are made by 3, and dividing that  
8 result by the total statewide adjusted taxable value population as  
9 determined under subdivision (e).

10 (g) Determine the taxable value payment for each city,  
11 village, and township by multiplying the result under subdivision  
12 (f) by the adjusted taxable value population for that city,  
13 village, or township.

14 (9) Subject to section 13d, ~~for the 1998-1999 through 2005-~~  
15 ~~2006 state fiscal years and for the period of October 1, 2006~~  
16 ~~through September 30, 2007,~~ subject to the limitations under this  
17 section and except as provided in subsection (14), a unit type  
18 population payment shall be made to each city, village, and  
19 township with a population of less than 750,000 determined as  
20 follows:

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

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

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

27 (iii) For a township with a population of more than 10,000 but

1 less than 20,001, the unit type population weight factor is 1.44.

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

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

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

8 (vii) For a village with a population of 5,000 or less, the  
9 unit type population weight factor is 1.5.

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

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

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

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

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

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

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

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

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

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

3           (xviii) For a city with a population of more than 640,000, the  
4 unit type population weight factor is 10.75.

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

10          (c) Determine the total statewide adjusted unit type  
11 population, which is the sum of the adjusted unit type population  
12 for all cities, villages, and townships.

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

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

23          (10) Subject to section 13d, ~~for the 1998-1999 through 2005-~~  
24 ~~2006 state fiscal years and for the period of October 1, 2006~~  
25 ~~through September 30, 2007,~~ subject to the limitations under this  
26 section, a yield equalization payment shall be made to each city,  
27 village, and township with a population of less than 750,000

1 sufficient to provide the guaranteed tax base for a local tax  
2 effort not to exceed 0.02. The payment shall be determined as  
3 follows:

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

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

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

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

20 (c) The yield equalization payment is the full yield  
21 equalization payment divided by 3.

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

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

1 of the following:

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

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

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

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

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

1 township's percentage share of the distribution amounts calculated  
2 under subsections (8), (9), and (10).

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

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

14 (ii) Thirty percent of the total amount available for  
15 distribution under subsections (8), (9), and (10) for the 2000-2001  
16 state fiscal year multiplied by the percentage share of the  
17 distribution amounts calculated under subsections (8), (9), and  
18 (10).

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

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

1 distribution under subsection (6) in the 1997-1998 state fiscal  
2 year.

3 (ii) Forty percent of the total amount available for  
4 distribution under subsections (8), (9), and (10) for the 2001-2002  
5 state fiscal year multiplied by the percentage share of the  
6 distribution amounts calculated under subsections (8), (9), and  
7 (10).

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

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

19 (ii) Fifty percent of the total amount available for  
20 distribution under subsections (8), (9), and (10) for the 2002-2003  
21 state fiscal year multiplied by the percentage share of the  
22 distribution amounts calculated under subsections (8), (9), and  
23 (10).

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

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



1 distribution under subsections (8), (9), and (10) for the 2003-2004  
2 state fiscal year multiplied by the city's, village's, or  
3 township's percentage share of the distributions under this section  
4 and section 12a minus the amount of a distribution under this  
5 section and section 12a to a city that is eligible to receive a  
6 distribution under subsection (6) in the 1997-1998 state fiscal  
7 year.

8 (ii) Sixty percent of the total amount available for  
9 distribution under subsections (8), (9), and (10) for the 2003-2004  
10 state fiscal year multiplied by the percentage share of the  
11 distribution amounts calculated under subsections (8), (9), and  
12 (10).

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

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

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

1 (10).

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

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

13 (ii) Eighty percent of the total amount available for  
14 distribution under subsections (8), (9), and (10) for the 2005-2006  
15 state fiscal year multiplied by the percentage share of the  
16 distribution amounts calculated under subsections (8), (9), and  
17 (10).

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

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

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

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

26           (13) The percentage allocations to distributions under  
27 subsections (8) to (10) pursuant to subsection (11) shall be

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

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

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

1 that state fiscal year as compared to sales tax collections for the  
2 immediately preceding state fiscal year. This subsection does not  
3 apply to the 2002-2003 through ~~2006-2007~~**2007-2008** state fiscal  
4 years.

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

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

25 (18) Payments under this section shall be made from revenues  
26 collected during the state fiscal year in which the payments are  
27 made.

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

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

10       (a) An industrial facilities tax as required under 1974 PA  
11 198, MCL 207.551 to 207.572.

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

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