

**GLENN STEIL STATE REVENUE SHARING ACT OF 1971**  
**Act 140 of 1971**

AN ACT to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1983, Act 236, Imd. Eff. Dec. 1, 1983;—Am. 1996, Act 342, Imd. Eff. June 27, 1996.

*The People of the State of Michigan enact:*

**141.901 Short title.**

Sec. 1. This act shall be known and may be cited as the “Glenn Steil state revenue sharing act of 1971”.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1998, Act 532, Imd. Eff. Jan. 12, 1999.

**Constitutionality:** Revenue-sharing payments to local units of government are expenditures authorized by appropriations, and are subject to reduction by the Governor where necessary because of a decline in estimated revenue, notwithstanding the balance in actual payments which the decline will occasion, because the constitution does not require that the reductions be proportionate to the decline. *Michigan Association of Counties v Department of Management and Budget*, 418 Mich 667; 345 NW2d 584 (1984).

**Compiler's note:** For transfer of authority, powers, duties, functions, and responsibilities of the State Budget Director under the State Revenue Sharing Act of 1971 and the Health and Safety Fund Act from the State Budget Director, within the Department of Management and Budget, to the State Treasurer, within the Department of Treasury, see E.R.O. No. 1993-6, compiled at MCL 141.991 of the Michigan Compiled Laws.

**141.902 “Intangibles tax,” “sales tax,” and “state income tax” defined.**

Sec. 2. (1) “Intangibles tax” means the intangibles tax imposed by Act No. 301 of the Public Acts of 1939, as amended, being sections 205.131 to 205.147 of the Compiled Laws of 1948, or any similar act.

(2) “Sales tax” means the sales tax imposed by Act No. 167 of the Public Acts of 1933, as amended, being sections 205.51 to 205.78 of the Compiled Laws of 1948, or any similar act.

(3) “State income tax” means the income tax imposed by Act No. 281 of the Public Acts of 1967, as amended, being sections 206.1 to 206.499 of the Compiled Laws of 1948, or any similar act.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971.

**141.903 “Population” and “rate” defined.**

Sec. 3. (1) “Population” for the purpose of distributing revenues among cities, villages, townships, and counties means population according to the last and each succeeding statewide federal census, or a special statewide census as provided by law, whichever is later. Corrections to the statewide federal census that are published by the bureau of the census, United States department of commerce, and that occur during the period July 1, and ending June 30, shall become effective for the purpose of revenue distributions on the next July 1. Fifty percent of the total number of persons who are wards, patients, or convicts committed to or domiciled in a city, village, or township institution located outside the boundaries of the city, village, or township or committed to or domiciled in a county, state, or federal tax-supported institution, if the persons were included in the federal census, or any special census as provided by law, shall be excluded from the computation. The population of a township is its population outside the corporate limits of villages in the township. The population data used in determining distributions under this act in a year in which a federal decennial statewide census, federal mid-decade statewide census, or special statewide census provided by law is conducted shall become effective for distributions made on and after October 1 of the year for which the respective census is conducted. Once the official population data from a federal decennial statewide census, federal mid-decade statewide census, or special statewide census provided by law is certified and published, the department of management and budget shall calculate any overpayment or underpayment made to a local unit of government since the effective date of the respective census and make adjustments in future distributions to the local unit of government to correct these overpayments or underpayments of revenue distributed pursuant to this act.

(2) “Rate” means a figure determined each May 15 by the department of management and budget pursuant to this act from applicable tax data for the preceding calendar year as reported to it by the department of treasury and applicable to payments made during the succeeding period of July 1 to June 30.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1972, Act 212, Imd. Eff. July 7, 1972;—Am. 1980, Act 275, Imd. Eff. Oct. 8, 1980.

**141.904 “Local property taxes,” “local income and excise taxes,” “local taxes,” “overlapping taxes,” and “special assessments” defined.**

Sec. 4. (1) “Local property taxes” means ad valorem property taxes levied by a city, village, or township.

(2) “Local income and excise taxes” means collections of taxes pursuant to the city income tax act, Act No. 284 of the Public Acts of 1964, as amended, being sections 141.501 to 141.787 of the Michigan Compiled Laws, or pursuant to the city utility users tax act, Act No. 198 of the Public Acts of 1970, as amended, being sections 141.801 to 141.837 of the Michigan Compiled Laws, or pursuant to any acts authorizing local income or excise taxes by a city, village, or township, which collections are modified as follows:

(a) For a city levying a local income tax, an amount shall be excluded prior to determining the rates pursuant to this act, which amount shall be determined by a proportion to be the ratio whose numerator is 1/2 of 1% and whose denominator is the sum of the resident rate multiplied by 2 and the nonresident rate multiplied by 1.

(b) If the local income tax actually collected by a city from nonresident individuals is less than the amount determined pursuant to subdivision (a), the amount excluded prior to determining the rates shall be the amount of actual collections from nonresidents as certified by the city to the department of treasury.

(3) “Local taxes” means local property taxes, local income and excise taxes, and, for distributions after June 30, 1987, special assessments, which special assessments meet all of the following criteria:

(a) The assessment district is the entire city, village, or township.

(b) The assessment is levied on an ad valorem basis against all real property in the city, village, or township.

(4) “Overlapping taxes” means ad valorem property taxes, income taxes, and excise taxes levied in a city, village, or township by any of the following:

(a) A county.

(b) A school district, intermediate school district, or community college district.

(c) An authority or other governmental unit or agency except the state.

(5) “Special assessments” means any of the following, except as otherwise provided in subsection (6):

(a) Special assessments imposed by a city, village, or township against property in the city, village, or township for streets, sidewalks, storm or sanitary sewers, water supply, drains, street lights, fire protection, police protection, or any other public improvement, facility, or service authorized by charter, ordinance, or statute to be imposed on the basis of benefit to the property.

(b) Special assessments imposed by a county against property in the city, village, or township to pay a portion of the cost of constructing or maintaining a county public improvement determined on the basis of the benefit of the public improvement to the property.

(c) For distributions after June 30, 1976, capital improvement charges imposed in lieu of special assessments pursuant to charter, ordinance, or statute by a city, village, or township to pay for a portion of the cost of constructing a public improvement determined on the basis of the benefit of the public improvement to the property.

(6) “Special assessment” does not include a special assessment that is included in local taxes under subsection (3).

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1972, Act 212, Imd. Eff. July 7, 1972;—Am. 1973, Act 69, Imd. Eff. July 23, 1973;—Am. 1975, Act 245, Imd. Eff. Sept. 4, 1975;—Am. 1987, Act 116, Imd. Eff. July 14, 1987.

**141.905 Definitions.**

Sec. 5. (1) “Local tax effort rate” for a city, village, or township means its local taxes divided by its taxable value.

