

**SUBSTITUTE FOR
SENATE BILL NO. 778**

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

1 ending the prior June 30, September 30, December 31, and March 31
2 that are available for distribution to cities, villages, and
3 townships under the income tax act of 1967, 1967 PA 281, MCL 206.1
4 to 206.532.

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

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

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

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

1 state fiscal year under section 12a, both of the following:

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

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

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

25 (6) Subject to section 13d, for the 1998-1999 through 2006-
26 2007 state fiscal years, except for the 2002-2003 through 2006-2007
27 state fiscal years, and except as otherwise provided in subsection

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

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

1 (7) Except as otherwise provided in this subsection,
2 distributions under subsections (8) to (13) to cities, villages,
3 and townships with populations of less than 750,000 shall be made
4 from the amount available for distribution under this section that
5 remains after the distribution under subsection (6) is made. For
6 the 2002-2003 state fiscal year only, each city, village, and
7 township with a population of less than 750,000 shall receive the
8 lesser of 96.5%, or the percentage determined under this
9 subsection, of the amount that the city, village, or township would
10 have received if the total available for distribution under
11 subsections (8) to (13) were \$363,069,728.00 and the total
12 available for distribution under section 10 of article IX of the
13 state constitution of 1963 were \$607,125,488.00. The total amount
14 available for distribution to all cities, villages, and townships
15 under this subsection shall not exceed \$936,238,383.00. For the
16 2002-2003 state fiscal year, the percentage under this subsection
17 shall be determined by dividing the sum of all payments under
18 section 10 of article IX of the state constitution of 1963 and
19 \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state
20 fiscal year only, each city, village, and township with a
21 population of less than 750,000 shall receive an amount equal to
22 the lesser of 92%, or the percentage determined under this
23 subsection, of the amount distributed to the city, village, or
24 township under this subsection and section 10 of article IX of the
25 state constitution of 1963 for the 2002-2003 state fiscal year. For
26 the 2003-2004 state fiscal year, the percentage under this
27 subsection shall be determined by dividing the sum of all payments

1 under section 10 of article IX of the state constitution of 1963
2 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.
3 For the 2004-2005 state fiscal year only, the combined distribution
4 under this subsection and section 10 of article IX of the state
5 constitution of 1963 to each city, village, and township with a
6 population of less than 750,000 shall be the lesser of 100%, or the
7 percentage determined under this subsection, of the total combined
8 distribution to that city, village, or township under this
9 subsection and section 10 of article IX of the state constitution
10 of 1963 for the 2003-2004 state fiscal year. For the 2004-2005
11 state fiscal year, the percentage under this subsection shall be
12 determined by dividing the sum of all payments under section 10 of
13 article IX of the state constitution of 1963 and \$445,300,000.00 by
14 \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the
15 total combined distribution under this subsection and section 10 of
16 article IX of the state constitution of 1963 shall be the lesser of
17 100%, or the percentage determined under this subsection, of the
18 total combined distribution under this subsection and section 10 of
19 article IX of the state constitution of 1963 for the 2004-2005
20 state fiscal year. For the 2005-2006 state fiscal year, the
21 percentage under this subsection shall be determined by dividing
22 the sum of all payments under section 10 of article IX of the state
23 constitution of 1963 for the 2005-2006 state fiscal year and
24 \$423,350,000.00 by \$1,115,875,000.00. For the 2006-2007 state
25 fiscal year only, the total combined distribution under this
26 subsection and section 10 of article IX of the state constitution
27 of 1963 shall be the lesser of 100%, or the percentage determined

1 under this subsection, of the total combined distribution under
2 this subsection and section 10 of article IX of the state
3 constitution of 1963 for the 2005-2006 state fiscal year. For the
4 2006-2007 state fiscal year, the percentage under this subsection
5 shall be determined by dividing the sum of all payments under
6 section 10 of article IX of the state constitution of 1963 for the
7 2006-2007 state fiscal year and \$407,485,000.00 by
8 \$1,106,410,000.00. The amount of the adjustment under this
9 subsection shall be accomplished by reducing the payments under
10 subsections (8) to (13), and payments under section 10 of article
11 IX shall not be reduced based on any adjustments made under this
12 subsection.

