

SUBSTITUTE FOR  
HOUSE BILL NO. 4261

A bill to amend 2000 PA 489, entitled  
"Michigan trust fund act,"  
by amending the title and section 2 (MCL 12.252), the title as  
amended by 2005 PA 232 and section 2 as amended by 2023 PA 174, and  
by adding sections 11a and 11b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE  
2 An act to create certain funds; to provide for the allocation  
3 of certain revenues among certain funds and for the operation,  
4 investment, and expenditure of certain funds; **to provide for the**  
5 **creation and administration of certain grant programs;** and to  
6 ~~impose certain~~ **provide for the powers and** duties and requirements  
7 ~~on~~ **of** certain state officials ~~and local governmental officers and~~

1 **entities.**

2 Sec. 2. As used in this act:

3 (a) "Community district education trust fund" means the  
4 community district education trust fund created in section 12.

5 (b) "Flint settlement trust fund" means the Flint settlement  
6 trust fund created in section 11.

7 (c) "Local government reimbursement fund" means the local  
8 government reimbursement fund created in section 3a.

9 (d) "Medicaid benefits trust fund" means the Michigan Medicaid  
10 benefits trust fund established in section 5.

11 (e) "Medicaid program" means a program for medical assistance  
12 established under title XIX of the social security act, 42 USC 1396  
13 to ~~1396w-6~~. **1396w-7.**

14 (f) "Medicaid special financing payments" means the Medicaid  
15 special adjustor payments each year authorized in the department of  
16 health and human services appropriations act.

17 (g) "Michigan merit award trust fund" means the Michigan merit  
18 award trust fund established in section 9.

19 (h) "Michigan opioid healing and recovery fund" means the  
20 Michigan opioid healing and recovery fund created in section 3.

21 **(i) "Public safety and violence prevention fund" means the**  
22 **public safety and violence prevention fund established in section**  
23 **11a.**

24 **(j) ~~(i)~~**—"Strategic outreach and attraction reserve fund" means  
25 the strategic outreach and attraction reserve fund created in  
26 section 4.

27 **(k) ~~(j)~~**—"Tobacco settlement revenue" means money received by  
28 this state that is attributable to the master settlement agreement  
29 incorporated into a consent decree and final judgment entered into

1 on December 7, 1998 in *Kelly Ex Rel. Michigan v Philip Morris*  
2 *Incorporated, et al.*, Ingham County Circuit Court, docket no. 96-  
3 84281CZ, including any rights to receive money attributable to the  
4 master settlement agreement that has been sold by this state.

5 (l) ~~(k)~~—"21st century jobs trust fund" means the 21st century  
6 jobs trust fund established in section 7.

7 **Sec. 11a. (1) The public safety and violence prevention fund**  
8 **is established in the department of treasury. The public safety and**  
9 **violence prevention fund consists of money and other assets**  
10 **credited to the fund from 1 or more of the following sources:**

11 (a) Money deposited in the public safety and violence  
12 prevention fund as required by section 25 of the general sales tax  
13 act, 1933 PA 167, MCL 205.75.

14 (b) Donations of money made to the public safety and violence  
15 prevention fund from any source.

16 (c) Interests and earnings from public safety and violence  
17 prevention fund investments.

18 (2) The state treasurer shall direct the investment of the  
19 public safety and violence prevention fund.

20 (3) Money in the public safety and violence prevention fund at  
21 the close of the fiscal year remains in the public safety and  
22 violence prevention fund and does not lapse to the general fund.

23 **Sec. 11b. (1) Beginning September 30, 2026 and September 30**  
24 **each year thereafter, subject to appropriation, the state treasurer**  
25 **shall distribute the revenues deposited in the public safety and**  
26 **violence prevention fund in the following manner:**

27 (a) Of the first \$75,000,000.00, as follows:

28 (i) Two percent to the department of health and human services  
29 to create and administer a grant program to provide grants to

1 cities, villages, townships, and counties for intervention  
2 solutions to community violence.

3 (ii) Two percent to the crime victim's rights fund created  
4 under section 4 of 1989 PA 196, MCL 780.904.