(2) “Statewide tax effort rate” means the total local taxes in the state divided by the total taxable value.

(3) “Relative tax effort rate” means the local tax effort rate for a city, village, or township divided by the statewide tax effort rate.

(4) “Tax effort formula” means the method for computing, from the total amount of revenue available for distribution under the formula at any single time, the amount to be paid to a city, village, or township determined as follows:

(a) Multiply the relative tax effort for the city, village, or township by the population of the city, village, or township.

(b) Divide the total amount of revenue available for distribution under the formula at any single time by the sum of the products determined under subdivision (a).

(c) Multiply the quotient determined under subdivision (b) by the individual products determined under subdivision (a) for each city, village, or township.

(5) “Taxable value” means that value determined under section 27a of the general property tax act, Act No.

206 of the Public Acts of 1893, being section 211.27a of the Michigan Compiled Laws.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1972, Act 212, Imd. Eff. July 7, 1972;—Am. 1996, Act 342, Imd. Eff. June 27, 1996.

#### **141.906 Additional definitions.**

Sec. 6. (1) “Local tax burden rate” for a city, village, or township means local taxes of the city, village, or township plus special assessments plus 25% of the overlapping taxes levied in the city, village, or township, which sum is divided by the taxable value of the city, village, or township.

(2) “Statewide tax burden rate” means the total local taxes in the state plus the total special assessments levied by cities, villages, or townships plus 25% of the total overlapping taxes in the state, which sum is divided by the total taxable value.

(3) “Relative tax burden rate” means the local tax burden rate for a city, village, or township divided by the statewide tax burden rate.

(4) “Tax burden formula” means the method for computing, from the total amount of revenue available for distribution under the formula at any single time, the amount to be paid to a city, village, or township determined as follows:

(a) Multiply the relative tax burden rate of the city, village, or township by its population.

(b) Divide the total amount of revenue available for distribution under the formula at any single time by the sum of the products determined under subdivision (a).

(c) Multiply the quotient from subdivision (b) by the individual products determined under subdivision (a) for each city, village, or township.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1972, Act 212, Imd. Eff. July 7, 1972;—Am. 1973, Act 69, Imd. Eff. July 23, 1973;—Am. 1975, Act 245, Imd. Eff. Sept. 4, 1975;—Am. 1996, Act 342, Imd. Eff. June 27, 1996.

#### **141.907 Special census of population; cost; provisions; certification and utilization of results; enumeration date; share of revenues based on increased population.**

Sec. 7. (1) A city, village, or township may contract with the secretary of state or the United States bureau of the census to have conducted a special census of its population. The entire cost of the census shall be borne by the city, village, or township. The special census shall provide for separate identification by institution of wards, patients, or convicts in tax supported institutions in accordance with definitions used by the United States bureau of the census in the enumeration of the preceding statewide federal census. The results of the special census shall be certified to the department of management and budget by the secretary of state.

(2) The results of the special census as certified in subsection (1) shall be utilized for the purpose of making distributions under section 14a starting on the July 1 next following the date of certification of the results. Only 1 special census may be utilized between 2 statewide federal censuses. The enumeration date of a special census utilized under this act shall not be less than 3 years from the enumeration date of a regular statewide federal decennial census.

(3) A city, village, or township that on the enumeration date of a special census is determined to have an increase of population of 10% or more over its population as determined by the last preceding statewide federal census shall receive its share of revenues distributed under section 14a based on its population increase which exceeds the estimated state growth rate. Estimated state growth rate means the estimate determined by the department of management and budget as of the enumeration date of a special census.

**History:** Add. 1975, Act 245, Imd. Eff. Sept. 4, 1975;—Am. 1998, Act 532, Imd. Eff. Jan. 12, 1999.

#### **141.911 Payments to counties from state income tax collections; time and basis; payments to counties based on sales tax collections.**

Sec. 11. (1) For state fiscal years before the 1996-1997 state fiscal year, the department of management and budget shall cause to be paid during each August, November, February, and May, to counties on a per capita basis the collections from the state income tax as certified by the department of treasury for the quarter periods ending the prior June 30, September 30, December 31, and March 31 that are available for distribution to and retention by counties.

(2) For state fiscal years beginning after September 30, 1992 and ending before October 1, 1996, the collections from the state income tax otherwise available for distribution to counties in November for the quarter period ending the prior September 30 shall be increased by \$35,900,000.00 and the collections from the state income tax otherwise available for distribution to counties in August for the quarter period ending the prior June 30 shall be decreased by \$35,900,000.00.

(3) For the 1996-1997 and 1997-1998 state fiscal years, the department of treasury shall cause to be paid to counties on a per capita basis an amount equal to 24.5% of the difference between 21.3% of the sales tax

collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a. Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through September 30, 2007, the department of treasury shall cause to be paid to counties all of the following:

(a) Except as provided in subdivision (c) and subsection (6), an amount equal to the amount the county was eligible to receive under section 12a in the 1997-1998 state fiscal year.

(b) Except as provided in subdivision (c) and subsection (6), an amount equal to 25.06% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made minus the amount determined under subdivision (a) which shall be distributed on a per capita basis. If the amount appropriated under this section to counties is less than 25.06% of 21.3% of the sales tax rate of 4%, any reduction made necessary by this appropriation in distributions to counties shall first be applied to the distribution under this subdivision.

(c) For the 2002-2003 state fiscal year only, each county shall receive the lesser of 96.5%, or the percentage determined under this subdivision, of the amount that the county would have received if the total available for distribution under subdivisions (a) and (b) were \$211,549,002.00. The total amount available for distribution to all counties under this subdivision shall not exceed \$204,144,787.00. For the 2002-2003 state fiscal year, the percentage under this subdivision shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state fiscal year only, each county shall receive the lesser of 92%, or the percentage determined under this subdivision, of the amount distributed to the county under this subsection for the 2002-2003 state fiscal year. For the 2003-2004 state fiscal year, the percentage under this subdivision shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.

(4) After September 30, 2007 and subject to the limitations of subsections (3) and (6), 25.06% of 21.3% of the sales tax collections at a rate of 4% shall be distributed to counties as provided by law.

(5) The payments under subsection (3) shall be made from revenues collected during the state fiscal year in which the payments are made and shall be made during each October, December, February, April, June, and August. Payments shall be based on collections from the sales tax at a rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30, and for the 1996-1997 and 1997-1998 state fiscal years only the payments shall be reduced by 1/6 of the total distribution for the state fiscal year under section 12a. For state fiscal years after the 1995-1996 state fiscal year, the collections from the sales tax otherwise available for distribution to counties under subsection (3) in December shall be increased by \$17,000,000.00 and the collections from the sales tax otherwise available for distribution to counties under subsection (3) in April shall be decreased by \$17,000,000.00.

