

# HOUSE BILL No. 5847

September 8, 2016, Introduced by Rep. Pscholka and referred to the Committee on Appropriations.

A bill to amend 1984 PA 431, entitled "The management and budget act," by amending sections 302, 352, 354, 355, 356, 358, and 367b (MCL 18.1302, 18.1352, 18.1354, 18.1355, 18.1356, 18.1358, and 18.1367b), sections 352, 354, 355, and 356 as amended by 1999 PA 8, section 358 as amended by 2014 PA 188, and section 367b as amended by 2011 PA 47; and to repeal acts and parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           Sec. 302. (1) "Adjusted personal income" means the total  
2 personal income of this state, less transfer payments, adjusted for  
3 inflation. The adjustment for inflation shall be determined by  
4 reducing the total personal income of this state less transfer  
5 payments for a calendar year by the average of the Detroit consumer  
6 price index for the ~~12 months ending 6 months before the~~ **SAME**  
7 calendar year. ~~ends.~~

1 (2) "Allocation of state financial resources" means the  
2 decision process to place priorities on services by proposing and  
3 appropriating money by law for state government services.

4 (3) "Allotment schedule" means the estimated periodic  
5 expenditures and obligations of appropriations constituting a  
6 spending plan.

7 (4) "Annual growth rate" means the percentage change in  
8 adjusted personal income for the current calendar year as compared  
9 to adjusted personal income for the calendar year immediately  
10 preceding the current calendar year. The annual growth rate shall  
11 be rounded off to the nearest 0.1%.

12 Sec. 352. (1) When the annual growth rate is more than 2%, the  
13 percentage excess over 2% shall be multiplied by the total state  
14 general fund-general purpose revenue for the fiscal year ending in  
15 the current calendar year to determine the amount to be transferred  
16 to the fund from the state general fund in the fiscal year  
17 beginning in the current calendar year.

18 **(2) WITHIN 30 DAYS AFTER THE COMPREHENSIVE ANNUAL FINANCIAL**  
19 **REPORT FOR THE IMMEDIATELY PRECEDING FISCAL YEAR HAS BEEN ISSUED,**  
20 **THE STATE BUDGET DIRECTOR SHALL TRANSFER 25% OF LAPSED GENERAL**  
21 **FUND/GENERAL PURPOSE FUNDS FROM THE IMMEDIATELY PRECEDING FISCAL**  
22 **YEAR INTO THE FUND.**

23 **(3) ~~(2)~~—EXCEPT AS OTHERWISE PROVIDED IN SECTION 358, THE**  
24 **LEGISLATURE SHALL NOT APPROPRIATE MONEY FROM THE FUND DURING A**  
25 **FISCAL YEAR WHEN THE ANNUAL GROWTH RATE IS GREATER THAN 0%. When**  
26 **the annual growth rate is ~~less than 0%,~~ ESTIMATED TO BE LESS THAN**  
27 **0% AT THE MAY REVENUE ESTIMATING CONFERENCE, the percentage**

1 ~~deficiency under 0% shall be multiplied by the total state general~~  
 2 ~~fund-general purpose revenue for the fiscal year ending in the~~  
 3 ~~current calendar year to determine the eligible amount to be~~  
 4 ~~transferred to the state general fund from the fund in the fiscal~~  
 5 ~~year ending in the current calendar year. When the formula calls~~  
 6 ~~for a larger transfer from the fund than is necessary to balance~~  
 7 ~~the current fiscal year state general fund-general purpose budget,~~  
 8 ~~the excess shall remain in the fund.~~**LEGISLATURE MAY APPROPRIATE BY**  
 9 **LAW NO MORE THAN 25% OF THE AVAILABLE FUND BALANCE IN A FISCAL**  
 10 **YEAR. HOWEVER, IF THE ANNUAL GROWTH RATE IS ESTIMATED TO BE LESS**  
 11 **THAN 0% IN CONSECUTIVE FISCAL YEARS, THE LEGISLATURE MAY**  
 12 **APPROPRIATE BY LAW NO MORE THAN 25% OF THE AVAILABLE FUND BALANCE**  
 13 **AT THE BEGINNING OF THE FIRST FISCAL YEAR DURING THAT CONSECUTIVE**  
 14 **FISCAL YEAR PERIOD.**