13 (8) Subject to section 13d, for the 1998-1999 through 2006-
14 2007 state fiscal years, for cities, villages, and townships with
15 populations of less than 750,000, subject to the limitations under
16 this section, a taxable value payment shall be made to each city,
17 village, and township determined as follows:

18 (a) Determine the per capita taxable value for each city,
19 village, and township by dividing the taxable value of that city,
20 village, or township by the population of that city, village, or
21 township.

22 (b) Determine the statewide per capita taxable value by
23 dividing the total taxable value of all cities, villages, and
24 townships by the total population of all cities, villages, and
25 townships.

26 (c) Determine the per capita taxable value ratio for each
27 city, village, and township by dividing the statewide per capita

1 taxable value by the per capita taxable value for that city,
2 village, or township.

3 (d) Determine the adjusted taxable value population for each
4 city, village, and township by multiplying the per capita taxable
5 value ratio as determined under subdivision (c) for that city,
6 village, or township by the population of that city, village, or
7 township.

8 (e) Determine the total statewide adjusted taxable value
9 population which is the sum of all adjusted taxable value
10 population for all cities, villages, and townships.

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

17 (g) Determine the taxable value payment for each city,
18 village, and township by multiplying the result under subdivision
19 (f) by the adjusted taxable value population for that city,
20 village, or township.

21 (9) Subject to section 13d, for the 1998-1999 through 2005-
22 2006 state fiscal years and for the period of October 1, 2006
23 through September 30, 2007, subject to the limitations under this
24 section and except as provided in subsection (14), a unit type
25 population payment shall be made to each city, village, and
26 township with a population of less than 750,000 determined as
27 follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (xiii) For a city with a population of more than 20,000 but less

1 than 40,001, the unit type population weight factor is 4.32.

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

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

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

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

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

12 (b) Determine the adjusted unit type population for each city,
13 village, and township by multiplying the unit type population
14 weight factor for that city, village, or township as determined
15 under subdivision (a) by the population of the city, village, or
16 township.

17 (c) Determine the total statewide adjusted unit type
18 population, which is the sum of the adjusted unit type population
19 for all cities, villages, and townships.

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

26 (e) Determine the unit type population payment for each city,
27 village, and township by multiplying the result under subdivision

1 (d) by the adjusted unit type population for that city, village, or
2 township.

3 (10) Subject to section 13d, for the 1998-1999 through 2005-
4 2006 state fiscal years and for the period of October 1, 2006
5 through September 30, 2007, subject to the limitations under this
6 section, a yield equalization payment shall be made to each city,
7 village, and township with a population of less than 750,000
8 sufficient to provide the guaranteed tax base for a local tax
9 effort not to exceed 0.02. The payment shall be determined as
10 follows:

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

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

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

24 (ii) The local tax effort of the city, village, or township,
25 not to exceed 0.02, multiplied by the population of that city,
26 village, or township.

27 (c) The yield equalization payment is the full yield

1 equalization payment divided by 3.

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

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

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

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

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

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

1 and section 12a minus the amount of a distribution under this
2 section and section 12a to a city that is eligible to receive a
3 distribution under subsection (6) in the 1997-1998 state fiscal
4 year.

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

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

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

21 (ii) Thirty percent of the total amount available for
22 distribution under subsections (8), (9), and (10) for the 2000-2001
23 state fiscal year multiplied by the percentage share of the
24 distribution amounts calculated under subsections (8), (9), and
25 (10).

26 (d) For the 2001-2002 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) Sixty percent of the total amount available for
3 distribution under subsections (8), (9), and (10) for the 2001-2002
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) Forty percent of the total amount available for
11 distribution under subsections (8), (9), and (10) for the 2001-2002
12 state fiscal year multiplied by the percentage share of the
13 distribution amounts calculated under subsections (8), (9), and
14 (10).

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

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

26 (ii) Fifty percent of the total amount available for
27 distribution under subsections (8), (9), and (10) for the 2002-2003

1 state fiscal year multiplied by the percentage share of the
2 distribution amounts calculated under subsections (8), (9), and
3 (10).

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

7 (i) Forty percent of the total amount available for
8 distribution under subsections (8), (9), and (10) for the 2003-2004
9 state fiscal year multiplied by the city's, village's, or
10 township's percentage share of the distributions under this section
11 and section 12a minus the amount of a distribution under this
12 section and section 12a to a city that is eligible to receive a
13 distribution under subsection (6) in the 1997-1998 state fiscal
14 year.

