SENATE FISCAL AGENCY

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APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

DEPARTMENT OF TREASURY
INCLUDING REVENUE SHARING
PART 1: LINE ITEM DETAIL

		2016 PA 268 Article VIII FY 2016-17 Initial
Sec. 108 (1) APPROPRIATION SUMMARY		
1.	Unclassified full-time equated (FTE) positions - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution. These positions include elected officials, heads of principal departments, and a limited number of policy-making positions in departments.	10.0
2.	Classified FTE positions - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	1,906.5
3.	**GROSS APPROPRIATION** - Total appropriations	**$1,885,142,900**
4.	Interdepartmental grants (IDGs) - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the department that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	11,262,300
5.	ADJUSTED GROSS APPROPRIATION - Gross appropriations less IDGs.	1,873,880,600
6.	Federal revenue - Funding allocated to the State by the Federal government.	39,920,800
7.	Local revenue - Funds paid by local units of government that support State services and programs.	9,201,000
8.	Private revenue - Available appropriated funds from private sources, including funding from non-governmental agencies.	26,700
9.	State restricted revenue - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue also includes general fund/special purpose funds, such as fee revenue used to support licensing programs.	1,589,286,300
10.	State general fund/general purpose (GF/GP) - Revenue that has no constitutional or statutory restrictions on how it is used.	235,445,800
11.	Payments to locals - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government.	1,415,253,400
Sec. 108 (2) EXECUTIVE DIRECTION		
1.	Unclassified positions	$995,500
	Unclassified FTE positions	10.0
	The positions funded through this line are the State Treasurer, two Deputy State Treasurers, an additional Treasury position, Tax Commission Chair, two Tax Commission Members, Executive Director of the Michigan Gaming Control Board, and the Lottery Commissioner. Most positions are funded from the General Fund, except the salary of the Executive Director of the Gaming Control Board is supported by the State Services Fee Fund and the salary of the Lottery Commissioner is supported by the State Lottery Fund. This line funds only salaries.	

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The cost of benefits for unclassified positions is appropriated in the line item for Executive Direction and Operations. In FY 2015-16 the budget transferred the salary for the Director of the Michigan State Housing Development Authority (MSHDA) to the Department of Talent and Economic Development. While the number of unclassified positions remains at 10.0 the level of funding available only allows for 9.0 unclassified positions.	
2. Executive direction and operations	$9,328,400
Classified FTE positions	52.0
This line item funds the executive office of the Department of Treasury and the costs of fringe benefits for all of the unclassified positions. In FY 2015-16, the budget increased 8.0 FTEs and $2.0 million Gross to this line item to create the Financial Review Commission. In FY 2015-16, the Office of Tax Plan Implementation and Testing Division was created using existing 24.0 FTEs and $3.55 million Gross from within the department as well as an additional 4.0 FTEs and $750,000 Gross in new dollars to the department.	
Unit Gross Appropriation	**$10,323,900**
Federal revenues	65,000
Local	101,900
State restricted funds	2,776,500
State general fund/general purpose	7,380,500

Sec. 108 (3) DEPARTMENTWIDE APPROPRIATIONS

1. Rent and building occupancy charges - property management services	$6,047,400
The central office of the Department is in the Austin Building in downtown Lansing. Additional offices are located in the Hannah Building and regional field offices. This line supports the rent and building occupancy charges for all units of the Department except the Bureau of Investments, whose rent is included in the Investments line item.	
2. Workers' compensation insurance premium	$36,400
This line supports workers' compensation costs incurred by the Department.	
Unit Gross Appropriation	**$6,083,800**
State restricted funds	2,890,600
State general fund/general purpose	3,193,200

Sec. 108 (4) LOCAL GOVERNMENT PROGRAMS

This unit supports the Bureau of Local Government Services.	
1. Supervision of the general property tax law	$14,590200
Classified FTE positions	86.0

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Under the authority of the State Tax Commission, the Property Services Division administers the General Property Tax Act of 1893, MCL 211.1-211.157. The Property Services Division is responsible for the foreclosure and sale of delinquent properties, it establishes the property tax base (determines the taxable value and State Equalized Value, SEV), determines the tax on public utilities, administers special tax exemptions, and handles the deferment of special assessments.	
The line also funds the Assessment and Certification Division which provides staff support to the State Tax Commission and provides for uniform statewide property tax assessments through equalization of assessments. The State Tax Commission also serves as the State Board of Equalization and assumed all of the functions of the former State Assessors Board, which was abolished by EO 2009-51.	
The Office of Fiscal Responsibility which assists local governments in financial distress is funded in this line beginning with FY 2011-12 supplemental funding and 10.0 FTEs provided in 2012 PA 89. Funding and 2.0 FTEs were added in FY 2015-16 for Personal Property Tax and Essential Services Assessment Administration.	
2. <u>Property tax assessor training</u>	$1,040,400
Classified FTE positions	4.0
This line funds the training and certification of assessors. This responsibility is carried out by the Assessment and Certification Division. MCL 211.10e requires the State Tax Commission to develop and assessors to use an official assessor's manual. Section 907 in Part 2 of this bill establishes the Assessor Certification and Training Fund and limits examination and certification fees. This line is supported entirely by local revenue from assessor training fees. (The State Assessors Board was abolished by EO 2009-51 and all of its functions transferred to the new State Tax Commission, created by the same Executive Order.)	
3. <u>Local finance</u>	$2,607,000
Classified FTE positions	21.0
This line supports the Local Audit and Finance Division which oversees the finances of local units of government. A number of statutes set financial requirements and guidelines for local units of government. This Division monitors collection of State taxes by local government, audits units of local government for internal controls and compliance with State requirements, and monitors local debt issuance and deficit elimination plans.	
Unit Gross Appropriation	**$18,237,600**
Local revenues	2,006,200
State restricted revenues	4,103,600
State general fund/general purpose	12,127,800
Sec. 108 (5) TAX PROGRAMS	
This unit supports the Bureaus of Tax Compliance, Tax and Economic Policy, Tax Processing, Health Insurance Claims, Home Heating Assistance, Bottle Act Implementation, and Tobacco Tax Enforcement.	
1. <u>Tax compliance</u>	$45,075,300
Classified FTE positions	340.0

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	This line supports the Audit Division and Discovery and Tax Enforcement Division involving tax audit functions, discovery and tax enforcement, and the Multi-State Tax Commission. In FY 2014-15, the budget added new funding of $250,000 and 2.0 FTEs for a new system to improve data quality and availability at State's data storage warehouse. The FY 2014-15 budget also increased funding by $600,000 and 6.0 FTEs to expand the Technical Issues Resolution Unit to address changes in tax statutes.	
2.	<u>Tax and economic policy</u>	$11,570,600
	Classified FTE positions	75.0
	This line supports the Office of Revenue and Tax Analysis, the Bureau of Tax Policy, Hearings, and Policy Communication Divisions as well as the Legislative Liaison involving research and development of policy related to compliance, customer service, tax processing, assistance to field staff, and promulgation of rules and the Office of Taxpayer Advocate. The budget for FY 2013-14 transferred in $248,000 for the Office of Taxpayer Advocate and added $3,000,000 for digital tobacco tax stamps. The budget for FY 2014-15 added $1.6 million and 9.0 FTE positions for a new office created to test all tax systems. In FY 2015-16 the budget transferred 15.0 FTEs to Tax Processing. Funding and 7.0 FTEs were added for Personal Property Tax and Essential Services Assessment administration.	
3.	<u>Tax processing</u>	$37,376,900
	Classified FTE positions	331.0
	This line supports the Return Processing Division involving the processing of tax refunds, developing electronic methods of processing returns, postage costs, IRS match projects, and administration of the Homestead Affidavit Program.	
	In FY 2014-15 the budget transferred in 126.0 FTE positions and $12.2 million in funding from the former customer contact line item. This funding and FTE positions provide taxpayer assistance, customer service improvement projects, call center operations, and website content. In FY 2015-16 the budget transferred in 15.0 FTEs from Tax and Economic Policy and 1.0 FTE and $900,000 from the Office of Collections. The budget for FY 2015-16 also transferred 26.0 FTEs to create the City Income Tax Administration.	
4.	<u>Health Insurance Claims Fund</u>	$2,070,500
	Classified FTE positions	15.0
	This line item was added by P.A. 89 of 2012 and continued with full-year funding in FY 2012-13 for administration of the Health Insurance Claims Fund created by P.A. 142 of 2011.	
5.	<u>Home heating assistance</u>	$3,086,200
	The Department of Treasury administers the Federal Low Income Heat and Energy Assistance Program (LIHEAP) on behalf of the State and the funding for this line is part of a grant made by the U.S. Department of Health and Human Services-SSA. This line is for the Federally funded cost of administration. The funding for the actual grants to households is in the budget of the Department of Human Services (DHS). Section 908 in Part 2 of this act specifies that this line may only be used to cover the administrative costs of the program.	