(6) For state fiscal years beginning after September 30, 2004, the total amount distributed to each county under this section shall equal the amount by which the balance in its revenue sharing reserve fund under section 44a of the general property tax act, 1893 PA 206, MCL 211.44a, for the county's most recent fiscal year that ends prior to the January 1 of the state's fiscal year is less than the amount calculated under section 44a(13) of the general property tax act, 1893 PA 206, MCL 211.44a, for the county fiscal year that begins in the state's fiscal year. Payments under this subsection shall be adjusted as necessary to reflect partial county fiscal years and prorated based on the total amount appropriated for distribution to all counties. Upon the exhaustion of each county's revenue sharing reserve fund, state revenue sharing within that county will be fully and permanently restored in an amount equal to the total payments made to that county under this act in the state fiscal year ending September 30, 2004, adjusted annually through the date of restoration by the inflation rate, without regard to an executive order issued after May 17, 2004, and prorated based on the amount of the reserve fund used by the county in the fiscal year during which payments are required to resume under this subsection. As used in this subsection, "inflation rate" means that term as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.

(7) The department of treasury may withhold all or a portion of payments under this section to a county that has not timely furnished the statement required under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751, or distributed an industrial facilities tax as required under 1974 PA 198, MCL 207.551 to 207.572, or the specific tax as required under section 21b of the enterprise zone act, 1985 PA 224, MCL 125.2121b. Before withholding all or a portion of the payments under this section to a county, the department shall inform the county in writing of the intent to withhold payments and offer an opportunity for an informal conference on the matter.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1992, Act 68, Imd. Eff. May 28, 1992;—Am. 1996, Act 342, Imd. Eff. June 27, 1996;—Am. 1996, Act 468, Imd. Eff. Dec. 26, 1996;—Am. 1998, Act 532, Imd. Eff. Jan. 12, 1999;—Am. 2002, Act 679, Imd. Eff.



**141.911a Repealed. 1998, Act 532, Imd. Eff. Jan. 12, 1999.**

**Compiler's note:** The repealed section pertained to bipartisan revenue sharing task force.

**141.912 Payments to cities, villages, and townships from sales tax collections; time and basis.**

Sec. 12. (1) For state fiscal years before the 1996-1997 state fiscal year, the department of treasury shall cause to be paid to each city, village, and township its share, computed on a per capita basis, during each August, November, February, and May, of the collections designated for assistance to townships, cities, and villages under section 10 of article IX of the state constitution of 1963 from the sales tax for the quarter periods ending the prior June 30, September 30, December 31, and March 31 that are available for distribution to cities, villages, and townships.

(2) For state fiscal years before the 1996-1997 state fiscal year, during each calendar year, the department of treasury shall cause to be advanced and paid in June to cities, villages, and townships on a per capita basis \$9,500,000.00 of the amount that would otherwise be paid in August pursuant to subsection (1).

(3) For state fiscal years after the 1995-1996 state fiscal year and before the 2003-2004 state fiscal year, the department shall cause to be paid to each city, village, and township its share, computed on a per capita basis, during each October, December, February, April, June, and August, the collections designated for assistance to cities, villages, and townships under section 10 of article IX of the state constitution of 1963 from the sales tax, the collections that are available for distribution to cities, villages, and townships. Payments under this subsection shall be based on collections from the sales tax at a rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30.

(4) For state fiscal years after the 2002-2003 state fiscal year, the department shall cause to be paid to each city, village, and township its share of the sales tax collections designated for assistance to cities, villages, and townships under section 10 of article IX of the state constitution of 1963 from the sales tax. Payments under this subsection shall be made during each October, December, February, April, June, and August, based on collections from the sales tax at a rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30. The payments under this subsection shall be made from revenues collected during the state fiscal year in which the payments are made.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1975, Act 245, Imd. Eff. Sept. 4, 1975;—Am. 1980, Act 394, Imd. Eff. Jan. 7, 1981;—Am. 1992, Act 161, Imd. Eff. July 16, 1992;—Am. 1993, Act 166, Imd. Eff. Sept. 16, 1993;—Am. 1994, Act 299, Imd. Eff. July 14, 1994;—Am. 1995, Act 134, Imd. Eff. July 10, 1995;—Am. 1996, Act 342, Imd. Eff. June 27, 1996;—Am. 2002, Act 679, Imd. Eff. Dec. 30, 2002.

**141.912a Payments to cities, villages, townships, and counties; calculations; interest; payment of proportionate share of reimbursements to eligible authorities; disbursement dates.**

Sec. 12a. (1) For state fiscal years before the 1998-1999 state fiscal year, the department of treasury shall calculate the amount of payment to be made to a city, village, or township by multiplying the amount of state equalized value of tax exempt inventory property as certified by the department of treasury under former section 132 of the single business tax act, 1975 PA 228, times the property tax rate for each taxing unit as certified each year to the department of treasury for purposes of this act.

(2) For state fiscal years before the 1998-1999 state fiscal year, the department of treasury shall pay to each county each year, following the year the amount was calculated, an amount equal to the product of the state equalized value of inventory as certified by the department of treasury under former section 132 of the single business tax act, 1975 PA 228, times the county property tax rate for the county as reported each year to the department of treasury.

(3) For state fiscal years after the 1995-1996 state fiscal year in which payment is made under this section, the payment under this section shall be from the collections, exclusive of the amount designated for assistance to townships, cities, and villages under section 10 of article IX of the state constitution of 1963, of the sales tax levied at a rate of 4%.

(4) Payments made under this section, and the allocation and appropriation of amounts necessary to make the payments under this section, shall include interest which shall accrue on the unpaid balance. Interest shall accrue at the rate determined under section 13b.

(5) A payment required to be made under this section shall not be delayed so as to cause interest to accrue pursuant to subsection (4) unless the delay in any payment is authorized by a written directive issued and signed by the governor that conforms to and is subject to section 13b(2) and (3).

(6) Amounts required to be paid pursuant to this section that are subject to an unavoidable delay of a de minimis period or that are withheld or set off pursuant to law in the settlement or adjustment of an obligation or debt due to this state are not subject to subsections (4) and (5).

(7) For state fiscal years before the 1998-1999 state fiscal year, the treasurer of any city, village, township, or county who collects money for an authority that levies property taxes, shall pay an eligible authority its proportionate share of the reimbursements under this section. The proportionate share is the percentage that the property taxes collected by the authority are to the property taxes of the assessing unit. The property taxes of the authorities may be added to the millages used to determine payments under this section. For an authority to be eligible for compensation under this section, that authority shall have an authorization to have taxes levied for its use as provided by law. School districts, intermediate school districts, community college districts, vocational education districts, and special education districts are not included under this section.

