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BILL



ANALYSIS

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House Bill 4915 (Substitute H-7)
 Sponsor: Representative Donald H. Gilmer
 House Committee: Appropriations
 Senate Committee: Appropriations

Date Completed: 12-11-95

SUMMARY OF HOUSE BILL 4915 (H-7) as passed by the House:

The bill would amend Public Act 431 of 1984 (the Management and Budget Act) to make adjustments to previously enacted statutes that dealt with the final FY 1994-95 State book closing process and the required transfers of General Fund revenue to the Budget Stabilization Fund (BSF).

Based on current law, the first \$27.7 million of any FY 1994-95 General Fund year-end balance is appropriated to Higher Education, Community Colleges, and special maintenance projects at State buildings. Any General Fund balance above \$27.7 million is transferred to the Budget Stabilization Fund. This disposition of the FY 1994-95 General Fund year-end balance occurs after General Fund revenues are transferred to the BSF to satisfy provisions of Sec. 26 of Article IX of the State Constitution of 1963, which limits State revenue collections.

The bill would reverse the order of events that will occur in the FY 1994-95 book closing process. The bill would eliminate the current statutory payments to the Budget Stabilization Fund and replace them with a transfer to the BSF after the \$27.7 million of appropriations is made to Higher Education, Community Colleges, and special maintenance projects at State buildings. The distribution of the \$27.7 million of appropriations is unchanged from previous law.

MCL 18.1354

FISCAL IMPACT

House Bill 4915 (H-7) is being moved along with House Bill 4994 (S-1), which proposes to institute a one-time income tax rebate that would reduce FY 1994-95 State General Fund revenues by \$113.0 million. The combination of the two bills working together would result in the following changes to the disposition of the FY 1994-95 General Fund year-end balance as opposed to current law.

FY 1994-95 GENERAL FUND YEAR-END BALANCE – SENATE FISCAL AGENCY ESTIMATE		
(millions of dollars)		
	Current Law	H.B. 4915 & H.B. 4994
Preliminary Balance	\$ 64.8	\$ 101.2
Contingency Appropriations ^{a)}	(27.7)	(27.7)
Final Balance to Budget Stabilization Fund	\$ 37.1	\$ 73.5
Addendum:		
Total Budget Stabilization Fund Transfers	\$ 186.5	\$ 73.5
Temporary Income Tax Reduction	\$ 0.0	\$ 113.0
a) Contingency appropriations consist of \$18.8 million for universities, \$3.9 million for community colleges and \$5.0 million for special maintenance at State buildings.		

Fiscal Analyst: G. Olson

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.