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6.	Bottle act implementation	$250,000

This line supports administration of the Bottle Deposit Fund with dollars from the Fund. Deposits to the Fund are made from unredeemed bottle deposits. The balance in the Fund is distributed annually to the Cleanup and Redevelopment Fund and bottle dealers. Section 910 in Part 2 of this bill authorizes the disbursements from the Bottle Deposit Fund.

7.	Tobacco tax enforcement	$1,509,100
	Classified FTE positions	13.0

Note that $3.0 million in FY 2013-14 for digital tobacco tax stamps is included in the line item for Tax and Economic Policy.

The budget included $1.5 million in FY 2012-13 to provide GF/GP support for tobacco tax enforcement. The program is carried out in conjunction with the Michigan State Police and the Department of Attorney General which also received additional funds for this purpose. The budget for FY 2011-12 included $3.0 million in State Restricted funds for this purpose, however, the Governor determined that related boilerplate in that year was unenforceable and the appropriation was not spent.

Unit Gross Appropriation	**$100,938,600**
Interdepartmental grants revenues	2,356,300
Federal revenues	3,086,200
State restricted funds	77,253,000
State general fund/general purpose	18,243,100

Sec. 108 (6) FINANCIAL AND ADMINISTRATIVE SERVICES

This unit supports the Administrative Services and Financial Services Bureaus.

1.	Departmental services	$9,180,500
	Classified FTE positions	88.0

This line supports the Budget Office, mail operations, administrative services, forms and documents, purchasing, publications, and the Privacy & Security Office.

The FY 2015-16 budget transferred in 1.0 FTE to the Office of Financial Services line item.

2.	Unclaimed property	$4,835,300
	Classified FTE positions	29.0

This line supports the Unclaimed Property Division which administers the Uniform Unclaimed Property Act of 1995. The FTEs increased by 5.0 in FY 2011-12 due to workload associated with the revised escheats law.

3.	Office of collections	$26,255,100
	Classified FTE positions	202.0

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	This line supports the Collections Division including tax collection activities within the Department. The FY 2014-15 budget transferred out $109,000 and 1.0 FTE to the Department and Budget Services line item and $746,000 and 3.0 FTEs to the Executive Direction and Operations line item. In FY 2015-16 the budget transferred $90,000 of funding for an additional FTE position in Tax processing.	
4.	Office of accounting services	$2,491,400
	Classified FTE positions	24.0
	This line supports the Finance and Accounting Division which maintains accounting records, processes payments, and prepares year-end financial reports for the Department.	
5.	Office of financial services	$4,478,500
	Classified FTE positions	38.0
	This line supports the Receipts Processing Division which provides statewide cash receipting policies and practices and serves as a clearinghouse for all State revenue. In FY 2015-16 the budget transferred 1.0 FTE position to Departmental Services	
	Unit Gross Appropriation	**$47,240,800**
	Interdepartmental grant revenues	8,295,500
	State restricted funds	35,614,900
	State general fund/general purpose	3,330,400

Sec. 108 (7) FINANCIAL PROGRAMS

	This unit supports the Bond Finance, Investments, and Student Financial Services Bureaus.	
1.	Investments	$20,594,200
	Classified FTE positions	82.0
	The Bureau of Investments is funded by this line. The Bureau oversees the investment of pension funds, common cash, and State restricted funds on behalf of the State. The Bureau is supported by fees from pension trust funds and State restricted funds. Rent expenses for the Bureau are included in this line.	
2.	Common cash and debt management	$1,666,200
	Classified FTE positions	21.5
	This line supports the State Finance Division. This Division manages the State cash flow and common cash fund. It also oversees the receipt of outside funding, such as Federal and local funds.	

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The issuance of State debt is a major function of the State Finance Division. General obligation bonds are issued on behalf of the State and this Division carries out the bonding process, with the assistance of bond counsels, financial consultants, and banking firms. Required debt service payments are determined and paid by this Division. The School Bond Loan (SBL) Program and the Michigan Underground Storage Tank Financial Assurance (MUSTFA) Act also are administered by the State Finance Division.

In FY 2015-16 the budget transferred 1.0 FTE to Tax Processing

3. <u>Dual enrollment payments</u> $1,507,600

This line was added in FY 2012-13 to provide $10.0 million GF/GP to implement Public Acts 131-134 of 2012 which require Treasury to pay the tuition costs of eligible nonpublic school students, including home-schooled students, enrolled at postsecondary institutions. In FY 2015-16 the budget increased this line item an additional $500,000 due to caseload adjustments from the May 2015 Consensus Revenue Estimating Conference.

4. <u>Student financial assistance programs</u> $2,683,300

Classified FTE positions 25.5

A number of financial assistance programs for students are administered by the Bureau of Student Financial Services, many of which distribute Federal funding in addition to State funding. The programs within this Bureau include the Michigan Education Trust (MET), the Tuition Incentive Program, the Postsecondary Access Student Scholarship Program (for community colleges), the Higher Education Student Loan Authority, and the Higher Education Assistance Authority.

Executive Order 2002-12, issued on July 25, 2002, consolidated the administration and support services of the Higher Education Student Loan Authority and the Higher Education Assistance Authority with that of three other Authorities into the Tax Authority Assistance Division. Prior to this move, the Student Loan and Assistance Authorities and fiscal support had been managed by the Bureau of Student Financial Services. Executive Order 2010-2 consolidated the governance and administration of the bonding aspects of these programs within the new Michigan Finance Authority. The budget for FY 2011-12 moved funding for the Michigan Guaranty Agency from this line to the line item for the Michigan Finance Authority, consistent with Executive Order 2010-2.

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5.	Michigan finance authority - bond finance programs	$38,856,600
	Classified FTE positions	72.5

The Michigan Finance Authority was created by Executive Order 2010-2 to combine many of the bonding and borrowing functions of State government and State authorities within one body under a single board. The budget for FY 2010-11 included the MFA as a line item for the first time and appropriated restricted funds and positions previously off-budget as boilerplate appropriations. See also boilerplate Sec. 934. To continue implementation of Executive Order 2010-2, the budget for FY 2011-12 transferred $36.9 million and 66.5 FTEs from the line item for Student Financial Assistance to this line to fund the Michigan Guarantee Agency which administers Federal student loan guarantee programs.

6.	John R. Justice grant program	$288,100

This line item was added in FY 2010-11 to appropriate Federal funds for a program to provide student loan forgiveness to qualified public defenders and prosecutors. See also Sec. 926.

7.	Financial independence team	$3,729,500
	Classified FTE positions	9.0

This line item was added in FY 2014-15 to fund Treasury's portion of a joint project with the Michigan Department of Education to create a financial independence team to provide support to financially troubled school districts. In FY 2015-16 the budget reduced this line item by $300,000.

Unit Gross Appropriation	**$69,325,500**
Interdepartmental grant revenues	210,500
Federal revenues	36,143,800
State restricted funds	25,829,600
State general fund/general purpose	7,141,600

Sec. 108 (8) DEBT SERVICE

1.	Quality of life bond	$28,687,000

This line supports the debt service payments for two general obligation bonds approved by voters in 1988, one for Environmental Protection purposes and one for Recreation purposes. In FY 2016-17 the budget includes scheduled reductions on the outstanding principal bond payments by $28.7 million and no new bonds issued.

Environmental Protection bond: Voters authorized the issuance of $660.0 million in general obligation bonds to support environmental protection activities. Of that amount, there is $8.5 million in authorization remaining as of September 30, 2015. The enabling legislation for this bond issue is PA 326 of 1988. As of September 30, 2015, the outstanding principal on the Environmental Protection bonds was $164.8 million.

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Recreation bond: Voters authorized the issuance of $140.0 million in general obligation bonds to support the development of recreation activities and facilities. Bonds have been issued for this entire amount leaving zero in remaining authorization. The enabling legislation for this bond issue is PA 329 of 1988. As of September 30, 2015, the outstanding principal on the Recreation bonds was $1.2 million.