(8) Subject to section 13d, for the 1998-1999 through 2006-2007 state fiscal years, the treasurer of any city, village, township, or county who collects money for an authority that levies property taxes shall pay an eligible authority, from the payments received under this act, the amount received by the eligible authority under subsection (7) for the 1997-1998 state fiscal year. School districts, intermediate school districts, community college districts, vocational education districts, and special education districts are not included under this section.

(9) The state treasurer may make a disbursement for a payment under this section that has been delayed in advance of the date the delayed payment is expected to be paid.

(10) Payments under this section to cities and villages shall be made on or before October 31 and payments under this section to counties and townships shall be made on or before February 28.

**History:** Add. 1996, Act 342, Imd. Eff. June 27, 1996;—Am. 1998, Act 532, Imd. Eff. Jan. 12, 1999;—Am. 2007, Act 30, Imd. Eff. June 29, 2007.

**141.913 Payments to cities, villages, and townships from state income tax and single business tax; payments based on sales tax collections; population more than or less than 750,000; limitations; distributions; payment dates; annual appropriation by legislature; withholding payments.**

Sec. 13. (1) This subsection and subsection (2) apply to distributions to cities, villages, and townships during the state fiscal years before the 1996-1997 state fiscal year of collections from the state income tax and single business tax. Except as otherwise provided in subsection (2), the department of treasury shall cause to be paid to each city, village, and township its share, computed in accordance with the tax effort formula, of the following revenues:

(a) During each August, November, February, and May, the collections from the state income tax for the quarter periods ending the prior June 30, September 30, December 31, and March 31 that are available for distribution to cities, villages, and townships under the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

(b) The amount of the collections from the single business tax available for distribution to cities, villages, and townships under former section 136 of the single business tax act, 1975 PA 228.

(2) The amount of collections of the state income tax otherwise available for distribution to cities, villages, and townships in November, February, and May, computed in accordance with the tax effort formula, shall be increased by \$22,600,000.00. The amount of collections otherwise available for distribution to cities, villages, and townships in August, computed in accordance with the tax effort formula, shall be decreased by \$67,800,000.00.

(3) This subsection applies to distributions to cities, villages, and townships for the 1996-1997 state fiscal year. The department shall cause to be paid in accordance with the tax effort formula an amount equal to 75.5% of the difference between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a.

(4) The department of treasury shall cause to be paid during the 1997-1998 state fiscal year an amount equal to 75.5% of the difference between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a, both of the following:

(a) To each city, village, and township, the amount of collections distributed under subsection (3) to cities, villages, and townships for the 1996-1997 state fiscal year or its pro rata share of the collections if the collections are less than the amount of collections distributed under subsection (3) for the 1996-1997 state fiscal year. A city's, village's, or township's share of revenues under this subdivision shall be computed using the tax effort formula.

(b) To each city, village, and township its share of the collections to the extent the total collections available for distribution under this subsection exceed the amount distributed to cities, villages, and townships under subdivision (a) for the fiscal year. A city's, village's, or township's share of revenues under this subdivision shall be computed on a per capita basis.

(5) Subject to section 13d, for the 1998-1999 through 2006-2007 state fiscal years, the department of treasury shall cause distributions determined under subsections (6) to (13) to be paid to each city, village, and township from an amount equal to 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made. After September 30, 2007, 74.94% of 21.3% of sales tax collections at a rate of 4% shall be distributed to cities, villages, and townships as provided by law.

(6) Subject to section 13d, for the 1998-1999 through 2006-2007 state fiscal years, except for the 2002-2003 through 2006-2007 state fiscal years, and except as otherwise provided in subsection (15), the department of treasury shall cause to be paid \$333,900,000.00 to a city with a population of 750,000 or more as the total combined distribution under this act and section 10 of article IX of the state constitution of 1963 as annualized for any period of less than 12 months to that city. For the 2002-2003 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of \$322,213,500.00 or \$333,900,000.00 multiplied by the percentage as determined under this subsection. For the 2002-2003 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of 92%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2002-2003 state fiscal year. For the 2003-2004 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08. For the 2004-2005 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2003-2004 state fiscal year. For the 2004-2005 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$445,300,000.00 by \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2004-2005 state fiscal year. For the 2005-2006 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 for the 2005-2006 state fiscal year and \$423,350,000.00 by \$1,115,875,000.00. For the 2006-2007 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2005-2006 state fiscal year. For the 2006-2007 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 for the 2006-2007 state fiscal year and \$407,485,000.00 by \$1,106,410,000.00.

(7) Except as otherwise provided in this subsection, distributions under subsections (8) to (13) to cities, villages, and townships with populations of less than 750,000 shall be made from the amount available for distribution under this section that remains after the distribution under subsection (6) is made. For the 2002-2003 state fiscal year only, each city, village, and township with a population of less than 750,000 shall receive the lesser of 96.5%, or the percentage determined under this subsection, of the amount that the city, village, or township would have received if the total available for distribution under subsections (8) to (13) were \$363,069,728.00 and the total available for distribution under section 10 of article IX of the state constitution of 1963 were \$607,125,488.00. The total amount available for distribution to all cities, villages, and townships under this subsection shall not exceed \$936,238,383.00. For the 2002-2003 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state fiscal year only, each city, village, and township with a population of less than 750,000 shall receive an amount equal to the lesser of 92%, or the percentage determined under this subsection, of the amount distributed to the city, village, or township under this subsection and section 10 of article IX of the state

constitution of 1963 for the 2002-2003 state fiscal year. For the 2003-2004 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08. For the 2004-2005 state fiscal year only, the combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 to each city, village, and township with a population of less than 750,000 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution to that city, village, or township under this subsection and section 10 of article IX of the state constitution of 1963 for the 2003-2004 state fiscal year. For the 2004-2005 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$445,300,000.00 by \$1,126,300,000.00. For the 2005-2006 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2004-2005 state fiscal year. For the 2005-2006 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 for the 2005-2006 state fiscal year and \$423,350,000.00 by \$1,115,875,000.00. For the 2006-2007 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2005-2006 state fiscal year. For the 2006-2007 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 for the 2006-2007 state fiscal year and \$407,485,000.00 by \$1,106,410,000.00. The amount of the adjustment under this subsection shall be accomplished by reducing the payments under subsections (8) to (13), and payments under section 10 of article IX shall not be reduced based on any adjustments made under this subsection.

(8) Subject to section 13d, for the 1998-1999 through 2006-2007 state fiscal years, for cities, villages, and townships with populations of less than 750,000, subject to the limitations under this section, a taxable value payment shall be made to each city, village, and township determined as follows:

(a) Determine the per capita taxable value for each city, village, and township by dividing the taxable value of that city, village, or township by the population of that city, village, or township.

