

Legislative Analysis



MUNICIPAL BUDGET STABILIZATION FUNDS

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

House Bill 4194

Sponsor: Rep. Charles M. Brunner

Committee: Local Government

Complete to 9-10-13

A SUMMARY OF HOUSE BILL 4194 AS INTRODUCED 2-6-13

House Bill 4194 would amend Public Act 30 of 1978, which provides for the creation of budget stabilization funds by counties, cities, villages, and townships, to increase the cap on local government budget stabilization funds. Currently the cap is set at 15 percent of the most recent general fund budget, or the average of the five most recent general fund budgets, whichever is less. The bill would raise the cap to 20 percent in each case.

Currently under the law, the governing body of a municipality that creates a budget stabilization fund (or "rainy day fund") can, by an ordinance or resolution adopted by a two-thirds vote of the members elected and serving, appropriate to the fund all or part of a surplus in the general fund resulting from an excess of revenue in comparison to expenses. A municipality may not raise taxes to provide for money to make an appropriation to the fund.

MCL 141.443

FISCAL IMPACT:

House Bill 4194 would have an indeterminate fiscal impact on local governments throughout the state. It allows a municipality to divert additional money to its budget stabilization fund. Since the bill is permissive, any fiscal impact would depend on each municipality's budget decisions.

Legislative Analyst: J. Hunault
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.