The FY 2014-15 budget eliminated the use of the Refined Petroleum Fund to pay debt service on the Quality of Life Bond by increasing the GF/GP revenue by $3.0 million. This is the final fund shift in a three-year phase out of the use of the Refined Petroleum Fund and all future funding for this line item is anticipated to come from the General Fund.

2. Clean Michigan initiative — $89,477,000

This line supports the debt service payments for a general obligation bond approved by voters in 1994. The proceeds for Clean Michigan Initiative (CMI) bonds are used for environmental cleanup, pollution prevention, and redevelopment projects, including nonpoint source pollution control and waterfront redevelopment. Voters authorized the issuance of $675.0 million in bonds. As of September 30, 2015, $80.4 million in authorization remains and the outstanding principal on the Clean Michigan Initiative bonds was $384.8 million. The FY 2016-17 budget includes no new debt payments and $25.5 million in scheduled increases on the outstanding principal bond payments.

3. Great Lakes water quality bond — $18,873,000

This line supports the debt service payments for a general obligation bond approved by voters in 2002. The proceeds are used for sewage treatment projects, storm water projects, and reducing nonpoint source water pollution. Voters authorized the issuance of $1.0 billion in bonds of which $687.5 million remains available as of September 30, 2015. The outstanding principal on the Great Lakes Water Quality bonds was $194.3 million as of September 30, 2015.

The FY 2016-17 budget includes reductions of $8.0 million in scheduled payments on the outstanding principal bond payments in addition to new debt service payments totaling $10.3 million GF/GP increasing the total debt service payment for this bond by $2.3 million (all GF/GP). The debt service payments for this bond will cover debt service on existing bonds and the additional costs of a proposed $200.0 million bond issue in FY 2016-17. Spending authority for these bonds are under the Strategic Water Quality Initiative Fund (SWQIF) within DEQ. The bonds are issued under Proposal 2 of 2002 and can be spent on grants and loans to municipalities for groundwater and storm water management. The increases are due to changes in the statute that establishes the SWQIF that makes the grants and loans more attractive to municipalities

Unit Gross Appropriation	**$137,037,000**
State general fund/general purpose	137,037,000

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Sec. 108 (9) GRANTS

1. Convention facility development distribution	$90,950,000

The Convention Facility Development Fund was established by the State Convention Facility Act, Public Act 106 of 1985, to assist local governments in the financing of major convention facilities. Revenue for the Fund is generated by a statewide 4% Liquor Excise tax and an Accommodations tax in Wayne, Oakland, and Macomb counties. The revenue is used to pay the debt service on Cobo Hall in Detroit, make payments to the Detroit Regional Convention Facility Authority, and for payments to Michigan's 83 counties. For FY 2005-06, $1.0 million was earmarked for the Sports Tourism Fund to offset costs for the Super Bowl (HB 5480). In FY 2009-10, $9.0 million was appropriated from the 21st Century Jobs Trust Fund related to the transfer of Cobo Hall to a regional authority.

2. Senior citizens cooperative housing tax exemption program	$10,520,000

The Senior Citizens' Cooperative Housing Tax Exemption Program was established under MCL 211.7d. With general fund dollars, the State pays the property taxes on behalf of a qualified housing facility to the local unit of government. The four qualifications for a facility are:

a. the housing is owned and operated by a non-profit organization, association, or limited dividend housing corporation;
b. the housing is for the elderly, the disabled, or mentally ill;
c. the housing has 8 or more residential units; and
d. the housing was qualified, built, or financed under Section 202 (capital advances for senior housing) or 236 (multi-family projects) of the National Housing Act of 1959, as amended, or Section 811 of Subtitle B of Title VIII of the Cranston-Gonzales National Affordable House Act (supportive housing for persons with disabilities, P.L. 101-625).

3. Emergency 911 payments	$27,000,000

The revenue supporting this line is generated by a fee included on all phone bills. The revenue is used to establish and maintain 911 emergency response capabilities. Proceeds from the fee are distributed to counties, the State Police, and suppliers. Public Acts 78 and 79 of 1999 established the program through amendments to the Emergency Telephone Service Enabling Act, PA 32 of 1986, MCL 484.1101 to 484.1717.

4. Health and safety fund grants	$9,000,000

The fund was established in P.A. 264 of 1987 in the Health and Safety Fund Act in conjunction with an increase to the cigarette tax. Four cents from the cigarette tax is deposited in the fund which is distributed pursuant to statute. This line is for the distribution to counties that have never received a loan authorized under Section 3 (2) or (3) of the Emergency Municipal Loan Act. The distribution is made on a per capita basis. Counties are required to use 12/17ths of the distribution for public health prevention programs and services and 5/17ths for county jail or juvenile facility operations, maintenance, equipment, or construction, or for court operations.

5. Beat the Streets	$100,000

First included in the FY 2016-17 budget. This funding supports a youth wrestling program aimed at improving the lives of at-risk youths in Detroit. The program started in Detroit in 2009.

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6.	Gianna House	$100,000
	First included in the FY 2016-17 budget. This funding supports the Gianna House located in Eastpointe, MI. This center houses and support teen and crisis pregnancy as well as adoption services.	
7.	Plasma Cutter Match	$76,000
	First included in the FY 2016-17 budget. This funding provides matching support for a Plasma cutting machine for the Lenawee ISD.	
8.	Student Loan Delinquency Pilot	$345,600
	First included in the FY 2016-17 budget as a one-year pilot program to contract with a provider that provide one-to-one counseling services to individuals delinquent on student loans. The intention is to increase the payments to delinquent student loans. The contract will be issued in an RFP process that is outline in boilerplate section 936.	
	Unit Gross Appropriation	**$138,091,600**
	State restricted funds	126,950,000
	State general fund/general purpose	11,141,600

Sec. 108 (10) BUREAU OF STATE LOTTERY

1.	Lottery operations	$24,760,300
	Classified FTE positions	183.0

Article IV, Section 41 of the Michigan Constitution of 1963 authorized lotteries and the Michigan Bureau of State Lottery was established in the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, Public Act 239 of 1972 (MCL 432.1 - 432.47). The lottery is an autonomous agency within the Department of Treasury. The Lottery Commissioner is appointed by the Governor with the advice and consent of the Senate.

The Bureau is charged with producing “the maximum amount of net revenues for the state consonant with the general welfare of the people” (MCL 432.9). It operates games on a statewide basis and participates in joint enterprises with other states. MCL 432.12 requires that not less than 45% of the revenue be awarded in prizes. In FY 2009-10, approximately 58% of lottery sales revenue was awarded in prizes. All revenues are deposited in the State Lottery Fund, which is the sole fund source for the Bureau. After the payment of prizes, operations of the Bureau, and $1,000,000 to the Compulsive Gambling Prevention Fund, the net revenue in the State Lottery Fund is credited to the State School Aid fund for the benefit of K-12 schools. The deposit to the School Aid Fund was approximately $778.4 million in FY 2011-12.

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The Charitable Gaming Division is housed within the Bureau of State Lottery. It was established by Public Act 382 of 1972 (MCL 432.101-432.120). This Division regulates bingo games, raffles, and progressive jackpots which are conducted for charitable purpose. It issues licenses for eligible nonprofit organizations to conduct these games and the fees are established in statute. After deducting the costs of prizes and operations, remaining funds are deposited in the General Fund. The charitable gaming deposit to the General Fund was approximately $11.3 million in FY 2009-10. Authority for oversight of millionaire parties was transferred by EO 2012-4 to the Michigan Gaming Control Board.	
2. Information technology services and projects	$5,239,600
Supports information technology services provided by the Department of Technology, Management, and Budget.	
Unit Gross Appropriation	**$29,999,900**
State restricted funds	29,999,900
State general fund/general purpose	0

Sec. 108 (11) CASINO GAMING

1. Michigan gaming control board	$50,000
The Michigan Gaming Control Board was established in the Gaming Control and Revenue Act, (MCL 432.201-432.226), also known as Initiated Law 1 of 1996. The law was the result of a vote of the electorate to establish casino gaming in Michigan. It was modified subsequently by Public Act 69 of 1997. Casino gaming is limited to three casinos in the City of Detroit. The Michigan Gaming Control Board supervises and regulates these casinos. Gaming on Indian Reservations does not fall under the direct oversight of the Board.	
The Michigan Gaming Control Board has five members who are appointed by the Government to alternating 4-year terms. This line item supports travel, hotel, meeting room, and per diem expenses for the five Board members.	
2. Casino gaming control administration	$26,196,700
Classified FTE positions	132.0
All operational expenses for Casino Gaming are funded through this line. The agency regulates the operation of the three Detroit casinos, including licensing for vendors, security oversight, testing of slot machines, and inspections of the premises. In addition, EO 2012-4 transferred oversight of millionaire parties, a charitable gaming activity, from the Bureau of State Lottery to the Michigan Gaming Control Board. It works in conjunction with the Departments of Attorney General and State Police.	