(b) Determine the statewide per capita taxable value by dividing the total taxable value of all cities, villages, and townships by the total population of all cities, villages, and townships.

(c) Determine the per capita taxable value ratio for each city, village, and township by dividing the statewide per capita taxable value by the per capita taxable value for that city, village, or township.

(d) Determine the adjusted taxable value population for each city, village, and township by multiplying the per capita taxable value ratio as determined under subdivision (c) for that city, village, or township by the population of that city, village, or township.

(e) Determine the total statewide adjusted taxable value population which is the sum of all adjusted taxable value population for all cities, villages, and townships.

(f) Determine the taxable value payment rate by dividing 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments under this subsection are made by 3, and dividing that result by the total statewide adjusted taxable value population as determined under subdivision (e).

(g) Determine the taxable value payment for each city, village, and township by multiplying the result under subdivision (f) by the adjusted taxable value population for that city, village, or township.

(9) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through September 30, 2007, subject to the limitations under this section and except as provided in subsection (14), a unit type population payment shall be made to each city, village, and township with a population of less than 750,000 determined as follows:

(a) Determine the unit type population weight factor for each city, village, and township as follows:

(i) For a township with a population of 5,000 or less, the unit type population weight factor is 1.0.

(ii) For a township with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 1.2.

(iii) For a township with a population of more than 10,000 but less than 20,001, the unit type population weight factor is 1.44.

(iv) For a township with a population of more than 20,000 but less than 40,001, the unit type population weight factor is 1.73.

(v) For a township with a population of more than 40,000 but less than 80,001, the unit type population



weight factor is 2.07.

(vi) For a township with a population of more than 80,000, the unit type population weight factor is 2.49.

(vii) For a village with a population of 5,000 or less, the unit type population weight factor is 1.5.

(viii) For a village with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 1.8.

(ix) For a village with a population of more than 10,000, the unit type population weight factor is 2.16.

(x) For a city with a population of 5,000 or less, the unit type population weight factor is 2.5.

(xi) For a city with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 3.0.

(xii) For a city with a population of more than 10,000 but less than 20,001, the unit type population weight factor is 3.6.

(xiii) For a city with a population of more than 20,000 but less than 40,001, the unit type population weight factor is 4.32.

(xiv) For a city with a population of more than 40,000 but less than 80,001, the unit type population weight factor is 5.18.

(xv) For a city with a population of more than 80,000 but less than 160,001, the unit type population weight factor is 6.22.

(xvi) For a city with a population of more than 160,000 but less than 320,001, the unit type population weight factor is 7.46.

(xvii) For a city with a population of more than 320,000 but less than 640,001, the unit type population weight factor is 8.96.

(xviii) For a city with a population of more than 640,000, the unit type population weight factor is 10.75.

(b) Determine the adjusted unit type population for each city, village, and township by multiplying the unit type population weight factor for that city, village, or township as determined under subdivision (a) by the population of the city, village, or township.

(c) Determine the total statewide adjusted unit type population, which is the sum of the adjusted unit type population for all cities, villages, and townships.

(d) Determine the unit type population payment rate by dividing 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments under this subsection are made by 3, and then dividing that result by the total statewide adjusted unit type population as determined under subdivision (c).

(e) Determine the unit type population payment for each city, village, and township by multiplying the result under subdivision (d) by the adjusted unit type population for that city, village, or township.

(10) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through September 30, 2007, subject to the limitations under this section, a yield equalization payment shall be made to each city, village, and township with a population of less than 750,000 sufficient to provide the guaranteed tax base for a local tax effort not to exceed 0.02. The payment shall be determined as follows:

(a) The guaranteed tax base is the maximum combined state and local per capita taxable value that can be guaranteed in a state fiscal year to each city, village, and township for a local tax effort not to exceed 0.02 if an amount equal to 74.94% of 21.3% of the state sales tax at a rate of 4% is distributed to cities, villages, and townships whose per capita taxable value is below the guaranteed tax base.

(b) The full yield equalization payment to each city, village, and township is the product of the amounts determined under subparagraphs (i) and (ii):

(i) An amount greater than zero that is equal to the difference between the guaranteed tax base determined in subdivision (a) and the per capita taxable value of the city, village, or township.

(ii) The local tax effort of the city, village, or township, not to exceed 0.02, multiplied by the population of that city, village, or township.

(c) The yield equalization payment is the full yield equalization payment divided by 3.

(11) For state fiscal years after the 1997-1998 state fiscal year, distributions under this section for cities, villages, and townships with populations of less than 750,000 shall be determined as follows:

(a) For the 1998-1999 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Ninety percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1998-1999 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Ten percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1998-1999 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(b) For the 1999-2000 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Eighty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1999-2000 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Twenty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1999-2000 state fiscal year multiplied by the city's, village's, or township's percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(c) For the 2000-2001 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Seventy percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2000-2001 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Thirty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2000-2001 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(d) For the 2001-2002 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Sixty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2001-2002 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Forty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2001-2002 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(e) For the 2002-2003 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Fifty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2002-2003 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Fifty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2002-2003 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(f) For the 2003-2004 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Forty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2003-2004 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Sixty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2003-2004 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(g) For the 2004-2005 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Thirty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2004-2005 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Seventy percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2004-2005 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(h) For the 2005-2006 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Twenty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2005-2006 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Eighty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2005-2006 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(i) For the period of October 1, 2006 through September 30, 2007, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Ten percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2006-2007 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Ninety percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2006-2007 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(12) Except as otherwise provided in this subsection, the total payment to any city, village, or township under this act and section 10 of article IX of the state constitution of 1963 shall not increase by more than 8% over the amount of the payment under this act and section 10 of article IX of the state constitution of 1963 in the immediately preceding state fiscal year. From the amount not distributed because of the limitation imposed by this subsection, the department shall distribute an amount to certain cities, villages, and townships such that the percentage increase in the total payment under this act and section 10 of article IX of the state constitution of 1963 from the immediately preceding state fiscal year to each of those cities, villages, and townships is equal to, but does not exceed, the percentage increase from the immediately preceding state fiscal year of any city, village, or township that does not receive a distribution under this subsection. This subsection does not apply for state fiscal years after the 2000 federal decennial census becomes official to a city, village, or township with a 10% or more increase in population from the official 1990 federal decennial census to the official 2000 federal decennial census.

(13) The percentage allocations to distributions under subsections (8) to (10) pursuant to subsection (11) shall be calculated as if, in any state fiscal year, the amount appropriated under this section for distribution to cities, villages, and townships is 74.94% of 21.3% of the sales tax at a rate of 4%. If the amount appropriated under this section to cities, villages, and townships is less than 74.94% of 21.3% of the sales tax at a rate of 4%, any reduction made necessary by this appropriation in distributions to cities, villages, and townships shall first be applied to the distribution under subsections (8) to (10) and any remaining amount shall be applied to the other distributions under this section.

