

**SUBSTITUTE FOR
SENATE BILL NO. 656**

A bill to amend 1933 PA 167, entitled
"General sales tax act,"
by amending section 25 (MCL 205.75), as amended by 2006 PA 69.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 25. (1) All money received and collected under this act
2 shall be deposited by the department in the state treasury to the
3 credit of the general fund, except as otherwise provided in this
4 section.

5 (2) Fifteen percent of the collections of the tax imposed at a
6 rate of 4% shall be distributed to cities, villages, and townships
7 pursuant to the Glenn Steil state revenue sharing act of 1971, 1971
8 PA 140, MCL 141.901 to 141.921.

9 (3) Sixty percent of the collections of the tax imposed at a
10 rate of 4% shall be deposited in the state school aid fund
11 established in section 11 of article IX of the state constitution

1 of 1963 and distributed as provided by law. In addition, all of the
2 collections of the tax imposed at the additional rate of 2%
3 approved by the electors March 15, 1994 shall be deposited in the
4 state school aid fund.

5 (4) For the fiscal year ending September 30, 1988 and each
6 fiscal year ending after September 30, 1988, of the 25% of the
7 collections of the general sales tax imposed at a rate of 4%
8 directly or indirectly on fuels sold to propel motor vehicles upon
9 highways, on the sale of motor vehicles and on the sale of the
10 parts and accessories of motor vehicles by new and used car
11 businesses, used car businesses, accessory dealer businesses, and
12 gasoline station businesses as classified by the department of
13 treasury remaining after the allocations and distributions are made
14 pursuant to subsections (2) and (3), the following amounts shall be
15 deposited each year into the respective funds:

16 (a) For the fiscal year ending September 30, 2003 and for the
17 fiscal year ending September 30, 2006 and each fiscal year ending
18 after September 30, 2006, not less than 27.9% to the comprehensive
19 transportation fund. For the fiscal year ending September 30, 2004
20 through the fiscal year ending September 30, 2005, not less than
21 24% to the comprehensive transportation fund. For the fiscal year
22 ending September 30, 2006 only, the amount deposited to the
23 comprehensive transportation fund under this subdivision shall be
24 reduced by \$11,100,000.00. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30,**
25 **2007 ONLY, THE AMOUNT DEPOSITED TO THE COMPREHENSIVE TRANSPORTATION**
26 **FUND UNDER THIS SUBDIVISION SHALL BE REDUCED BY \$10,270,000.00.**

27 (b) The balance to the state general fund.

1 (5) After the allocations and distributions are made pursuant
2 to subsections (2) and (3), an amount equal to the collections of
3 the tax imposed at a rate of 4% under this act from the sale at
4 retail of computer software as defined in section 1a shall be
5 deposited in the Michigan health initiative fund created in section
6 5911 of the public health code, 1978 PA 368, MCL 333.5911, and
7 shall be considered in addition to, and is not intended as a
8 replacement for any other money appropriated to the department of
9 community health. The funds deposited in the Michigan health
10 initiative fund on an annual basis shall not be less than
11 \$9,000,000.00 or more than \$12,000,000.00.

12 (6) The balance in the state general fund shall be disbursed
13 only on an appropriation or appropriations by the legislature.