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The agency is supported with annual assessments from the three casinos that are deposited in the State Services Fee Fund. Statute requires that money in the Fund is spent on regulatory and enforcement costs, compulsive gambling programs, casino-related programs and activities, casino-related legal services provided by the attorney general, and the casino-related expenses of the department of state police. Funds must be appropriated by the Legislature and do not revert to the General Fund at the end of the year. Additional fees are also levied on millionaire parties and are deposited into the State Services Fee fund, however, the agency cannot expend more from the fund for oversight than is deposited into the fund from those additional fees.

Duties of the agency related to Indian casinos are limited to overseeing the State-Indian compact provisions. The staff inspects facilities, test gambling machines, and conduct financial audits of the Indian casinos. The agency has two staff persons assigned to this area. The Board members are not involved in this function. The FY 2016-17 increased the administration by 1.0 FTE to ensure that every Indian Tribal casino has an able to have an annual audit.

3. <u>Casino gaming information technology services and projects</u> — $2,012,700

Supports information technology services provided by the Department of Technology, Management, and Budget.

4. <u>Racing Commission</u> — $2,462,600

Classified FTE positions — 10.0

Executive Orders 2009-45 and 2009-54 transferred horse racing regulation from Department of Agriculture to the Gaming Control Board within the Department of Treasury. The position of Racing Manager is an unclassified position appropriated in the Executive Direction unit. This commission is funded by the Equine Development Fund. In FY 2016-17, the budget transferred horse testing from the Department of Agriculture and Rural development and will contract the testing services with a private provider in the future.

Unit Gross Appropriation	**$30,722,000**
State restricted funds	30,722,000
State general fund/general purpose	0

Sec. 108 (12) Payments in Lieu of Taxes

1. <u>Commercial forest reserves</u> — $3,368,100

Part 511 of the Natural Resources and Environmental Protection Act, Act 451 of 1994 (MCL 324.51101-324.51120), provides a tax incentive to private landowners who retain and manage forest land for long-term timber production, and who apply for and are granted certification as a commercial forest. Commercial forests are exempt from ad valorem property taxes. The owner and the State instead each pay $1.25 per acre. This rate increased from $1.20 to $1.25 in 2012 for FY 2012-13 payments. Pursuant to statute the rate will increase by five cents every five years thereafter. The State payments were first prorated in FY 2009-10. Proration is prohibited beginning in FY 2012-13 due to changes in 2012 PA 604.

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2. Purchased lands	$8,425,100

Article I, Part 21, Subpart 14 of the Natural Resources and Environmental Protection Act, Act 451 of 1994 (MCL 324.2152-324.2154) requires the Department to make ad valorem tax payments, characterized as payments in lieu of taxes, on Department-owned lands purchased on or after January 1, 1933. Public Acts 603 and 604 of 2012 revised several key elements of the program:

- Proration of payments was prohibited beginning in FY 2012-13, however, appropriation of funds is required.
- Beginning in FY 2013-14, the taxable value used for the properties in the program will be the greater of the taxable value computed according to the General Property Tax Act (the value as of the prior December 31) or the lagged taxable value under the purchased land statute.
- Beginning in FY 2013-14, the millage rate used to calculate payments will be the current rate including special assessments.
- Beginning in FY 2013-14, there is the potential for penalties (reductions in payments) to locals for late filing and State-paid penalties for incomplete State payments.

These changes reversed several provisions enacted in 2004 to address the rising cost of the program at that time. Historically, annual increases in the taxable value of property accounted for approximately 65% of the annual increase required to fully fund this obligation and prior to 2004 supplemental appropriations were often required to provide sufficient funding. To address some of these issues, statutory changes enacted in 2004 froze for 5 years the valuation of the lands at their 2004 taxable value, for future land purchases, the value at the time of purchase. The taxable values began adjusting again in 2009 with changes limited to the lesser of the prior year increase in general price level or 5%. The enacted changes also capped the mills that were permitted to be assessed on the DNR-owned property at the amount paid in 2004.

After 2011, payments on land purchased with the Natural Resources Trust Fund are paid entirely from that fund for both school and non-school assessments. Payments on land purchased from other fund sources will be made as before, with school charges from the School Aid Fund, and remaining payments split between relevant restricted funds and GF/GP revenue.

Public Act 31 of 2010 amended the statute to provide for proration of payments in FY 2009-10 only. It also simplified administration of the program by requiring property tax statements to be bundled by county prior to submission. Public Act 118 of 2011 changed the fund sources beginning in 2012 and permitted proration of payments from all fund sources except the Natural Resources Trust Fund. Public Act 603 of 2012 applied penalties to the State for partial payments, essentially reinstating the prohibition on proration.

	2016 PA 268 Article VIII FY 2016-17 Initial
3. Swamp and tax reverted lands	$15,605,600

Article I, Part 21, Subpart 13 of the Natural Resources and Environmental Protection Act, Act 451 of 1994, (MCL 324.2150-324.2151) requires the Department to make payments in lieu of taxes to counties and townships in which there are tax reverted, recreation, and forest lands under the control of the Department, which were purchased prior to January 1, 1933, tax reverted before 1999, or are from a gift or bequest. The payments are set in MCL 324.2150 at a specific rate per acre, with 50% payable to counties, and 50% payable to townships. Public Act 603 of 2012 revised the rate per acre from the current $2.00 per acre to $3.00 per acre in FY 2014-15 and $4.00 per acre in FY 2015-16. Subsequent years would increase by an inflationary adjustment of up to 5%. Statute requires that the payments be made from the General Fund. Much of the swamp and tax reverted land is State forest land. This program covers about 3.5 million acres of land owned by the Department of Natural Resources.

The program was first appropriated in the Treasury budget in FY 2008-09. In prior years, funding was appropriated in the budget for the former Department of Natural Resources. The line item was prorated from FY 2009-10 to FY 2011-12. Supplemental in FY 2012-13 is estimated to eliminate proration in that year. PA 603 prohibited proration of these payments, however, funds must be appropriated annually.

Unit Gross Appropriation	**$27,398,800**
Private funds	26,700
State restricted funds	5,177,500
State general fund/general purpose	22,194,600

Sec. 108 (13) REVENUE SHARING

1. Constitutional state general revenue sharing grants	$757,875,200

Article IX, Section 10 of the Michigan Constitution designates 15% of collections of a 4% sales tax to townships, cities, and villages (not counties). This percentage translates into 10% of the current 6% sales tax. Payment is made in an equal amount per capita based on population as of the decennial federal census. The Constitution states that the Legislature may exclude "persons who are wards, patients, or convicts in any tax supported institution." The Glenn Steil State Revenue Sharing Act, PA 140 of 1971, MCL 141.903, specifies that 50% of the population of such institutions shall be counted for the purpose of determining the grant for a local unit of government.

The initial appropriation for constitutional revenue sharing for FY 2016-17 is based on the sales tax estimate from the May 2016 Consensus Revenue Estimating Conference. The annual payment is estimated at $76.92 per capita. Actual payments are based on actual sales tax collections. Payments are made six times per year on the last business day of October, December, February, April, June, and August. Each payment is calculated based on the collection from the two-month period that ends on the prior August 31, October 31, December 31, February 28, April 30, and June 30.

		2016 PA 268 Article VIII FY 2016-17 Initial
2.	City, village, and township revenue sharing [Ongoing funding]	$243,040,000

This line item distributes nonconstitutional (often called "statutory") revenue sharing to cities, villages, and townships (CVTs). The budget for FY 2016-17 continues the program that was in effect in FY 2015-16. Each CVT that was eligible for a payment in FY 2015-16 is eligible for the same payment amount in FY 2016-17. A CVT must comply with accountability and transparency criteria under Sec. 952 to receive the maximum payment possible. Total funding for the program is $248,840,000 in FY 2016-17, which consists of $243,040,000 appropriated in this line item and $5.8 million in one-time funding appropriated in the unit for One-time Basis Only Appropriations.

