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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

Senate Bill 520

Sponsor: Senator Robert Geake

Committee: Local Government and Veterans

Date Completed: 3-28-90

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SUMMARY OF SENATE BILL 520 as introduced 7-26-89:

The bill would amend the State Revenue Sharing Act to repeal a section that provides for appropriations from the State General Fund to pay special census supplemental payments; and to require the results of a special census to be used for the purpose of making distributions under the Act from sales, intangibles, income, and business taxes. Under the Act, a city, village, or township may contract with the Secretary of State or the U.S. Bureau of the Census to have a special census of its population conducted. A municipality that is determined to have an increase in population of at least 15% over the previous Federal census is entitled to receive its share of revenue distributed under the supplemental payments section based on the population increase that exceeds the estimated State growth rate. The bill would delete reference to the State growth rate, and provides that the city, village, or township would receive its share of revenues distributed under sections of the Act that provide for payments to municipalities from sales, intangibles, income, and single business taxes, and the computation of those payments.

In addition, the bill specifies that the population data used in determining revenue distributions under the Act in a year in which a special census showed an increase of population of at least 15%, would become effective as provided in the special census section.

MCL 141.903 & 141.907

Legislative Analyst: S. Margules

FISCAL IMPACT

The passage of Senate Bill 520 would result in an indeterminate cost savings to the State. The savings would result from the fact that special census revenue sharing payments would be made from existing dedicated taxes, not from a separate General Fund/General Purpose appropriation. The GF/GP appropriation for special census revenue sharing in fiscal year 1989-90 is \$4.1 million. The actual cost savings would depend on the number of cities, villages, or townships to qualify for special census revenue sharing payments in the 1990s.

The passage of the bill would reduce the amount of total revenue sharing payments made by the State to cities, villages, or townships in the future. The bill would guarantee that fast-growing local units that qualified for special census

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payments would receive their additional funds without having to receive a special GF/GP appropriation. The bill would reduce the effective revenue sharing payments for local units not qualifying for a special census payment.

Fiscal Analyst: G. Olson

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