SENATE BILL NO. 559

A bill to amend 2000 PA 489, entitled

"Michigan trust fund act,"

(MCL 12.251 to 12.262) by adding sections 11a and 11b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1   **Sec. 11a. (1) Beginning October 1, 2025, the revenue sharing**
2   **trust fund is established in the department of treasury. The**
3   **revenue sharing trust fund consists of 1 or more of the following:**
4   **(a) Money deposited in the revenue sharing trust fund as**
5   **required by section 25 of the general sales tax act, 1933 PA 167,**
6   **MCL 205.75.**
7   **(b) Donations of money made to the revenue sharing trust fund**

1 from any source.

2   (c) Interest and earnings from revenue sharing trust fund

3 investments.

4   (2) The state treasurer shall direct the investment of the

5 revenue sharing trust fund.

6   (3) Money in the revenue sharing trust fund at the close of a

7 fiscal year remains in the revenue sharing trust fund and does not

8 lapse to the general fund.

9   Sec. 11b. (1) Beginning on October 1, 2025, subject to

10 subsections (6) and (7), and upon appropriation, the state

11 treasurer shall transfer and disburse the money received by the

12 revenue sharing trust fund as follows:

13   (a) To cities, villages, and townships, $299,126,400.00 to be

14 distributed to each city, village, or township, regardless of

15 whether any limitation or eligibility criteria under section 952 of

16 article 5 of 2023 PA 119 were met, in the same proportion of the

17 revenue sharing payment that each was eligible to receive under

18 section 952 of article 5 of 2023 PA 119, rounded to the nearest

19 dollar.

20   (b) To cities, villages, and townships, any remaining amount

21 appropriated to be distributed as follows:

22   (*i*) One-third as taxable value payments as provided under

23 subsection (2).

24   (*ii*) One-third as unit type population payments as provided

25 under subsection (3).

26   (*iii*) One-third as yield equalization payments as provided under

27 subsection (4).

28   (c) To counties, $261,069,700.00 to be distributed to each

29 county, regardless of whether any limitation or eligibility

1 criteria under section 952 or 955 of article 5 of 2023 PA 119 were

2 met, in the same proportion of the revenue sharing payment that

3 each was eligible to receive under section 955 of article 5 of 2023

4 PA 119, rounded to the nearest dollar.

5   (d) To counties, any remaining amount appropriated as a

6 taxable value payment determined as follows for each county:

7   (*i*) Determine the per capita taxable value for each county by

8 dividing the taxable value of that county by the population of that

9 county.

10   (*ii*) Determine the statewide per capita taxable value by

11 dividing the total taxable value of all counties by the total

12 population of all counties.

13   (*iii*) Determine the per capita taxable value ratio for each

14 county by dividing the statewide per capita taxable value by the

15 per capita taxable value for that county.

16   (*iv*) Determine the adjusted taxable value population for each

17 county by multiplying the per capita taxable value ratio as

18 determined under subparagraph (*iii*) for that county by the population

19 of that county.

20   (*v*) Determine the total statewide adjusted taxable value

21 population, which is the sum of all adjusted taxable value

22 population for all counties.

23   (*vi*) Determine the taxable value payment rate by dividing the

24 amount to be distributed under this subdivision by the total

25 statewide adjusted taxable value population as determined under

26 subparagraph (*v*).

27   (*vii*) Determine the taxable value payment for each county by

28 multiplying the result under subparagraph (*vi*) by the adjusted

29 taxable value population for that county.

1   (2) A taxable value payment described in subsection (1)(b)(*i*)
2 to each city, village, and township is determined as follows:
3   (a) Determine the per capita taxable value for each city,
4 village, and township by dividing the taxable value of that city,
5 village, or township by the population of that city, village, or
6 township.
7   (b) Determine the statewide per capita taxable value by
8 dividing the total taxable value of all cities, villages, and
9 townships by the total population of all cities, villages, and
10 townships.
11   (c) Determine the per capita taxable value ratio for each
12 city, village, and township by dividing the statewide per capita
13 taxable value by the per capita taxable value for that city,
14 village, or township.
15   (d) Determine the adjusted taxable value population for each
16 city, village, and township by multiplying the per capita taxable
17 value ratio as determined under subdivision (c) for that city,
18 village, or township by the population of that city, village, or
19 township.
20   (e) Determine the total statewide adjusted taxable value
21 population, which is the sum of all adjusted taxable value
22 population for all cities, villages, and townships.
23   (f) Determine the taxable value payment rate by dividing the
24 amount to be distributed under this subsection by the total
25 statewide adjusted taxable value population as determined under
26 subdivision (e).
27   (g) Determine the taxable value payment for each city,
28 village, and township by multiplying the result under subdivision
29 (f) by the adjusted taxable value population for that city,

1   village, or township.

2   (3) A unit type population payment as described in subsection

3   (1)(b)(*ii*) to each city, village, and township is determined as

4   follows:

5   (a) Determine the unit type population weight factor for each

6   city, village, and township as follows:

7   (*i*) For a township with a population of 5,000 or less, 1.0.

8   (*ii*) For a township with a population of more than 5,000 but

9   less than 10,001, 1.2.

10   (*iii*) Except as otherwise provided in subparagraph (*xix*), for a

11   township with a population of more than 10,000 but less than

12   20,001, 1.44.