The former Economic Vitality Incentive Program (EVIP) was simplified and renamed to City, Village, and Township Revenue Sharing in FY 2014-15. In that year, the budget expanded eligibility to any city, village, or township (CVT) with a revenue sharing population of more than 7,500 and added a per capita payment to the calculation. This increased the number of local governments eligible for payments from 486 in FY 2013-14 to 587 in FY 2014-15. The number of eligible local units remains the same in FY 2015-16 and FY 2016-17.

In FY 2014-15 two alternative payment calculations for statutory revenue sharing were available for CVTs. An eligible CVT could receive the higher of the two calculations, assuming compliance with accountability and transparency requirements. For a CVT that received at least $4,500 in statutory revenue sharing in FY 2009-10, the payment in FY 2014-15 was equal to 78.51044% of in FY 2009-10 payments. Alternatively, a local unit with a population of more than 7,500 was eligible to receive a payment of $2.64659 per capita. A local unit that met both prior payment and population criteria was eligible to receive the higher of those amounts. Qualifying for full payment required compliance with accountability and transparency requirements described in Sec. 952, which were simplified with the elimination of EVIP in FY 2014-15. The budget for FY 2015-16 made a CVT eligible for the same amount in FY 2015-16 for which it had been eligible in FY 2014-15, effectively continuing the FY 2014-15 calculation. Similarly in FY 2016-17, the Sec. 952 boilerplate looks back to FY 2015-16. A CVT in FY 2016-17 is eligible for the same amount for which it was eligible in FY 2015-16.

For FY 2011-12 through FY 2013-14, nonconstitutional revenue sharing for eligible CVTs was distributed through the EVIP program. Under EVIP, a CVT that received at least $4,500 in statutory revenue sharing in FY 2009-10, was eligible to receive a percentage of the prior year payment. An eligible CVT qualified for payment by completing requirements in the categories of accountability and transparency, consolidation of services, and unfunded liabilities. The unfunded liabilities category replaced the employment compensation category for FY 2013-14. The table below summarizes the recent appropriations for this program.

**History of Initial Appropriations
EVIP in FY 2011-12 to FY 2013-14
CVT Revenue Sharing in FY 2014-15 to FY 2016-17
With Maximum Payment Calculation
(millions)**

	Formula	Ongoing	One-time[b)]	Total
FY 2011-12[a)]	67.837363% of FY 10 pmt.	$195.0	$15.0	$210.0
FY 2012-13	72.68289% of FY 10 pmt	217.5	7.5	225.0
FY 2013-14	76.18459% of FY 10 pmt	226.3	9.5	235.8
FY 2014-15	Larger of 78.51044% of FY 10 pmt or $2.64659 per capita	242.0	5.8	248.8
FY 2015-16	Same pmt as prior year	242.0	5.8	248.8
FY 2016-17	Same pmt as prior year	242.0	5.8	248.8

a) Excludes $5.0 million in FY 2011-12 allocated in boilerplate for the Competitive Grant Assistance Program.
b) One-time funding is appropriated in a separate unit, Sec. 108(17), which is described below.
Note: "Pmt" means Payment.

Sec. 952 specifies that at year-end, CVT revenue sharing appropriations are adjusted by legislative transfer to move unpaid funds (due to CVTs that do not qualify for their full funding amounts because they do not meet all program requirements) to a grant program. The transfer was made to the appropriation for Competitive Grant Assistance Program in FY 2011-12 to FY 2013-14. The year-end transfer for FY 2014-15 moved $184,400 from the CVT revenue sharing line to the grant program for Financially Distressed Cities, Villages, or Townships. If there are unexpended funds and a transfer is made for FY 2015-16 or FY 2016-17, boilerplate provides for any transfer to go to the appropriation for Financially Distressed Cities, Villages, or Townships.

	2016 PA 268 Article VIII FY 2016-17 Initial
3. County Incentive Program	$43,033,500

Revenue sharing payments to eligible counties are calculated according to a statutory formula and boilerplate sections 952 and 955. Payments are distributed through two line items: County Incentive Program (CIP) and County Revenue Sharing (CRS). When CIP and CRS are considered together, each eligible county that meets all accountability and transparency criteria will receive an increase of nearly 1.0% in FY 2016-17, receiving 100.976% of the payment provided in statute. An eligible county is one that has completed withdrawals from its revenue sharing reserve account, created in 2004 by a one-time acceleration of county property tax collections. In order to receive the maximum total revenue sharing payment, an eligible county must comply with the accountability and transparency requirements of the CIP.

For most counties, the CIP payment for which the county is eligible in FY 2016-17 will be the same as in FY 2015-16. The 1.0% increase in overall revenue sharing payments to counties will be distributed through the CRS line item. The $93,500 increase for CIP will be used for the increased cost of counties in the first full- or part-year of state-paid county revenue sharing.

For FY 2012-13 to FY 2015-16, CIP distributed 20% of the total funds available for revenue sharing payments to counties and the CRS line distributed 80% of the appropriations. The FY 2016-17 budget reduces the proportion of total revenue sharing available to counties that depends on meeting accountability and transparency requirements from 20% to 19.8% of total revenue sharing appropriations for counties. The increased payments above the statutory formula will be distributed through the CRS line and will not depend on a county meeting accountability and transparency requirements.

The County Incentive Program makes a portion of the State-paid revenue sharing to eligible counties based on incentive requirements. FY 2012-13 was the first year of this program. In FY 2014-15, program requirements were reduced to compliance with accountability and transparency requirements only. These requirements are in Sec. 952. Beginning in FY 2015-16, revenue sharing payments to counties have been funded from ongoing revenue.

County Incentive Program
Year-to-Date Appropriation History
(millions)

	Ongoing	One-time	Total
FY 2012-13	$23.6	$2.5	$26.1
FY 2013-14	22.7	6.5	29.1
FY 2014-15	42.2	0.0	42.2
FY 2015-16	42.9	0.0	42.9
FY 2016-17	43.0	0.0	43.0

	2016 PA 268 Article VIII FY 2016-17 Initial
4. <u>County revenue sharing</u>	$174,234,000

Distributes funds to eligible counties pursuant to the Glenn Steil State Revenue Sharing Act, Public Act 140 of 1971, MCL 141.901 to 141.921 and Sec. 955. Revenue sharing payments to counties are distributed through the County Revenue Sharing line (CRS) and the County Incentive Program.

In 2004, property tax collections by counties were accelerated and the proceeds placed in a revenue sharing reserve account for each county. Beginning in FY 2004-05, counties were directed to make withdrawals from these accounts each year in an amount equal to their FY 2003-04 revenue sharing payment adjusted for inflation. These withdrawals replaced State revenue sharing payments to counties, reducing State costs. When a county depleted its reserve account, it returned to State-paid revenue sharing. "Full funding" of this program pays each county that had depleted its revenue sharing reserve account the amount that it received in revenue sharing in FY 2003-04, adjusted by inflation for each year that the county made withdrawals from its revenue sharing reserve account. Once a county exhausts its revenue sharing reserve account, payments are no longer adjusted for inflation. MCL 141.911(6) authorizes proration of State payments as necessary based on the amount appropriated. Payments to counties were prorated from FY 2008-09 through FY 2013-14. Full funding was appropriated in FY 2014-15 and FY 2015-16. The total revenue sharing appropriations to counties increase to 100.976% of the full funding amount in FY 2016-17. Beginning in FY 2012-13, appropriations from both the CIP and CRS line must be considered in determining the amount of revenue sharing payments for which a county is eligible.

The appropriation for County Revenue Sharing increased by 44.9% in FY 2014-15 due to the elimination of the proration that had been in effect for the program and 11 additional counties (Benzie, Cheboygan, Crawford, Grand Traverse, Lake, Montmorency, Oakland, Ogemaw, Oscoda, Otsego, and Presque Isle) becoming eligible in FY 2014-15 for full- or part-year payments. The increase in County Revenue Sharing of $2.8 million in FY 2015-16 covered the cost of counties in their first full or part-year of payments. In FY 2016-17, CRS increases by $2,474,000 of which $374,000 covers the cost of newly eligible counties and $2.1 million which provides an increase of nearly 1.0% (0.976%) to all eligible counties.

