

Legislative Analysis



PUBLIC SAFETY AND VIOLENCE PREVENTION FUND

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4260 as introduced
Sponsor: Rep. Mike Harris

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4261 as introduced
Sponsor: Rep. Alabas A. Farhat

Committee: Government Operations
Complete to 4-14-25

SUMMARY:

House Bills 4260 and 4261 would amend the General Sales Tax Act and the Michigan Trust Fund Act, respectively, to establish a Public Safety and Violence Prevention Fund. A specified percentage of sales tax revenue would be earmarked to the fund and made annually available for appropriation for crime victim compensation, grants for public health solutions to community violence, distributions for public safety and violence prevention to local units of government (based on the local unit's relative level of violent crime), and distributions for any purpose to counties that apply (based on the relative size of the county's police force).

House Bill 4260 would amend the General Sales Tax Act to allocate sales tax revenue to the Public Safety and Violence Prevention Fund proposed by House Bill 4261. Beginning with the 2025-26 fiscal year, the Department of Treasury would have to deposit into that fund 1.5% of the revenue collected the previous fiscal year from the sales tax imposed at the rate of 4%. This allocation would be distributed as provided in House Bill 4261.

MCL 205.75

House Bill 4261 would amend the Michigan Trust Fund Act to create the Public Safety and Violence Prevention Fund in the Department of Treasury. In addition to receiving sales tax revenue as provided under House Bill 4260, the fund could receive donations from any source. The state treasurer would direct the investment of the fund and credit to it the interest and earnings from those investments. Money in the fund at the close of a fiscal year would remain in the fund and not lapse to the general fund.

Annual distribution of first \$75.0 million in fund

Beginning September 30, 2026, and on September 30 annually thereafter, the state treasurer would distribute the first \$75.0 million in the fund, subject to appropriation, as follows:

- 2% (\$1.5 million) to the Crime Victim's Rights Fund.
- 2% (\$1.5 million) to the Department of Health and Human Services (DHHS) to create and administer a program to provide grants to cities, villages, townships, and counties for public health and intervention solutions to community violence. A local unit of government receiving such a grant could not use it to obtain a vehicle that weighs over 15,000 pounds and is designed or used for a tactical police purpose. A local unit could subgrant all or part of a grant as long as the subgrant is used to advance public health and intervention solutions to community violence.

- The remaining amount (\$72.0 million) to each city, village, and township that provides or contracts to provide police services—and to each county on behalf of any township in the county that does not do so—distributed proportionally to the city’s, village’s, or township’s average share of reported statewide violent crimes as determined using the three most recent annual crime reports published by the Department of State Police (MSP) as of the preceding October 1 (the first day of the state fiscal year).¹ However, the amount that could be allocated for any one city, village, or township would be capped at \$18.0 million (25% of the total distribution). A local unit could subgrant all or part of a grant as long as the subgrant is used only for operational and capital expenditures that serve the purposes of public safety and violence prevention..

The following adjustments would apply to the above distributions to local units of government:

- For distributions made on September 30, 2027, or September 30, 2028, if the rate of violent crime in a city, village, or township has not decreased by at least 5% from its ***base crime level*** (as determined using the most recent MSP annual crime report as of the previous October 1), the state treasurer would reduce its distribution by 5% and proportionally reallocate that amount to cities, villages, townships, and counties whose distributions were not reduced under this provision.
- For distributions made on or after September 30, 2029, if a local unit’s rate of violent crime has not decreased by at least 5% from its base crime level (as determined using the most recent MSP annual crime report as of the previous October 1), the state treasurer would reduce its distribution by 10% and proportionally reallocate that amount to cities, villages, townships, and counties whose distributions were not reduced under this provision.

Base crime level would mean the average of the two highest annual rates of violent crime in a city, village, or township, determined using the annual crime reports published by MSP in the three calendar years immediately before the year in which the bill goes into effect.