13   (*iv*) For a township with a population of more than 20,000 but

14   less than 40,001, 4.32.

15   (*v*) For a township with a population of more than 40,000 but

16   less than 80,001, 5.18.

17   (*vi*) For a township with a population of more than 80,000,

18   6.22.

19   (*vii*) For a village with a population of 5,000 or less, 1.5.

20   (*viii*) For a village with a population of more than 5,000 but

21   less than 10,001, 1.8.

22   (*ix*) For a village with a population of more than 10,000, 2.16.

23   (*x*) For a city with a population of 5,000 or less, 2.5.

24   (*xi*) For a city with a population of more than 5,000 but less

25   than 10,001, 3.0.

26   (*xii*) For a city with a population of more than 10,000 but less

27   than 20,001, 3.6.

28   (*xiii*) For a city with a population of more than 20,000 but less

1   than 40,001, 4.32.

2   (*xiv*) For a city with a population of more than 40,000 but less

3   than 80,001, 5.18.

4   (*xv*) For a city with a population of more than 80,000 but less

5   than 160,001, 6.22.

6   (*xvi*) For a city with a population of more than 160,000 but

7   less than 320,001, 7.46.

8   (*xvii*) For a city with a population of more than 320,000 but

9   less than 640,001, 8.96.

10   (*xviii*) For a city with a population of more than 640,000,

11   10.75.

12   (*xix*) For a township that has a population of more than 10,000

13   and provides documentation to the department of treasury that the

14   township provides for or makes available all of the following, the

15   unit type population weight factor for a city with the same

16   population:

17   (A) Fire services.

18   (B) Police services on a 24-hour basis either through

19   contracting for or directly employing personnel.

20   (C) Water services to 50% or more of its residents.

21   (D) Sewer services to 50% or more of its residents.

22   (b) Determine the adjusted unit type population for each city,

23   village, and township by multiplying the unit type population

24   weight factor for that city, village, or township as determined

25   under subdivision (a) by the population of the city, village, or

26   township.

27   (c) Determine the total statewide adjusted unit type

28   population, which is the sum of the adjusted unit type population

29   for all cities, villages, and townships.

1   (d) Determine the unit type population payment rate by

2 dividing the amount to be distributed under this subsection by the

3 total statewide adjusted unit type population as determined under

4 subdivision (c).

5   (e) Determine the unit type population payment for each city,

6 village, and township by multiplying the result under subdivision

7 (d) by the adjusted unit type population for that city, village, or

8 township.

9   (4) A yield equalization payment described in subsection

10 (1)(b)(*iii*) to each city, village, or township must be in an amount

11 sufficient to provide the guaranteed tax base for a local tax

12 effort, but not to exceed 0.02, and is determined as follows:

13   (a) The guaranteed tax base is the maximum combined state and

14 local per capita taxable value that can be guaranteed in a state

15 fiscal year to each city, village, and township for a local tax

16 effort, not to exceed 0.02, if an amount equal to the amount

17 described in subsection (1)(b)(*iii*) is distributed to cities,

18 villages, and townships whose per capita taxable value is below the

19 guaranteed tax base.

20   (b) The full yield equalization payment to each city, village,

21 and township is the product of the amounts determined under

22 subparagraphs (*i*) and (*ii*):

23   (*i*) An amount greater than zero that is equal to the difference

24 between the guaranteed tax base determined in subdivision (a) and

25 the per capita taxable value of the city, village, or township.

26   (*ii*) The local tax effort of the city, village, or township,

27 not to exceed 0.02, multiplied by the population of that city,

28 village, or township.

29   (5) For purposes of determining distributions described in

1   subsection (1)(a), any city, village, or township that completely

2   merges with another city, village, or township is a single entity,

3   so that when determining the distribution the combined single

4   entity is to receive under subsection (1)(a), the city, village,

5   and township revenue sharing amount that each of the merging local

6   units of government was eligible to receive under section 952 of

7   article 5 of 2023 PA 119 is summed.

8   (6) If the balance in the revenue sharing trust fund is less

9   than the amount appropriated, payments made under subsection (1)(b)

10   and (d) must be prorated to reflect the remaining money in the

11   revenue sharing trust fund after distributions made under

12   subsection (1)(a) and (c).

13   (7) If a city, village, township, or county is eligible to

14   receive a distribution under subsection (1), the distribution must

15   be made on the last business day of October, December, February,

16   April, June, or August, as applicable.

17   (8) Money in the revenue sharing trust fund must not be

18   transferred, expended, withdrawn, or otherwise disbursed from the

19   revenue sharing trust fund except as authorized in this section.

20   (9) Payments distributed under this section may be withheld in

21   accordance with sections 17a and 21 of the Glenn Steil state

22   revenue sharing act of 1971, 1971 PA 140, MCL 141.917a and 141.921.

23   (10) For each state fiscal period that begins after September

24   30, 2025, the governor and the state budget director shall include

25   in the annual budget for that fiscal period submitted to the

26   legislature under section 18 of article V of the state constitution

27   of 1963 an appropriation directing the state treasurer to transfer

28   and disburse money from the revenue sharing trust fund as provided

29   in this section.

1   Enacting section 1. This amendatory act does not take effect

2 unless all of the following bills of the 103rd Legislature are

3 enacted into law:

4   (a) Senate Bill No. 560.

5   (b) Senate Bill No. 561.