State-Paid Revenue Sharing to Counties
From Year-to-Date Ongoing and One-time Appropriations
FY 2004-05 to FY 2016-17

	Number of Eligible Counties	County Incentive Program	County Revenue Sharing	Total
FY 2004-05	0	$0	$0	$0
FY 2005-06	0	0	0	0
FY 2006-07	0	0	0	0
FY 2007-08*	1	0	18,854	$18,854
FY 2008-09	7	0	2,961,840	2,961,840
FY 2009-10	20	0	55,291,700	55,291,700
FY 2010-11	37	0	112,502,927	112,502,927
FY 2011-12	50	0	115,000,000	115,000,000
FY 2012-13**	62	$26,120,000	104,480,000	130,600,000
FY 2013-14	63	29,152,000	116,608,000	145,760,000
FY 2014-15	74	42,240,000	168,960,000	211,200,000
FY 2015-16	76	42,940,000	171,760,000	214,700,000
FY 2016-17	78	43,033,500	174,234,000	217,267,500

*Tuscola County was the first of the 83 counties to re-enter State-paid revenue sharing. The first year payment is usually a partial year payment. Counties that remain to return to State-paid revenue sharing (with fiscal year of return) are: Alcona and Charlevoix (2017); Keweenaw, Antrim, and Mackinaw (2019); Leelanau (2021); and Emmet (2023).

**Beginning in FY 2012-13, the County Incentive Program payments were made to eligible counties as part of the total revenue sharing payments.

5. <u>Financially distressed cities, villages, or townships</u> $5,000,000

This grant program for financially distressed cities, villages, or townships was reduced from total funding of $8.0 million in FY 2014-15 to $5.0 million in FY 2015-16. The appropriation was continued at $5.0 million in FY 2016-17.

This program was established in FY 2014-15. It provides grants of up to $2.0 million to a city, village, or township that meets conditions of probable financial stress as determined by the Department of Treasury. The grants are for projects that move the local government toward financial stability, such as payments to reduce unfunded accrued liability, to repair or replace critical infrastructure, to reduce debt, for costs associated with a transition to shared services, or other projects. Sec. 956 describes the program.

2016 PA 268
Article VIII
FY 2016-17
Initial

Financially Distressed Cities, Villages, or Townships Initial Appropriation History (millions)			
	Ongoing	**One-time**	**Total**
FY 2014-15	$5.0	$3.0	$8.0
FY 2015-16	5.0	0.0	5.0
FY 2016-17	5.0	0.0	5.0

Unit Gross Appropriation	$1,223,182,700
Sales tax	1,223,182,700
State general fund/general purpose	0

Sec. 108 (14) STATE BUILDING AUTHORITY

The State Building Authority is authorized to issue and sell bonds and notes for the acquisition and construction of facilities and State equipment. The debt service on the bonds is payable from lease revenue paid by the State pursuant to provisions of the leases. Appropriations for this lease revenue are contained in State Building Authority Rent in the Department of Technology, Management, and Budget (DTMB) while the administrative functions are funded in the Department of Treasury.

1. State building authority	$725,200
Classified FTE positions	4.0

The FY 2014-15 budget adds this new line item and FTE positions for the administrative functions of the SBA. These functions were transferred to the Department of Treasury from the DTMB pursuant to Executive Order 2013-8.

Unit Gross Appropriation	**$725,200**
State restricted funds	725,200
State general fund/general purpose	0

Sec. 108 (15) CITY INCOME TAX ADMINISTRATION PROGRAM

1. City income tax administration	$5,879,100
Classified FTE positions	49.0

The FY 2015-16 included 50.0 FTEs and $5.85 million to create the city income tax administration program. The purpose of this program is to allow cities that levy a local city income tax to join the state system. This allows cities to reduce administrative costs while still providing e-file for local income tax returns and verifying personal tax information with the state system. Cities that choose to enter the program pay the city income tax fund for the costs of administering the program and the state then appropriates those funds. The funds cover the total costs for administering the program and no additional General Fund is needed. Starting in FY 2015-16, only the City of Detroit is active in this program.

	2016 PA 268 Article VIII FY 2016-17 Initial
Unit Gross Appropriation	**$5,879,100**
Local revenues	5,879,100
State general fund/general purpose	0

Sec. 108 (16) INFORMATION TECHNOLOGY

1. Information technology services and projects — $30,813,800

This line funds the information technology charges paid by the Department to the DTMB. Executive Order 2009-55 transferred the responsibilities of the former Department of Information Technology to the newly combined Department of Technology, Management, and Budget. Previously, Executive Order 2001-3 centralized technology-related positions and functions in the Department of Information Technology (DIT). 140.0 FTEs were initially transferred to the new department from the Department of Treasury. Of these FTEs, 38.0 were from the Bureau of Lottery, 7.0 were from the Michigan Gaming Control Board, and 95.0 were from the Department of Treasury. The funding is appropriated in the originating department and received in DTMB as an interdepartmental grant from user charges. Beginning with FY 2003-04, Lottery and the Gaming Control Board Information technology costs are shown in their respective appropriation units.

In FY 2016-17, this line item was increase $1.6 million to transition the DTMB payment model from an hourly basis to a Rated Service payment model. This new model charges departments by the amount activity of services needed and the degree of services required to complete new projects.

Unit Gross Appropriation	**$30,813,800**
IDG	400,000
Federal revenues	625,800
Local revenues	1,213,800
State restricted funds	18,260,700
State general fund/general purpose	10,313,500

Sec. 108 (17) ONE-TIME BASIS ONLY APPROPRIATIONS

1. City, village, and township revenue sharing — $5,800,000

This one-time funding combines with the ongoing funding for this program to increase total resources to $248,240,000. This line item (formerly the Economic Vitality Incentive Program (EVIP)) was revised to have fewer requirements and renamed in FY 2014-15. FY 2016-17 is the sixth year of one-time funding for city, village, and township revenue sharing or its predecessor program EVIP.

		2016 PA 268 Article VIII FY 2016-17 Initial
2.	Free Individual E-file	$2,842,500
	The one-time funding was first appropriated in FY 2016-17 to allow for the electronic filing of individual tax returns for free. Prior to this year, there was no way for individuals to electronically file directly to the department. This is intended to increase the rate of individuals filing tax returns electronically.	
3.	Urban Search and Rescue	$500,000
	This one-time funding was first included as ongoing funding in the FY 2015-16 budget to support the urban search and rescue taskforce.	
4.	Drinking Water Declaration of Emergency	$100
	This placeholder allows for contingency funds transfers from the drinking water declaration of emergency reserve fund in the event that funds are required during FY 2016-17. Contingency fund transfer only need approval from the Senate and House appropriation committees instead of supplemental funding, which requires approval by both chambers.	
	Unit Gross Appropriation	**$9,142,600**
	State restricted revenue	5,800,100
	State general fund/general purpose revenue	3,342,500

Section Number	Description and History
OPERATIONS	
901	**Contingency Funds.** Provides that a limited amount of Federal, State Restricted, local, and private revenues that come in during the year, such as a new Federal grant, can be appropriated upon approval of a contingency fund transfer to a line item by the Appropriations Committees of both houses of the Legislature. Contingency fund transfers are limited to the following revenue amounts: $1,000,000 Federal, $10,000,000 State Restricted, $200,000 local, and $40,000 private. **Background:** Included since FY 2007-08.
902	**Debt Service Appropriation.** Appropriates amounts needed for interest, fees, rebates, and costs associated with issuance and repayment of notes and bonds, cash flow borrowing, and debt service on the School Bond Loan Fund. Also authorizes the State Treasurer to use repayments on loans from the School Bond Loan Fund to pay debt service on bonds or notes issued by the School Bond Loan Fund Program. These repayments are at the determination of the State Treasurer, unless use of the repayments is directed by statute. **Background:** This section authorizes the State Treasurer to pay debt service costs on general obligation bonds or notes.
902a	**Notification of Bond Refinancing or Restructuring.** Requires the department to notify the Legislature, the fiscal agencies, and the State Budget Office, within 30 days after issuance of any refunding or restructuring bond issue. The notification is required to include a comparison of the debt service before and after the issuance, the change in the principal and interest for the duration of the debt, and the change in the present value of the debt service due to the refinancing and restructuring. **Background:** The section was added in FY 2011-12 due to concerns raised over the large increase in debt service appropriations in that budget due to prior restructuring of bonds to achieve debt service reductions in FY 2010-11.
903	**Tax Collection Contracts.** Allows the Department to contract with private collection agencies to collect taxes, defaulted student loans, and other accounts due to the State. Limits collection costs and fees. Requires annual report due November 30. **Background:** The program began in early 1980s. The contract is bid every 5 years. In FY 2003-04, language was added providing for contractual authority to collect defaulted student loans. FY 2009-10 collections totaled $158,303,456 collected at a cost of $24,113,928 or about 15.2% of collections. The section was modified in FY 2011-12 to increase the limit on collection costs for defaulted student loans from 23% to 24.36%, consistent with the allowable costs under Federal policy.
904	**Investment Service Fee.** Allows the Department to charge an investment service fee against retirement funds. Authorizes use of this fee revenue up to the appropriated amount for salaries, wages, and other costs of administering the State retirement funds. Also appropriates, in addition to amounts appropriated in Part 1, sufficient amounts from retirement funds for costs necessary to pay for outside consulting services needed for prudent management of retirement funds (including costs of money managers, investment advisors, consultants, and other outside professionals). Requires an annual report of each advisor's portfolio performance. **Background:** Allows additional funds to be expended for portfolio management beyond what is already appropriated. Originally targeted for consultants for international investments, but broadened to include all types of investments. All advisors are outside contractors and a report is required on the performance of each contractor.