A distribution to a local unit of government described above could be used by a local police department or a county sheriff, as applicable, only for operational and capital expenditures that serve the purposes of public safety and violence prevention. A distribution to a local unit could not be used for any of the following:

- To obtain a vehicle that weighs over 15,000 pounds and is designed or used for a tactical police purpose.
- To obtain or use ***facial recognition technology***.
- To obtain or use a ***chemical weapon***.
- To cover the local unit’s existing reoccurring resources for public safety and violence prevention, unless there is a decline in the local unit’s estimated total general fund revenue from the previous year and a proportionate reduction in the local unit’s existing reoccurring resources. (In these provisions, *existing reoccurring resources* would not include either a distribution to a local unit of government described above or funds provided by a voter-approved millage or special assessment that has since expired or was otherwise not renewed.)

¹ These reports are available here: <https://www.michigan.gov/msp/divisions/cjic/micr/Annual-Reports>

Facial recognition technology would mean an automated or semiautomated technological process that assists in identifying or verifying an individual based on their face.

Chemical weapon would mean a munition or device specifically designed to cause death or other harm through a toxic chemical released as a result of its use.

Annual distribution of fund balances over \$75.0 million

Beginning September 30, 2026, and on September 30 annually thereafter, the state treasurer would distribute money remaining in the fund after the first \$75.0 million is distributed as described above to counties that apply for funding. The distribution to each county would be proportionate to the size of that county's police force² (i.e., compared to other counties that have applied), minus any amount the county received under the fund's initial distribution round (i.e., on behalf of a township without a police force). The size of a county's police force would be that size as of January 1, 2025, and would be recalculated based on the size of the county's police force as of January 1 every five years thereafter.

The bill does not require that money distributed to counties under these provisions be used or spent for any particular purpose, nor does it limit or prohibit any uses or expenditures.

Other provisions

Money in the fund could not be transferred, expended, withdrawn, or otherwise disbursed from the fund except as authorized above.

Beginning with the 2026-27 state fiscal year, the governor's budget proposal would have to include the above distributions.

MCL 12.252 and proposed MCL 12.261a and 12.261b

Each bill can take effect only if both bills are enacted.

BACKGROUND:

The bills are similar to House Bills 4605 and 4606 of the 2023-24 legislative session. The House and Senate passed different versions of those bills and did not reconcile them before adjourning.

FISCAL IMPACT:

House Bill 4260 would not directly alter state revenues, although it would reduce general fund revenue available for other purposes. The 1.5% earmark contained in the bill would generate approximately \$108.7 million for the Public Safety and Violence Prevention Fund in FY 2025-26, based on the January 2025 consensus revenue estimating conference (CREC) projection for sales tax revenue for FY 2024-25 (earmark is based on revenues from preceding fiscal year). That amount is expected to grow to \$110.5 million in FY 2026-27 and \$113.1 million in FY 2027-28 based on January 2025 CREC estimates.

² The bill does not define the term "county's police force."

House Bill 4261 would increase revenue for eligible local units of government by the amount of any distribution received from the fund. Under the provisions of the bill, \$72.0 million would be distributed to cities, villages, and townships based on the proportional share of the reported statewide violent crimes as determined by the three most recent annual crime reports published by the Department of State Police. The award could not exceed \$18.0 million for any individual entity (it is estimated that the city of Detroit would be the only local unit affected by this provision), and a county would receive revenue on behalf of a township that does not provide or contract to provide police services.

Any amount of revenue in the fund exceeding \$75.0 million (estimated to equal \$33.7 million in FY 2025-26) would be distributed to each county that applies for funding in an amount proportionate to the size of the county's police force as of January 1, 2025. The grant to any individual county would be reduced by the amount received for a township under the initial \$72.0 million. It is not clear how any funding not distributed to counties due to a reduction in their award would be redistributed.

The bill would increase revenue to the Department of Health and Human Services by an estimated \$3.0 million and would increase grant awards to local units of government for public health and violence prevention by at least \$1.5 million. Under the provisions of the bill, 2% of the first \$75.0 million of Public Safety and Violence Prevention fund revenue must be allocated to the Crime Victim's Rights Fund. Additionally, 2% of that revenue must be distributed to DHHS to create and administer a grant program to promote public health and violence prevention in cities, villages, townships, and counties.

The bill would also create additional administrative costs for the Department of Treasury related to the creation, investment, and administration of the Public Safety and Violence Prevention Fund, as well as making disbursements to local units. An estimate of the increased costs is unknown at this time.

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