(14) A township that provides for or makes available fire, police on a 24-hour basis either through contracting for or directly employing personnel, water to 50% or more of its residents, and sewer services to 50% or more of its residents and has a population of 10,000 or more or a township that has a population of 20,000 or more shall use the unit type population weight factor under subsection (9)(a) for a city with the same population as the township.

(15) For a state fiscal year in which the sales tax collections decrease from the sales tax collections for the immediately preceding state fiscal year, the department shall reduce the amount to be distributed to a city with a population of 750,000 or more under subsection (6) by an amount determined by subtracting the amount the city is eligible for under section 10 of article IX of the state constitution of 1963 for the state fiscal year from \$333,900,000.00 and multiplying that result by the same percentage as the percentage decrease in sales tax collections for that state fiscal year as compared to sales tax collections for the immediately preceding state fiscal year. This subsection does not apply to the 2002-2003 through 2006-2007 state fiscal years.

(16) Notwithstanding any other provision of this section for the 1998-1999 state fiscal year, the total combined amount received by each city, village, and township under this section and section 10 of article IX

of the state constitution of 1963 shall not be less than the combined amount received under this section, section 12a, and section 10 of article IX of the state constitution of 1963 in the 1997-1998 state fiscal year. The increase, if any, for each city, village, and township from the 1997-1998 state fiscal year, other than a city that receives a distribution under subsection (6), shall be reduced by a uniform percentage to the extent necessary to fund distributions under this subsection.

(17) The payments under subsections (3), (4), and (5) shall be made during each October, December, February, April, June, and August. Payments under subsections (3), (4), and (5) shall be based on collections from the sales tax at the rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30, and for the 1996-1997 and 1997-1998 state fiscal years only, the payments shall be reduced by 1/6 of the total distribution for the state fiscal year under section 12a.

(18) Payments under this section shall be made from revenues collected during the state fiscal year in which the payments are made.

(19) Distributions provided for by this act are subject to an annual appropriation by the legislature.

(20) After the department has informed a city, village, or township in writing of the intent to withhold all or a portion of payments under this section and offered the affected city, village, or township an opportunity for an informal conference on the matter, the department of treasury may withhold all or a portion of payments under this section to a city, village, or township that has not distributed 1 or more of the following:

(a) An industrial facilities tax as required under 1974 PA 198, MCL 207.551 to 207.572.

(b) The specific tax as required under section 21b of the enterprise zone act, 1985 PA 224, MCL 125.2121b.

(c) Any portion of the state education tax levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, or of property taxes levied for any purpose by a local or intermediate school district under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, determined by the state tax commission to have been wrongfully captured and retained to implement a tax increment financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, or the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1973, Act 69, Imd. Eff. July 23, 1973;—Am. 1975, Act 245, Imd. Eff. Sept. 4, 1975;—Am. 1980, Act 275, Imd. Eff. Oct. 8, 1980;—Am. 1983, Act 146, Imd. Eff. July 18, 1983;—Am. 1992, Act 68, Imd. Eff. May 28, 1992;—Am. 1995, Act 134, Imd. Eff. July 10, 1995;—Am. 1996, Act 342, Imd. Eff. June 27, 1996;—Am. 1998, Act 532, Imd. Eff. Jan. 12, 1999;—Am. 2002, Act 679, Imd. Eff. Dec. 30, 2002;—Am. 2003, Act 168, Imd. Eff. Aug. 13, 2003;—Am. 2004, Act 77, Imd. Eff. Apr. 21, 2004;—Am. 2004, Act 355, Imd. Eff. Sept. 30, 2004;—Am. 2005, Act 196, Imd. Eff. Nov. 7, 2005;—Am. 2006, Act 437, Imd. Eff. Oct. 5, 2006.

#### **141.913a Census delay adjustment payments; eligibility of city, village, or township; calculation; reservation of additional sum; appropriation; reduction of amounts reserved.**

Sec. 13a. (1) Following the official certification and publication of the 1980 federal decennial census, the department of management and budget shall calculate for each city, village, and township:

(a) The payment of revenues a city, village, or township would have received under sections 12 and 13 between April 1, 1980 and October 1, 1980 if those payments had been distributed according to the 1980 census.

(b) The difference in payments determined by subtracting the payment of revenues which were made to a city, village, or township between April 1, 1980 and October 1, 1980 under sections 12, 13, and 14a from the calculation made for the city, village, or township in subdivision (a).

(c) The sum of all the differences in payments determined by subdivision (b) that are greater than zero. This sum shall be known as “the census delay adjustment”.

(2) A city, village, or township which has a population according to the 1980 census greater than the population used in computing the August, 1979 distributions to the city, village, or township under this act shall be eligible for census delay adjustment payments. The department of management and budget shall calculate the census delay adjustment payment to be made to each eligible city, village, or township pursuant to the following:

(a) Dividing the census delay adjustment determined in subsection (1)(c) by 4.

(b) Subtracting the population used in computing the August, 1979 distributions under this act for each eligible city, village, and township from the population according to the 1980 census of each eligible city, village, or township. The differences obtained shall be known as “the growth population”.

(c) Summing the differences obtained in subdivision (b).

(d) Dividing the quotient determined in subdivision (a) by the sum determined in subdivision (c). The per capita amount determined pursuant to this calculation shall be distributed in May, 1982; May, 1983; May, 1984; and May, 1985 to each eligible city, village, and township according to its growth population.



(3) The additional sum necessary to provide the distribution required by this section shall be reserved, in amounts determined pursuant to section 13(a), from the collection of state income tax available for distribution to cities, villages, and townships before payments are made under section 13.

(4) All or part of the census delay adjustment payments required in any or all payment years may be appropriated by the legislature from the state general fund and, if such an appropriation is made, the reserve provided in subsection (3), and the amounts reserved pursuant to section 13(a) from distribution in each payment period for the year shall be reduced by the amount of the general fund appropriation.

**History:** Add. 1980, Act 275, Imd. Eff. Oct. 8, 1980.

**141.913b Payments to include interest; delay in payments; gubernatorial directive; unavoidable delay or set off; disbursement by state treasurer.**

Sec. 13b. (1) In addition to the amounts required to be paid pursuant to sections 11, 12, and 13, these payments and the respective appropriations from the undedicated proceeds of the tax from which the payment is made shall include interest, which interest shall accrue on the unpaid balance of a distribution installment from the last date the respective installment is required to be paid, at the average rate of interest earned on state common cash fund investments during the calendar quarter ending immediately prior to the date the interest under this subsection on a distribution installment begins to accrue.