Section Number	Description and History
904a	**Financial Services.** Appropriates sufficient funds in boilerplate to pay fees for financial services provided by banks under MCL 21.181. These are funded by restricted revenues from common cash interest earnings, investment earnings, and miscellaneous revenue. **Background:** First added in 2006-07. MCL 21.181 reads: "That it shall be the duty of the state treasurer to keep the accounts of the treasurer with all banks or depositories where any moneys of the state may be kept or deposited upon the regular books of his office so that each item of all such accounts shall appear therein." This section ensures payment of fees associated with these accounts. The FY 2016-17 budget included miscellaneous revenue to support financial services.
905	**Municipal Finance Fee Fund.** This section creates a revolving fund to receive fees under the Municipal Finance Act. The Fund carries forward and does not lapse to the General Fund. New in FY 2012-13 to provide a mechanism for receiving and spending fee revenue related to the Municipal finance Act.
906	**Audit Charges.** Requires the Department to charge for audits as permitted by State or Federal law and provides for annual report. Designates source of funding for audits appropriated in Part 1. Audits may be performed by Department auditors or by independent contracted CPAs. A report of audits performed and audit charges is required by November 30. Creates a revolving fund for audit charges collected pursuant to contracts with locals. The fund may carry forward. **Background:** This section refers to the line item "Local finance" in the Local Government Programs Unit in Part 1. The line is partially funded by appropriated revenue from local audit charges. This section requires the Department to bill for audits as permitted by law. The Department does not charge State departments or agencies for the performance of audits. The charges received are from local units of government. Financial audits may be performed by independent CPAs; however, Department staff perform compliance audits. Revenue received from local units of government for audits averages around $300,000 to $400,000 per year. The section was modified in FY 2012-13 to create the Audit Charges Revolving Fund. Revenue from audit charges is deposited into the Audit Charges Fund where it can carry forward for future appropriation. The FY 2015-16 budget modified the section to cap the audit charges to the exact cost of performing the audit
907	**Assessor Certification and Training Fund.** Creates the Assessor Certification and Training Fund, a revolving fund to operate the assessor certification and training program. Limits examination fees to $50 and certification fees to $175. Fee revenue is deposited into the revolving fund. **Background:** This section refers to a fund source in the Local Government Programs Unit. The fees collected in the Fund are administered by the New State Tax Commission which assumed the responsibilities of the State Assessors Board pursuant to Executive Order 2009-51. In FY 2004-05 the language was modified to provide for the first fee increase since October 1, 1988. The exam fee was increased from $25 to $50, the initial certification fee from $35 to $50, Level 1 and Level 2 renewal fees from $50 to $75, and Level 3 and 4 renewal fees from $95 to $125. In FY 2013-14, the section was changed so that instead of setting the assessor fees, it capped the fees. The State Tax Commission interprets R 209.145 (adopted in 2010) as authority to set fees for assessor exams and certifications. The renewal fee was increased by the State Tax Commission to $150 in FY 2012-13 and up to $175 in FY 2013-14.

Section Number	Description and History

908 **Heating Assistance Program.** Specifies that the Home Heating Assistance program appropriation covers costs of program administration.

Background: The Department of Treasury administers the Federally funded home heating credit which assists low income residents with heating costs. The Treasury budget includes $3,023,400 in Federal funds for the costs of administering this program. Funds for the credits are appropriated in the budget for the Department of Human Services. There have been transfers and supplemental appropriations in the past related to one-time Special Energy Allowances made available by the Federal government.

909 **Airport Parking Tax Act.** Appropriates revenue from the Airport Parking Tax Act for distribution pursuant to that Act.

Background: This language section appropriates revenue received under the Airport Parking Tax Act and authorizes the pass-through of those funds. The Airport Parking Tax was established in 1987 to provide financial assistance to Wayne County and the City of Romulus. Public Act 680 of 2002 revised the distribution. MCL 207.377a requires the deposit of the first $6.0 million of revenue per year in the State Aeronautics Fund, $1.5 million per year to the City of Romulus, and remaining funds to Wayne County. The State Aeronautics Fund can be used for airport security and safety projects, to provide State match for Federal airport security funds, and to reimburse the Comprehensive Transportation Fund for debt service on bonds issued through 2007. The distribution to Wayne County is required to be used for indigent health care. The funding must be appropriated.

Airport Parking Tax Distributions

Fiscal Year	Total Distributions	Aeronautics Fund	City of Romulus	Wayne County
1998-99	$14,676,840		$1,059,825	$13,617,014
1999-2000	16,774,530		1,248,667	15,525,863
2000-01	17,521,750		1,299,746	16,222,004
2001-02	14,117,938		1,086,745	13,031,194
2002-03	14,359,024	$6,000,000	1,669,036	6,689,988
2003-04	14,727,758	6,000,000	1,500,000	7,227,758
2004-05	17,670,273	6,000,000	1,500,000	10,170,273
2005-06	20,196,145	6,000,000	1,500,000	12,696,145
2006-07	21,366,308	6,000,000	1,500,000	13,866,308
2007-08	22,775,662	6,000,000	1,500,000	15,275,662
2008-09	20,052,504	6,000,000	1,500,000	12,552,504
2009-10	19,590,612	6,000,000	1,500,000	12,090,612
2010-11	20,185,300	6,000,000	1,500,000	12,685,300
2011-12	20,584,767	6,000,000	1,500,000	13,084,767
2012-13	21,164,664	6,000,000	1,500,000	13,664,664
2013-14	22,274,834	6,000,000	1,500,000	14,774,834
2014-15	24,809,678	6,000,000	1,500,000	17,309,678

Source: Office of Revenue & Tax Analysis, Michigan Dept. of Treasury

Section Number	Description and History
910	**Bottle Deposit Fund.** Appropriates the disbursement from Bottle Deposit Fund to dealers.

Background: This section authorizes payment of revenue from the Bottle Deposit Fund to retailers that handle deposit returns. The Bottle Deposit Fund Consists of unclaimed beverage container deposits. Of the total unredeemed deposits, 75% goes to the Cleanup and Redevelopment Trust Fund in the Department of Environmental Quality and 25% is returned proportionately to dealers based on the number of empty containers handled. This section appropriates the payments to retailers as required by Initiated Law 1 of 1976 (MCL 445.571-445.576). The amounts shown below are the payments to retailers pursuant to this section.

FY 1999-00	$5,402,630	FY 2007-08	$2,192,206
FY 2000-01	$6,047,740	FY 2008-09	$3,129,127
FY 2001-02	$4,549,691	FY 2009-10	$4,444,922
FY 2002-03	$5,393,489	FY 2010-11	$4,087,650
FY 2003-04	$3,017,317	FY 2011-12	$4,389,462
FY 2004-05	$2,766,455	FY 2012-13	$5,238,510
FY 2005-06	$3,160,077	FY 2013-14	$5,349,748
FY 2006-07	$4,052,140	FY 2014-15	$5,496,928

911 **Refundable Income Tax Credits.** Appropriates an amount sufficient to pay refundable income tax credits from income tax revenue.

Background: This section authorizes a pass-through of funds and the State does not realize any of this revenue. The funding must be appropriated in an annual appropriation bill in order to be distributed.

912 **Writ of Garnishment.** (a) Requires that a $6.00 fee be paid at the time a writ of garnishment of periodic payments is served upon the State Treasurer. (b) The fee is reduced to $5.00 if writs of garnishment for individual income tax refunds and credits are filed by magnetic media.

Background: Part (a) is in statute, MCL 4012(3), "Except as otherwise provided by statute, a plaintiff shall pay a fee of $6.00 at the time a writ to the garnishee of garnishment of periodic payments is served upon the garnishee." Part (b) is not in statute. It serves as an incentive for local governmental units to use magnetic media for filing.

