



Senate Fiscal Agency
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Senate Bill 272 (as introduced)
 Committee: Appropriations

FY 2004-05 Year-to-Date Gross Appropriation \$1,591,219,700

Changes from FY 2004-05 Year-to-Date:

- 1. **Personal Property Tax Auditors.** The initial FY 2004-05 budget included 38.0 FTE/\$3.5 million for personal property tax audits. Executive Order 2005-7 removed the entire appropriation. The Governor is recommending 15.0 FTE/\$1.0 million for FY 2005-06. 1,000,000
- 2. **Legal Services.** Additional funding is included to support legal services related to major litigation involving mineral rights to tax reverted property. 240,000
- 3. **Investments.** The budget includes 3.0 FTE to assist in the investment of State funds. 500,000
- 4. **Statutory Payments.** Adjustments based on available revenue and statutory payments include; Convention Facility Development Fund, \$5,350,000; Senior Citizens Cooperative Housing Tax Exemption, \$1,200,000; Commercial Mobile Radio Service Payments, \$2,320,000; Health and Safety Fund Grants, \$1,500,000; Qualified Agricultural Loan Payments, \$210,000; and Renaissance Zone Reimbursement, \$300,000. 10,880,000
- 5. **Sleeping Bear Dunes National Lakeshore.** The Governor recommended the elimination of reimbursement to counties for lost property tax revenue for lands transferred to the Federal Government (1974 PA 359). (10,000)
- 6. **Program Reductions.** Reductions include; elimination of State audits of counties to verify county compliance with auditing standards, \$60,000; elimination of State collection of the State Education Tax for certain cities and townships (MCL 211.905b), \$50,000; savings due to consolidating certain oversight functions, \$200,000; savings from transferring review of certain business tax exemptions, \$250,000; and information technology overhead reductions, \$29,400. (589,000)
- 7. **Debt Service.** Adjustments reflect a net increase of \$5,051,000 based scheduled payments, of funding shift of \$2,887,300 from restricted revenue to GF/GP based on available revenue, and \$2,500,000 based on the sale of new CMI bond issues. 7,551,000
- 8. **Revenue Sharing.** Adjustments include the elimination of the one-time mechanism for counties to reimburse State payments, \$17,868,500, adjustment of the special grant based on cities with appointed financial managers, \$230,000, and \$5,200,000 adjustment to freeze revenue sharing payments at the FY 2004-05 projected level of payments. (23,298,500)
- 9. **Economic Adjustments.** 11,881,200
- 10. **Other Changes.** Other adjustments include; elimination of one-time funding for School Bond Loan Program reform, \$1,000,000; elimination of one-time funding associated with the State Sports Tourism Grant, \$1,075,000; a reduction to reflect available restricted revenue, \$222,300; a net adjustment to the Tobacco Tax Collection Enforcement, \$50,000; an adjustment to reflect the Department's share of the Human Resources Optimization hardware and software costs, \$58,800; and an adjustment for the unclassified position for the Gaming Control Board based on actual costs, \$11,700. FTE adjustments include a 2.0 FTE adjustment for the Unclaimed Property Program and a 3.0 FTE adjustment related to seasonal hiring for the Collections Program. (2,176,800)

Total Changes \$5,977,900

FY 2005-06 Governor's Recommendation \$1,597,197,600

Changes from FY 2004-05 Year to Date:

1. **Contingency Funds.** The Governor included language authorizing contingency funds. Requires legislative transfers prior to expenditure. (Sec. 901)
2. **Sale of Tax Manuals.** The Governor modified this section by limiting price to cost of production instead of the cost of printing. The Governor also appropriates the revenue received from the sale of the publication. (Sec. 905)
3. **Sleeping Bear Dunes National Lakeshore.** Payments to counties in lieu of taxes for lands transferred to the Federal government. The Governor removed this language and the \$10,000 appropriation contained in Part 1.
4. **Audit Collection Procedures Handbook.** Prohibits the Department from expending funds on initiating a new audit of any taxpayer until the Department fully complies with MCL 205.4(3). The required handbook shall inform tax payers and tax preparers of audit and collection procedures. The Governor removed this section.
5. **Data and Collection Services.** The Governor included a provision lapsing unobligated balances to the General Fund. (Sec. 929)
6. **Treasury Fees.** The Governor modified this language to provide for receipt and expenditure of investment fees for current and new restricted funding sources. The modified language also provides that fees assessed against restricted funds will be based on its absolute value of the average daily cash balance, the market value of investments in the prior fiscal year, and the level of effort necessary to maintain the restricted fund. (Sec. 931)
7. **Pension Fund Investments.** Provides that it is the intent of the Legislature that the State Treasurer give appropriate consideration to investments in early stage, university derived life science companies located in Michigan, or in venture capital funds that invest in those companies to the extent those investments offer the safety and rate of return comparable to other investments. The Governor removed this section.
8. **Personal Property Tax Auditors.** Provides that the appropriation in Part 1 for personal property tax auditors will be used to hire State employees or contractors under the Department's supervision to perform personal property tax audits. The Governor modified this section to provide that if the Department collects more than \$12 million in personal property tax audit revenue, the excess, up to \$1 million, is appropriated to the Department for additional audits. If collections exceed \$26 million, up to an additional \$2.5 million will be appropriated to the Department. (Sec. 940)
9. **Standardized Audit Schedules.** The Governor included language appropriating, in addition to amounts in Part 1, up to \$570,000 from standardized audit schedules recovered delinquent tax collection revenues for audit expenses. (Sec. 941)
10. **Municipal Finance Fee Revenue.** The Governor included new language that appropriates, in addition to amounts in Part 1, receipt and expenditure of Municipal Finance Fee Revenue. (Sec. 942)
11. **Revenue Sharing Payment Condition.** Provides for withholding of Statutory General Revenue Sharing until a county complies with Section 151 of the State School Aid Act. The Governor removed this section.
12. **Prohibitions of Sports Personalities in Advertising.** Prohibits appropriations for State Lottery from being used for the purpose of associating amateur or professional sports figure with the lottery. Provides for an exception for promotions using NASCAR drivers for instant ticket products. Requires report detailing revenue and expenditures resulting from the NASCAR exception. The Governor eliminated this section.
13. **Casino Gaming Wagering Tax.** Provides that revenue collected from the wagering tax shall be deposited in the State School Aid Fund. The Governor eliminated this section. The distribution is provided for in MCL 432.212.
14. **Other Changes.** Current-year language related to the mechanism for one time county revenue sharing payments, and one-time qualified agriculture loan carry forward were eliminated. Technical changes include correcting a reference to the Principal Residence Audit Fund (Sec. 924), and adding the Budget Director to the list of report recipients was included in Sec. 973

Date Completed: 4-15-05

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