(2) A payment required to be made pursuant to section 11, 12, or 13 shall not be delayed so as to cause interest to accrue pursuant to subsection (1) unless the delay in any payment is authorized by a written directive issued and signed by the governor to the director of the department of management and budget and the state treasurer, containing an identification of the specific payment and amount of the payment to be delayed, the period of the delay, the reason for the delay, and the date the delayed payment is expected to be paid.

(3) The governor's authorization under subsection (2) shall be signed and issued as soon as the governor determines that the payment will be delayed, which determination shall be made as far in advance of the scheduled payment date as is reasonably possible under the circumstances. The state treasurer immediately shall take such steps as are reasonably necessary to assure that the local units for which a directive applies are notified of that gubernatorial directive.

(4) Amounts required to be paid pursuant to section 11, 12, or 13 that are subject to an unavoidable delay of a de minimis period, or that are withheld or set off pursuant to law in the settlement or adjustment or an obligation or debt due to this state, or that are withheld from payment pursuant to section 17a or 21, shall not be subject to subsections (1) to (3).

(5) The state treasurer may make a disbursement for a payment under section 11, 12, or 13 which has been delayed in advance of the date the delayed payment is expected to be paid.

**History:** Add. 1983, Act 236, Imd. Eff. Dec. 1, 1983.

**Compiler's note:** Near the middle of subsection (4), "adjustment or an obligation" evidently should read "adjustment of an obligation".

**141.913c Reduced rate or collections from local governmental unit's property, income, or utility tax; use of reduction as basis.**

Sec. 13c. For state fiscal years after the 1998-1999 state fiscal year, a reduction in the rate of or collections from a local unit of government's property, income, or utility tax shall not be used as a basis for a reduction of the amount distributed under this act to that local unit of government.

**History:** Add. 1996, Act 342, Imd. Eff. June 27, 1996.

**141.913d Distribution periods less than 12 months; annualization of amount.**

Sec. 13d. The department shall annualize the amount of distributions under sections 11, 12a, and 13 as necessary to reflect distributions for periods of less than 12 months.

**History:** Add. 1998, Act 532, Imd. Eff. Jan. 12, 1999.

**141.914 Repealed. 1998, Act 532, Imd. Eff. Jan. 12, 1999.**

**Compiler's note:** The repealed section pertained to additional sums for cities, villages, or townships.

**141.914a Supplemental payments to cities, villages, or townships; computation; appropriation.**

Sec. 14a. If a special census of a city, village or township that levied at least 1 mill local property tax in the preceding calendar year is determined to meet the requirements of section 7, the department of management and budget, during July, 1976 and each July thereafter, shall cause to be paid as a supplemental payment to the city, village or township its proportionate share of the amount available for this purpose, the share to be

determined by multiplying the aggregate per capita amount of payments it received under sections 12, 13, 14 and 15 for the preceding July 1 to June 30 payment period by its excess increase in population determined under section 7. The amount necessary to provide the distribution required by this section is appropriated each fiscal year from the state general fund.

**History:** Add. 1975, Act 245, Imd. Eff. Sept. 4, 1975.

**141.915 Repealed. 1998, Act 532, Imd. Eff. Jan. 12, 1999.**

**Compiler's note:** The repealed section pertained to additional sums for cities, villages, or townships.

**141.916 Repealed. 1975, Act 245, Eff. Dec. 1, 1975.**

**Compiler's note:** The repealed section pertained to an appropriation.

**141.917 Disposition of payments made to cities, villages, townships, and counties.**

Sec. 17. Unless otherwise assigned, pledged, or required to be withheld, the payments made under this act to a city, village, township, or county shall be paid directly to the treasurer of the city, village, township, or county, shall be credited to the general fund of the city, village, township, or county, and shall be available for city, village, township, or county purposes.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1987, Act 283, Eff. Apr. 11, 1988.

**141.917a Withholding amount equivalent to delinquent payments due on emergency municipal loan; withholding payment under act; extent; plan for financing outstanding obligations upon which municipality defaulted; use of amounts withheld; payment of debt service on bonds or notes; agreement assigning or pledging payment; statement; withholding payment to satisfy payment due and owing to state.**

Sec. 17a. (1) To the extent required by the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, a municipality granted a loan pursuant to the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, shall have withheld from any payment the city, village, township, or county is eligible to receive, an amount equivalent to any delinquent payments due on the loan.

(2) The state treasurer may withhold all or part of any payment that a city, village, township, or county is eligible to receive under this act to the extent the withholdings are a component part of a plan, developed and implemented under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, for financing an outstanding obligation upon which the municipality defaulted. Amounts withheld shall be used to pay, on behalf of the city, village, township, or county, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the city, village, township, or county defaulted.

(3) The state treasurer may withhold all or part of any payment that a city or village is eligible to receive under this act, after payment of all money owing to the city or village under this act that, prior to the date of a withholding under this subsection, has been pledged for the payment of debt service on bonds or notes or for the payment of contractual obligations pledged for the payment of debt service on bonds or notes, in an amount necessary to repay loans made to the city or village under section 11(6) of 1951 PA 51, MCL 247.661, after any deduction authorized by section 11(8) of 1951 PA 51, MCL 247.661, has been applied for the repayment of the loan.

(4) Under an agreement entered into by a city, village, township, or county assigning all or a portion of the payment that it is eligible to receive under this act to the Michigan municipal bond authority or pledging that amount for payment of an obligation it incurred with the Michigan municipal bond authority, the state treasurer shall transmit to the Michigan municipal bond authority or a trustee designated by the authority the amount of the payment that is assigned or pledged under the agreement. Notwithstanding the payment dates prescribed by this act for distributions under this act, the state treasurer may advance all or part of a payment that is dedicated for distribution or for which the appropriation authorizing the payment has been made if and to the extent, under the terms of an agreement entered into by a city, village, township, or county and the Michigan municipal bond authority, the payment that the city, village, township, or county is eligible to receive has been assigned to or pledged for payment of an obligation it incurred with the Michigan municipal bond authority. This subsection does not require the state to make an appropriation to any city, village, county, or township and shall not be construed as creating an indebtedness of the state. Any agreement made pursuant to this subsection shall contain a statement to that effect.

(5) The state treasurer shall withhold all or part of a payment that a city, village, township, or county is eligible to receive under this act to satisfy a payment due and owing to the state or to a state department or agency from the city, village, township, or county unless and to the extent subsection (4) requires otherwise or

unless the city, village, township, or county has pledged payments under this act for payment on an obligation issued by the municipality.