5 (iii) Except as otherwise provided in this subparagraph or this  
6 section, after the distributions under subparagraphs (i) and (ii),  
7 the remaining amount that is at least proportional to the city's,  
8 village's, or township's and, if a city, village, or township  
9 contracts to provide services, the recipient city's, village's, or  
10 township's average share of the reported statewide violent crimes,  
11 as determined by the 3 most recent annual crime reports published  
12 by the department of state police as of the first day of the state  
13 fiscal year to each city, village, or township that provides or  
14 contracts to provide police services and to each county on behalf  
15 of each township in that county that does not provide or contract  
16 to provide police services, except as follows:

17 (A) For a distribution under this subparagraph made between  
18 October 1, 2026 and September 30, 2028, if a city's, village's, or  
19 township's rate of violent crime, as determined by the most recent  
20 annual crime report published by the department of state police as  
21 of the first day of the state fiscal year of the distribution, did  
22 not decrease by at least 5% from the base crime level, the state  
23 treasurer must reduce the city's, village's, or township's  
24 distribution amount, or the amount distributed to a county on  
25 behalf of a township, by 5% and proportionally reallocate the  
26 reduced amount to the cities, villages, townships, and counties  
27 whose distributions are not reduced under this sub-subparagraph.

28 (B) For a distribution made under this subparagraph after  
29 September 30, 2028, if a city's, village's, or township's rate of

1 violent crime, as determined by the most recent annual crime report  
2 published by the department of state police as of the first day of  
3 the state fiscal year of the distribution, did not decrease by at  
4 least 5% from the base crime level, the state treasurer shall  
5 reduce the city's, village's, or township's distribution amount, or  
6 the amount distributed to a county on behalf of a township, by 10%  
7 for each state fiscal year for which the city's, village's, or  
8 township's rate of violent crime did not decrease by at least 5% as  
9 described in this sub-subparagraph and proportionally reallocate  
10 the reduced amount to the cities, villages, townships, and counties  
11 whose distributions are not reduced under this sub-subparagraph.

12 (C) A city, village, or township, or a county on behalf of a  
13 township, is not entitled to receive more than 25% of the total  
14 distribution under this subparagraph.

15 (b) From the revenue remaining in the public safety and  
16 violence prevention fund after the distributions under subdivision  
17 (a), to each county that applies for funding, in a form and manner  
18 prescribed by the state treasurer, as prescribed in this  
19 subdivision. The amount to be distributed under this subdivision to  
20 each county must be proportionate to the total number of employed  
21 law enforcement officers as of January 1, 2025 and recalculated  
22 based on the total number of employed law enforcement officers on  
23 January 1 every 5 years thereafter minus the amount of funding, as  
24 applicable, that the county received under subsection (1) (a) (iii) .  
25 The amount distributed under this subdivision must be used to  
26 enhance and not supplant funding allocated to a county sheriff's  
27 office for the purpose of engaging in law enforcement violent crime  
28 reduction efforts as identified by the sheriff. As used in this  
29 subdivision, "total number of employed law enforcement officers"

1 means the number of full-time equivalent law enforcement officers,  
2 as defined in section 2(f) of the Michigan commission on law  
3 enforcement standards act, 1965 PA 203, MCL 28.602, assigned to the  
4 county sheriff's office and identified in the sheriff's office's  
5 yearly report to the Michigan commission on law enforcement  
6 standards as required under section 3(1) of 1982 PA 302, MCL  
7 18.423.

8 (2) Both of the following apply to a city, village, township,  
9 or county that receives a grant under subsection (1) (a) (i) :

10 (a) The city, village, township, or county may not use the  
11 grant to obtain a vehicle weighing more than 15,000 pounds that is  
12 designed or used for a tactical police purpose.

13 (b) The city, village, township, or county may subgrant all or  
14 part of the grant if the subgrant is used for the purpose described  
15 in subsection (1) (a) (i) .

16 (3) All of the following apply to a distribution under  
17 subsection (1) (a) (iii) :

18 (a) Except as otherwise provided in subdivision (b) , a city  
19 police department, village police department, township police  
20 department, or county sheriff that receives a distribution, and a  
21 sheriff's department of a county that is contracted by the city,  
22 village, or township to provide police services, shall use the  
23 distribution only for operational and capital expenditures that  
24 serve the purposes of public safety, violence prevention, or  
25 improving clearance rates.