15 (ii) Sixty percent of the total amount available for
16 distribution under subsections (8), (9), and (10) for the 2003-2004
17 state fiscal year multiplied by the percentage share of the
18 distribution amounts calculated under subsections (8), (9), and
19 (10).

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

23 (i) Thirty percent of the total amount available for
24 distribution under subsections (8), (9), and (10) for the 2004-2005
25 state fiscal year multiplied by the city's, village's, or
26 township's percentage share of the distributions under this section
27 and section 12a minus the amount of a distribution under this

1 section and section 12a to a city that is eligible to receive a
2 distribution under subsection (6) in the 1997-1998 state fiscal
3 year.

4 (ii) Seventy percent of the total amount available for
5 distribution under subsections (8), (9), and (10) for the 2004-2005
6 state fiscal year multiplied by the percentage share of the
7 distribution amounts calculated under subsections (8), (9), and
8 (10).

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

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

20 (ii) Eighty percent of the total amount available for
21 distribution under subsections (8), (9), and (10) for the 2005-2006
22 state fiscal year multiplied by the percentage share of the
23 distribution amounts calculated under subsections (8), (9), and
24 (10).

25 (i) For the period of October 1, 2006 through September 30,
26 2007, the payment under this section for each city, village, and
27 township shall be the sum of the following:

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

8 (ii) Ninety percent of the total amount available for
9 distribution under subsections (8), (9), and (10) for the 2006-2007
10 state fiscal year multiplied by the percentage share of the
11 distribution amounts calculated under subsections (8), (9), and
12 (10).

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

1 subsection. This subsection does not apply for state fiscal years
2 after the 2000 federal decennial census becomes official to a city,
3 village, or township with a 10% or more increase in population from
4 the official 1990 federal decennial census to the official 2000
5 federal decennial census.

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

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

26 (15) For a state fiscal year in which the sales tax
27 collections decrease from the sales tax collections for the

1 immediately preceding state fiscal year, the department shall
2 reduce the amount to be distributed to a city with a population of
3 750,000 or more under subsection (6) by an amount determined by
4 subtracting the amount the city is eligible for under section 10 of
5 article IX of the state constitution of 1963 for the state fiscal
6 year from \$333,900,000.00 and multiplying that result by the same
7 percentage as the percentage decrease in sales tax collections for
8 that state fiscal year as compared to sales tax collections for the
9 immediately preceding state fiscal year. This subsection does not
10 apply to the 2002-2003 through 2006-2007 state fiscal years.

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

22 (17) The payments under subsections (3), (4), and (5) shall be
23 made during each October, December, February, April, June, and
24 August. Payments under subsections (3), (4), and (5) shall be based
25 on collections from the sales tax at the rate of 4% in the 2-month
26 period ending the prior August 31, October 31, December 31,
27 February 28, April 30, and June 30, and for the 1996-1997 and 1997-

1 1998 state fiscal years only, the payments shall be reduced by 1/6
2 of the total distribution for the state fiscal year under section
3 12a.

4 (18) Payments under this section shall be made from revenues
5 collected during the state fiscal year in which the payments are
6 made.

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

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

16 (a) An industrial facilities tax as required under 1974 PA
17 198, MCL 207.551 to 207.572.

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

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

1 125.1830, or the local development financing act, 1986 PA 281, MCL
2 125.2151 to 125.2174.

3 (21) SUBJECT TO SECTION 13D, FOR STATE FISCAL YEARS 2007-2008
4 THROUGH 2009-2010 AND FOR THE PERIOD FROM OCTOBER 1, 2010 TO MAY
5 31, 2011, PAYMENTS MADE UNDER THIS SECTION SHALL BE DISTRIBUTED TO
6 EACH CITY, VILLAGE, AND TOWNSHIP AS FOLLOWS:

7 (A) IF THE AMOUNT AVAILABLE FOR DISTRIBUTION UNDER THIS
8 SECTION IS LESS THAN OR EQUAL TO THE AMOUNT THAT WOULD BE REQUIRED
9 FOR THE TOTAL COMBINED DISTRIBUTION FOR EACH CITY, VILLAGE, AND
10 TOWNSHIP UNDER THIS SECTION AND SECTION 10 OF ARTICLE IX OF THE
11 STATE CONSTITUTION OF 1963 TO EQUAL THE TOTAL COMBINED DISTRIBUTION
12 TO THAT CITY, VILLAGE, OR TOWNSHIP UNDER THIS SECTION AND SECTION
13 10 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 DURING THE
14 IMMEDIATELY PRECEDING STATE FISCAL YEAR, THEN EACH CITY, VILLAGE,
15 AND TOWNSHIP SHALL RECEIVE AN AMOUNT EQUAL TO THE LESSER OF THE
16 FOLLOWING PERCENTAGES TO BE DETERMINED AS FOLLOWS AND MULTIPLIED BY
17 THE TOTAL COMBINED DISTRIBUTION UNDER THIS SECTION AND SECTION 10
18 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 DURING THE
19 IMMEDIATELY PRECEDING STATE FISCAL YEAR:

20 (i) DIVIDE THE TOTAL AMOUNT INITIALLY APPROPRIATED FOR PAYMENTS
21 TO CITIES, VILLAGES, AND TOWNSHIPS UNDER SECTION 10 OF ARTICLE IX
22 OF THE STATE CONSTITUTION OF 1963 FOR THE STATE FISCAL YEAR AND THE
23 AMOUNT APPROPRIATED FOR PAYMENTS UNDER THIS SECTION FOR THE STATE
24 FISCAL YEAR BY THE TOTAL COMBINED DISTRIBUTION UNDER THIS SECTION
25 AND SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 FOR
26 THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.

27 (ii) DIVIDE THE SUM OF ALL PAYMENTS UNDER SECTION 10 OF ARTICLE

1 IX OF THE STATE CONSTITUTION OF 1963 FOR THE STATE FISCAL YEAR AND
2 THE AMOUNT APPROPRIATED FOR PAYMENTS UNDER THIS SECTION BY THE
3 AMOUNT INITIALLY APPROPRIATED FOR PAYMENTS TO CITIES, VILLAGES, AND
4 TOWNSHIPS UNDER SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION
5 OF 1963 FOR THE STATE FISCAL YEAR AND THE AMOUNT APPROPRIATED FOR
6 PAYMENTS UNDER THIS SECTION, AND THEN SUBTRACT THE GREATER OF ZERO
7 OR THE DIFFERENCE BETWEEN 1 AND THE PERCENTAGE DETERMINED UNDER
8 SUBPARAGRAPH (i).

9 (B) IF THE AMOUNT AVAILABLE FOR DISTRIBUTION UNDER THIS
10 SECTION EXCEEDS THE AMOUNT THAT WOULD BE REQUIRED FOR THE TOTAL
11 COMBINED DISTRIBUTION FOR EACH CITY, VILLAGE, AND TOWNSHIP UNDER
12 THIS SECTION AND SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION
13 OF 1963 TO EQUAL THE TOTAL COMBINED DISTRIBUTION TO THAT CITY,
14 VILLAGE, OR TOWNSHIP UNDER THIS SECTION AND SECTION 10 OF ARTICLE
15 IX OF THE STATE CONSTITUTION OF 1963 DURING THE IMMEDIATELY
16 PRECEDING STATE FISCAL YEAR, THEN EACH CITY, VILLAGE, AND TOWNSHIP
17 SHALL RECEIVE BOTH OF THE FOLLOWING:

18 (i) THE DIFFERENCE BETWEEN THE TOTAL AMOUNT DISTRIBUTED TO THE
19 CITY, VILLAGE, OR TOWNSHIP UNDER THIS SECTION AND SECTION 10 OF
20 ARTICLE IX OF THE STATE CONSTITUTION OF 1963 IN THE IMMEDIATELY
21 PRECEDING STATE FISCAL YEAR AND THE AMOUNT RECEIVED UNDER SECTION
22 10 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.

23 (ii) AN AMOUNT DETERMINED BY TAKING THE DIFFERENCE BETWEEN THE
24 AMOUNT APPROPRIATED FOR DISTRIBUTION UNDER THIS SECTION AND THE SUM
25 OF ALL PAYMENTS TO ALL CITIES, VILLAGES, AND TOWNSHIPS UNDER
26 SUBPARAGRAPH (i) AND DISTRIBUTING IT IN EQUAL PORTIONS ACCORDING TO
27 SUBSECTIONS (8), (9), AND (10), WITHOUT REGARD TO ANY PROVISION FOR

1 A CITY WITH A POPULATION OF 750,000 OR MORE.