**History:** Add. 1980, Act 242, Imd. Eff. July 24, 1980;—Am. 1983, Act 58, Imd. Eff. May 16, 1983;—Am. 1983, Act 146, Imd. Eff. July 18, 1983;—Am. 1985, Act 143, Eff. Jan. 13, 1986;—Am. 1987, Act 283, Eff. Apr. 11, 1988;—Am. 2002, Act 404, Imd. Eff. June 3, 2002.

**141.918 Report on local taxes, special assessments, overlapping taxes, and taxable value; report on levied millage rate; effect of failure to report; prorating and allocating overlapping taxes; report on local revenues; summary and analysis of reports; recommendations; report on tax collections available for distribution; distribution in single warrant; reduced millage rate considered to be 1 mill.**

Sec. 18. (1) Each city, village, or township shall report its local taxes and special assessments and cities and townships shall report their overlapping taxes to the department of treasury by March 1. A city, village, or township that levied less than 1 mill in the immediately preceding calendar year, when it reports its local taxes, shall also report whether its levied millage rate would have been at least 1 mill except for the millage reductions pursuant to section 31 of article IX of the state constitution of 1963; except for a millage reduction pursuant to section 34 of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.34 of the Michigan Compiled Laws; or except for the fact that the city, village, or township did not elect to increase the millage rate permitted by operation of section 24e(2) of Act No. 206 of the Public Acts of 1893, being section 211.24e of the Michigan Compiled Laws, or for any combination of these exceptions. If a city, village, or township fails to report as provided in this section, the department of treasury shall give notice of the failure to the assessor and the chief executive officer of the city, village, or township. After the department of treasury gives notice, payments under this act shall be withheld. The withheld payments may later be issued if the city, village, or township reports before the end of the revenue sharing year. Not later than May 15, the department of treasury shall report to the department of management and budget the local taxes, special assessments, overlapping taxes, and taxable value, and whether the levied millage rate would have been at least 1 mill if the required millage reductions or limitations had not been applied, for each city, village, and township for the immediately preceding calendar year. In determining and reporting the overlapping taxes for a township and the villages within the township, the department of treasury shall prorate and allocate the overlapping taxes levied in the township to the township and each village in the same ratio that the taxable value of the unincorporated area of the township and of each village bears to the total taxable value of the township.

(2) Before December 2 of each year, each city, village, and township shall report to the department of treasury, on a form prepared by the department of treasury in consultation with the department of management and budget, all local revenues collected by the city, village, or township in the local unit's fiscal year that ends during the immediately preceding July 1 to June 30 period. The department of treasury shall accumulate the reports and submit a summary to the department of management and budget by February 1. The department of management and budget shall analyze the reports and shall make recommendations to the legislature regarding other local general fund revenues that the department considers reflective of or equivalent to local tax effort. Other local revenues do not include state or federal shared revenues, block grants, or categorical grants, or grants or gifts from other sources, but do include fees or charges imposed by the city, village, or township for municipal purposes.

(3) The department of treasury shall report to the department of management and budget the tax collections available for distribution. The department of management and budget may make the distribution in a single warrant. A millage rate certified to be levied for a city, village, or township of 1 mill or more that is reduced below 1 mill pursuant to section 31 of article IX of the state constitution of 1963, pursuant to section 34 of Act No. 206 of the Public Acts of 1893, or because the city, village, or township did not elect to increase the millage rate permitted by operation of section 24e(2) of Act No. 206 of the Public Acts of 1893, or due to any combination of these factors, shall be considered by the department of management and budget to be 1 mill for all of the following purposes:

(a) Payments under sections 12(2) and 15, which payments shall be calculated using the actual local property taxes.

(b) Determining whether the city, village, or township is eligible under section 14 for payments based upon the tax burden formula, which formula shall be calculated using the actual local property taxes.

(c) Determining whether the city, village, or township is eligible under section 14a for payments based upon the special census formula, which formula shall be calculated using the actual local property taxes.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971;—Am. 1975, Act 245, Imd. Eff. Sept. 4, 1975;—Am. 1980, Act 275, Imd. Eff. Oct. 8, 1980;—Am. 1982, Act 317, Imd. Eff. Oct. 18, 1982;—Am. 1988, Act 474, Eff. Mar. 30, 1989;—Am. 1994, Act 299, Imd. Eff. July 14, 2002.  
Rendered Thursday, February 26, 2015

1994;—Am. 1996, Act 342, Imd. Eff. June 27, 1996.

**141.919 Effective date.**

Sec. 19. This act takes effect August 1, 1971. The distributions of the income tax which were paid in August 1971 which did not conform to the provisions of this act shall be adjusted in future payments under this act to so conform.

**History:** 1971, Act 140, Imd. Eff. Sept. 30, 1971.

**141.920 Receipts of cities, villages, or townships maintaining local tax efforts.**

Sec. 20. A city, village, or township which maintains its local tax effort rate shall not receive less in the fiscal year ending June 30, 1976, than it received in the fiscal year ending June 30, 1975.

**History:** Add. 1975, Act 245, Imd. Eff. Sept. 4, 1975.

**141.921 Withholding payments until submission of financial report or audit; filing, evaluation, certification, and institution of financial plan to correct deficit condition; noncompliance; notification of legislature; “deficit condition” defined.**

Sec. 21. (1) If a city, village, township or county fails to provide an annual financial report or audit which conforms with the minimum procedures and standards prescribed by the state treasurer and is required under Act No. 2 of the Public Acts of 1968, as amended, being sections 141.421 to 141.440a of the Michigan Compiled Laws, or Act No. 71 of the Public Acts of 1919, being sections 21.41 to 21.53 of the Michigan Compiled Laws, the payments required under this act may be withheld until the financial report or audit is submitted as required by law.

(2) For a fiscal year of a unit of local government ending on or after October 1, 1980 or any year thereafter, if a local unit of government ends its fiscal year in a deficit condition, the local unit of government shall formulate and file a financial plan within 90 days after the beginning of the fiscal year to correct this condition. Upon request of a local unit of government the department of treasury may assist that local unit in the formulation of the financial plan to correct the deficit condition. The local unit of government shall file the financial plan with the department of treasury for evaluation and certification that the plan ensures that the deficit condition is corrected. Upon certification by the department of treasury, the local unit of government shall institute the plan. An amount equal to 25% of each payment to a local unit of government entitled to payments under this act may be withheld until requirements of this subsection are met.

(3) The department of treasury shall notify each house of the legislature of any local unit of government that fails to provide a financial report or an audit required by subsection (1) and of any local unit of government required to file a financial plan under subsection (2).

(4) As used in this section, “deficit condition” means a situation where, at the end of a fiscal year, total expenditures, including an accrued deficit, exceeded total revenues for that fiscal year, including any surplus carried forward.

**History:** Add. 1980, Act 275, Imd. Eff. Oct. 8, 1980.