15 **(4) THE LEGISLATURE SHALL PROVIDE FOR TRANSFERS INTO OR OUT OF**  
 16 **THE FUND THROUGH AN APPROPRIATIONS ACT.**

17 Sec. 354. (1) The executive budget for each fiscal year shall  
 18 contain an estimate of the **REQUIRED** transfer into ~~or~~**THE FUND OR**  
 19 **THE AMOUNT OF FUNDS RECOMMENDED TO BE APPROPRIATED** out of the fund  
 20 required by ~~UNDER~~ section 352. **THE EXECUTIVE BUDGET FOR EACH FISCAL**  
 21 **YEAR SHALL NOT CONTAIN AN ESTIMATE FOR A TRANSFER OUT OF THE FUND**  
 22 **UNLESS THE ANNUAL GROWTH RATE IS ESTIMATED TO BE LESS THAN 0% IN**  
 23 **THAT FISCAL YEAR.**

24 (2) The legislature shall include a ~~THE~~ final estimate ~~AMOUNT~~  
 25 of the transfer into ~~or~~**THE FUND OR THE AMOUNT OF FUNDS**  
 26 **APPROPRIATED** out of the fund required by ~~UNDER~~ section 352 in the  
 27 appropriations bill which contains the revenue estimate required by

1 section 31 of article IV of the state constitution of 1963.

2 (3) ~~Except as provided in subsection (4), a~~ **A** transfer into  
3 the fund shall be made in equal monthly installments throughout the  
4 fiscal year. ~~Except as provided in subsection (4), a~~ **A** transfer out  
5 of the fund may be made as needed during the fiscal year.

6 ~~— (4) Notwithstanding section 352, for each fiscal year ending~~  
7 ~~after October 1, 1997, all unreserved general fund-general purpose~~  
8 ~~balances at the final close of the fiscal year shall be transferred~~  
9 ~~to the fund. If an amount is required to be transferred to the fund~~  
10 ~~for a fiscal year under section 352, any amount transferred to the~~  
11 ~~fund under this subsection shall be considered to be a part of the~~  
12 ~~amount transferred to the fund for purposes of section 352.~~

13 Sec. 355. **(1)** The transfer into or out of the fund as provided  
14 in section 352 for each fiscal year beginning after September 30,  
15 1978, may be adjusted in light of revision in the annual growth  
16 rate for the calendar year upon which that transfer was made. If an  
17 adjustment is made, it shall be implemented by an appropriation  
18 bill enacted into law. The

19 **(2) FOR A TRANSFER INTO THE FUND, THE** adjustment, if made,  
20 shall be directly proportional to an increase or decrease in the  
21 annual growth rate. ~~, but the adjustment shall not be in excess of~~  
22 ~~1% multiplied by the total general fund-general purpose revenue of~~  
23 ~~the fiscal year upon which the transfer was based.~~

24 **(3)** The basis for an adjustment **UNDER THIS SECTION** shall be a  
25 change in the personal income level for that calendar year as  
26 determined by the bureau of economic analysis of the United States  
27 ~~department of commerce~~ **DEPARTMENT OF COMMERCE** or its successor in

1 the last report it makes before April 30 of the fiscal year in  
2 which that calendar year ended. The adjustment, if made, shall be  
3 effective on June 1 of the fiscal year in which the transfer is  
4 made.

5       Sec. 356. The balance in the fund shall not exceed ~~10%~~**15%** of  
6 the combined level of general fund-general purpose and school aid  
7 fund revenues. If the balance in the fund at the end of a fiscal  
8 year exceeds ~~10%~~**15%** of the actual state general fund-general  
9 purpose and school aid fund revenues for that fiscal year, the  
10 excess shall be rebated to taxpayers on the individual income tax  
11 returns filed following the close of that fiscal year according to  
12 a schedule to be established by law.

13       Sec. 358. (1) Except as otherwise provided in this section,  
14 the legislature may make an emergency appropriation from the fund  
15 subject to all of the following conditions:

16       (a) The maximum appropriation from the fund for budget  
17 stabilization as provided in section ~~352(2)~~**352(3)** has already been  
18 made for the current fiscal year.

