

Act No. 613  
Public Acts of 2018  
Approved by the Governor  
December 28, 2018  
Filed with the Secretary of State  
December 28, 2018  
EFFECTIVE DATE: March 29, 2019

**STATE OF MICHIGAN  
99TH LEGISLATURE  
REGULAR SESSION OF 2018**

Introduced by Rep. Cox

# **ENROLLED HOUSE BILL No. 4602**

AN ACT to amend 1984 PA 431, entitled “An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts,” 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:*

Sec. 302. (1) “Adjusted personal income” means the total personal income of this state, less transfer payments, adjusted for inflation. The adjustment for inflation shall be determined by reducing the total personal income of this state less transfer payments for a calendar year by the average of the Detroit consumer price index for the same calendar year.

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

(3) “Allotment schedule” means the estimated periodic expenditures and obligations of appropriations constituting a spending plan.

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

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

(2) Except as otherwise provided in section 358, the legislature shall not appropriate money from the fund for a fiscal year when the annual growth rate for the calendar year in which that fiscal year ends is estimated to be greater than 0% at the most recent consensus revenue estimating conference. When the annual growth rate is estimated to be less than 0% at the most recent consensus revenue estimating conference, the legislature may appropriate by law for the fiscal year ending in the current calendar year no more than 25% of the prior fiscal year ending balance in the fund as reported in the comprehensive annual financial report. However, if the annual growth rate is estimated to be less than 0% in consecutive calendar years, for each of the fiscal years ending in those calendar years, the legislature may appropriate by law no more than 25% of the available fund balance at the beginning of the first fiscal year ending in the first calendar year that had an annual growth rate less than 0%.

(3) The legislature shall provide for transfers into or out of the fund through an appropriations act.

Sec. 354. (1) The executive budget for each fiscal year shall contain an estimate of the required transfer into the fund or the amount of funds recommended to be appropriated out of the fund required under section 352. The executive budget for each fiscal year shall not contain an estimate for a transfer out of the fund unless the annual growth rate is estimated to be less than 0% in that fiscal year.

(2) The legislature shall include the final amount of the transfer into the fund or the amount of funds appropriated out of the fund required under section 352 in the appropriations bill which contains the revenue estimate required by section 31 of article IV of the state constitution of 1963.

(3) A transfer into the fund shall be made in equal monthly installments throughout the fiscal year. A transfer out of the fund may be made as needed during the fiscal year.

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

(2) For a transfer into the fund, the adjustment, if made, shall be directly proportional to an increase or decrease in the annual growth rate.

(3) The basis for an adjustment under this section shall be a change in the personal income level for that calendar year as determined by the bureau of economic analysis of the United States Department of Commerce or its successor in the last report it makes before April 30 of the fiscal year in which that calendar year ended. The adjustment, if made, shall be effective on June 1 of the fiscal year in which the transfer is made.

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

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

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

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

(c) The emergency appropriations bill becomes law.

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

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

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

(3) The conference shall establish an official economic forecast of major variables of the national and state economies. The conference shall also establish a forecast of anticipated state revenues as the conference determines including the following:

(a) State income tax collections.

(b) State sales tax collections.

(c) Corporate income tax collections.

(d) Michigan business tax collections.

- (e) Total general fund/general purpose revenues.
  - (f) Lottery transfers to the school aid fund.
  - (g) Total school aid fund revenues.
  - (h) Annual percentage growth in the basic foundation allowance provided for in the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896.
  - (i) Compliance with the state revenue limit established by section 26 of article IX of the state constitution of 1963.
  - (j) Pay-ins or maximum allowable pay-outs under the countercyclical budget and economic stabilization fund.
- (4) The conference's official forecast of economic and revenue variables shall be determined by consensus among the principals.
- (5) The forecasts required by this section shall be for the fiscal year in which the conference is being held and the next 2 ensuing fiscal years. The conference shall also forecast general fund/general purpose revenue trend line projections and school aid fund revenue trend line projections for the next 2 ensuing fiscal years.
- (6) The May revenue estimating conference shall establish expenditure forecasts for Medicaid expenditures and for human services caseloads and expenditures for the fiscal year in which the conference is being held and the next 2 ensuing fiscal years.
- (7) The official conference forecasts of revenues and expenditures shall be based upon the assumption that the current law and current administrative procedures will remain in effect for the forecast period.

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

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



-----  
Clerk of the House of Representatives



-----  
Secretary of the Senate

Approved .....

-----  
Governor