26 (b) A city, village, township, or county that receives a  
27 distribution may not use the distribution to do any of the  
28 following:

29 (i) Replace or supplant its existing reoccurring resources for

1 public safety and violence prevention, unless there is a decline in  
2 the estimated total general fund revenue of the city, village,  
3 township, or county from the previous fiscal year and there is a  
4 reduction in the existing reoccurring resources of the city,  
5 village, township, or county that is proportional to the estimated  
6 decline in the general fund revenue.

7 (ii) Obtain a vehicle weighing more than 15,000 pounds that is  
8 designed or used for a tactical police purpose.

9 (iii) Obtain or use facial recognition technology.

10 (iv) Obtain or use a chemical weapon.

11 (c) A city, village, township, or county may subgrant all or  
12 part of the distribution if the subgrant is used for the purpose  
13 described in subdivision (a).

14 (4) Money in the public safety and violence prevention fund  
15 must not be transferred, expended, withdrawn, or otherwise  
16 distributed except as otherwise provided in this section.

17 (5) For each state fiscal year that begins after September 30,  
18 2026, the governor and the state budget director shall include in  
19 the annual budget for that fiscal year submitted to the legislature  
20 under section 18 of article V of the state constitution of 1963 an  
21 appropriation directing the state treasurer to distribute funds  
22 from the public safety and violence prevention fund as provided in  
23 this section.

24 (6) All distributions made to a county for purposes of this  
25 section must be made to the county sheriff's department.

26 (7) The department of health and human services shall submit a  
27 report to the speaker of the house of representatives, the senate  
28 majority leader, and the chairs of the senate and house  
29 appropriations committees that includes all of the following

1 information at least annually:

2 (a) All persons to which grants were issued under this  
3 section.

4 (b) A description of all of the programs for which grants  
5 issued under this section were used.

6 (c) Outcomes resulting from programs for which grants were  
7 issued under this section.

8 (8) A city, village, township, or county that receives a grant  
9 under this section shall annually submit a report to the state  
10 police of its clearance rates for homicides and other violent  
11 crimes, disaggregated by offenses cleared by arrests as described  
12 in subsection (9) (c) (i) and cleared by exceptional matters as  
13 described in subsection (9) (c) (ii) .

14 (9) As used in this section:

15 (a) "Base crime level" means the average of a city's,  
16 village's, or township's 2 highest annual rates of violent crime,  
17 as determined by the annual crime reports published by the  
18 department of state police in the 3 calendar years immediately  
19 preceding the calendar year in which the amendatory act that added  
20 this section takes effect.

21 (b) "Chemical weapon" means a munition or device that is  
22 specifically designed to cause death or other harm through a toxic  
23 chemical that would be released as a result of the employment of  
24 the munition or device.

25 (c) "Clearance rate" means the number of violent crimes  
26 cleared through either of the following circumstances divided by  
27 the total number of violent crimes reported:

28 (i) Arrest. As used in this subparagraph, "arrest" means that  
29 at least 1 individual was arrested, charged of a crime, and subject

1 to a court for prosecution following the arrest, court summons, or  
2 police notice.

3 (ii) Exceptional matters, including, but not limited to, death  
4 of the suspected offender, refusal of a victim to cooperate, or the  
5 denial of extradition because the suspected offender is being  
6 prosecuted in a different jurisdiction for another crime.

7 (d) "Existing reoccurring resources" does not include either  
8 of the following:

9 (i) Funds that were provided by a voter-approved millage or  
10 special assessment that has since expired or has otherwise not been  
11 renewed.

12 (ii) A distribution described in subsection (1) (a) (iii) .

13 (e) "Facial recognition technology" means an automated or  
14 semiautomated technological process that assists in identifying or  
15 verifying an individual based on the individual's face.

16 Enacting section 1. This amendatory act does not take effect  
17 unless House Bill No. 4260 of the 103rd Legislature is enacted into  
18 law.