19       (b) The legislature has approved the emergency appropriations  
20 bill by a 2/3 majority vote of the members elected to and serving  
21 in each house.

22       (c) The emergency appropriations bill becomes law.

23       (2) The additional transfer from the fund may be made only for  
24 the current fiscal year.

25 ~~—— (3) For the fiscal year ending September 30, 2001, the fiscal~~  
26 ~~year ending September 30, 2002 and for each fiscal year beginning~~  
27 ~~with the fiscal year ending September 30, 2004 and ending with the~~

~~1 fiscal year ending September 30, 2016, there is appropriated and  
2 transferred from the fund to the state trunk line fund established  
3 under section 11 of 1951 PA 51, MCL 247.661, the sum of  
4 \$35,000,000.00.~~

~~5 (4) For the fiscal year ending September 30, 2000, there is  
6 appropriated and transferred from the fund to the state trunk line  
7 fund established under section 11 of 1951 PA 51, MCL 247.661, the  
8 sum of \$37,100,000.00.~~

~~9 (5) For the fiscal year ending September 30, 2000, an amount  
10 equal to the unreserved general fund/general purpose balance  
11 transferred to the fund for the fiscal year ending September 30,  
12 2000, but not to exceed \$62,900,000.00, is appropriated and  
13 transferred from the fund to the state trunk line fund established  
14 under section 11 of 1951 PA 51, MCL 247.661.~~

~~15 (6) For the fiscal year ending September 30, 2014, there is  
16 transferred \$194,800,000.00 from the fund to the settlement  
17 administration fund created in the Michigan settlement  
18 administration authority act for the purposes described in that  
19 act.~~

20 Sec. 367b. (1) A revenue estimating conference shall be held  
21 in the second week of January and in the third week in May of each  
22 year, and as otherwise provided in this act.

23 (2) The principals of the conference shall be the state budget  
24 director or the state treasurer, the director of the senate fiscal  
25 agency, and the director of the house fiscal agency, or their  
26 respective designees.

27 (3) The conference shall establish an official economic

1 forecast of major variables of the national and state economies.

2 The conference shall also establish a forecast of anticipated state

3 revenues as the conference determines including the following:

4 (a) State income tax collections.

5 (b) State sales tax collections.

6 (c) Corporate income tax collections.

7 (d) Michigan business tax collections.

8 (e) Total general fund/general purpose revenues.

9 (f) Lottery transfers to the school aid fund.

10 (g) Total school aid fund revenues.

11 (h) Annual percentage growth in the basic foundation allowance  
12 provided for in the state school aid act of 1979, 1979 PA 94, MCL  
13 388.1601 to ~~388.1772~~-**388.1896**.

14 (i) Compliance with the state revenue limit established by  
15 section 26 of article IX of the state constitution of 1963.

16 ~~— (j) Pay-ins or pay-outs required under the countercyclical  
17 budget and economic stabilization fund.~~

18 (4) The conference's official forecast of economic and revenue  
19 variables shall be determined by consensus among the principals.

20 (5) The forecasts required by this section shall be for the  
21 fiscal year in which the conference is being held and the next 2  
22 ensuing fiscal years. The conference shall also forecast general  
23 fund/general purpose revenue trend line projections and school aid  
24 fund revenue trend line projections for the next 2 ensuing fiscal  
25 years.

26 (6) The May revenue estimating conference shall establish  
27 expenditure forecasts for ~~medicaid~~-**MEDICAID** expenditures and for

1 human services caseloads and expenditures for the fiscal year in  
2 which the conference is being held and the next 2 ensuing fiscal  
3 years.

4 (7) The official conference forecasts of revenues and  
5 expenditures shall be based upon the assumption that the current  
6 law and current administrative procedures will remain in effect for  
7 the forecast period.

8 Enacting section 1. Sections 353 and 397 of the management and  
9 budget act, 1984 PA 431, MCL 18.1353 and 18.1397, are repealed.

10 Enacting section 2. This amendatory act takes effect 90 days  
11 after the date it is enacted into law.