913(1) **Senior Citizen Cooperative Housing Appraisals and Assessments**. Allows the Department to contract with a private firm to appraise and appeal assessments of senior citizen cooperative housing units. Authorizes the Department to pay for the service out of savings from the appeal process.

Background: This section ties to the line item for Senior Citizen Cooperative Housing, a program where the State pays the property tax for qualified housing. This section provides authorization to appeal assessments and spend part of the program funds for that purpose.

913(2) **Senior Citizen Cooperative Housing Program Audit.** Requires a portion of the senior citizens cooperative housing tax exemption program to be used for a program audit. Authorizes up to 1% of program funds to be used for administration and auditing.

Background: The section allows for an audit of the entire program, whereas the above section only addresses appeals of assessments. This is a function of the Internal Audit office. The FY 2011-12 budget modified this language from a required audit, to a permissive authority to audit, and required that if an audit is completed, the audit shall be provided to the Legislature.

914 **Rosenthal Prize for Interns.** Provides for a $200 annual prize from the Ehlers Internship Award Account to the runner-up of the Rosenthal prize for interns.

Section Number	Description and History
	Background: The Rosenthal prize of $500 is awarded to a college intern who worked for the Legislature. The person must be nominated by a legislative office and enrolled in a Michigan college or university. The Ehlers Award is $200 and given to the runner-up for the Rosenthal prize. A list of prior recipients is available from The Department of Treasury.
915	**<u>State Campaign Fund.</u>** Provides for the appropriation and carry forward of designated amounts to the State Campaign Fund pursuant to the Michigan Campaign Finance Act. Any balance in excess of $10,000,000 reverts to the General Fund on December 31 of each year.
	Background: The State Campaign Fund receives the revenue from the $3 contribution check-off taxpayers may choose on their income tax forms. This section appropriates revenue pursuant to statute. In accordance with MCL 169.261, funds in excess of $10.0 million revert to the General Fund at the end of the calendar year of a gubernatorial election.
916	**<u>Unclaimed Property Listings.</u>** Provides for sale of customized unclaimed property listings of non-confidential information. Sets fees and deposits revenue. Provides for annual report due June 1.
	Background: This section provides authorization for the Department of Treasury to charge and collect a fee from companies who charge consumers a finder's fee for searching unclaimed property records.
917	**<u>Write-Offs and Advances.</u>** Appropriates funds for write-offs and advances for departmental programs, not to exceed current year authorizations that would lapse to the General Fund. Requires an annual report that states the amounts appropriated for write-offs and advances.
	Background: This section was first included in FY 2001-02 in response to a problem regarding Delinquent Property Tax Administration Fund. It was modeled after a section in the Family Independence Agency budget.
919	**<u>Private Auditing and Collection of Unclaimed Property.</u>** (1) Allows the Department to contract with private auditing firms to audit and collect unclaimed property on behalf of the State. Appropriates collection costs up to 12% of revenues collected. (2) Requires an annual report on November 30 on the amount and cost of collections.
	Background: This section was first included in FY 2002-03. The Department does contract with private firms for collection. The companies are not paid until they identify and remit unclaimed property that are owed to Michigan residents.
924	**<u>Principal Residence Audit Fund.</u>** Appropriates Principal Residence Audit Fund revenue for the administration of homestead property tax exemption audits pursuant to the General Property Tax Act. Requires a report by December 31 of the amount of exemptions denied and the revenue received.
	Background: This section was first included in FY 2003-04. Modified in FY 2005-06 from Homestead Property Tax Exemption Audit Fund to Principal Residence Audit Fund. Modified in FY 2010-11 to specify the reporting elements.
926	**<u>John R. Justice Grant Program.</u>** Authorizes this Federal grant program appropriated in Part 1 as a work project for up to $287,700 that is estimated to be completed by September 30, 2017.
	Background: Added in FY 2010-11 for a new Federal grant to provide student loan forgiveness to eligible public defenders and prosecutors. Modified in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2014-15 to update the work project expiration date and amount.
927	**<u>Personal Property Tax Audit Reports.</u>** Requires an annual report on personal property tax audits.
	Background: Moved to this section in FY 2010-11. Previously the report was in Section 947(1).

Section Number	Description and History
928	**Services to State Departments and Agencies.** Allows the Department to provide cash processing, cash handling, warrant processing, writ of garnishment, or other user services on a contractual basis to State departments and State agencies. Appropriates funds for services provided to support costs incurred by the Department. Unobligated funds (e.g. garnishment fees) revert to the General Fund. **Background:** This refers to the Receipts processing line item in the Banking and Management Services unit. It authorizes a chargeback of the above services provided to other departments by the Department of Treasury. There are written contracts with some of the departments for these services, although some pay the bills without a contract agreement. To date, there has not been revenue remaining at the end of the fiscal year to revert to the General Fund.
930	**Accounts Receivable Collection Services.** Requires the Department to provide accounts receivable collections services to other departments and State agencies. Provides for fee and requires annual report by November 30. **Background:** This service is provided through a contract with GC Services. In FY 2011-12, about $135.5 million was collected at a cost of $10.7 million, approximately 7.9% of collections. This is a chargeback for services provided to other departments, including collection of Driver Responsibility fees for the Secretary of State.
931	**Treasury Fees.** Provides for receipt and expenditure of investment fees for current and new restricted funds that receive common cash earnings or other investment income. Fees are to cover all costs of investing the funds. Investment fees assessed against restricted funds will be based on the 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. Requires an annual report on November 30, identifying the fees assessed against each fund. **Background:** A list of the Treasury fees fund sources included in Part 1 was previously included in this section. In FY 2002-03, the section was amended to require the list in an annual report instead of including it in this appropriation bill. Modified FY 2005-06 to provide for receipt and expenditure of investment fees and assessing fees against restricted funds.
932	**Michigan Education Trust Act.** Revenue received under the Michigan Education Trust Act may be used for salaries, supplies, contracted services, etc. **Background:** This use of funds is one of the authorized purposes under MCL 390.1429.
934	**Michigan Finance Authority.** Authorizes the Department to expend revenue received for various bonding programs for necessary expenses of the programs. Requires a report by January 31 on expenditures made from funds received in addition to those appropriated in Part 1. **Background:** This section was new in FY 2010-11. It reflected Executive Order 2010-2 which combined most bonding programs under the Michigan Finance Authority Board and centralized administration in the Department of Treasury. It also moved funding for the program from boilerplate to a line item, leaving this receive and expend authority. The Michigan Finance Authority covers responsibilities under the Hospital Finance Authority Act, the Shared Credit Rating Act, the Higher Education Facilities Authority Act, the Michigan Public Educational Facilities Authority, the Michigan Tobacco Settlement Authority Act, Land Bank Fast Track Act, the Natural Resources and Environmental Protection Act, and the Michigan State Housing Development Authority Act. The FY 2011-12 budget changed the report date to January 31, 2012 for prior fiscal year activity.
935	**Dual Enrollment**. Requires the distribution of appropriations for dual enrollment for eligible nonpublic school students pursuant to the statutory authority for the program. **Background:** This section was added in FY 2013-14 to link the appropriation in Part 1 with the Post-Secondary Enrollment Options Act, MCL 388.511 to 388.524, and the Career and Technical Preparation Act, MCL 388.1901 to 388.1913.

Section Number	Description and History
936	**Student Loan Delinquency Pilot**. Outlines the RFP process for selecting the provider that will pilot the one-on-one counseling services for student loan delinquency. This section also outlines the status report to measure the performance of the pilot. **Background**: First included in the FY 2016-17 budget.
937	**Michigan Accounts Receivable Collection Systems Report**. Requires a new report on Michigan's accounts receivable collection system for long term delinquent accounts. The report includes, information on the effectiveness of vendors, amounts referred to vendors, the liquidation rate, amount of delinquent accounts, long term strategies, and a summary of the strategies that other states use to track delinquent accounts. **Background**: First included in the FY 2016-17 budget.
940	**Capital Historic Funding**. Language gives authority to the Treasurer to fully fund the state capital historic fund for the full amount appropriated in the restoration, renewal, and maintenance line item in the Legislature budget. This is above the amount required in statute. **Background**: First included in the FY 2016-17 budget, however, in the Governor's signing statement he did not recognize this section as enforceable.
941	**MEGA report**. Requires cooperation with the Department of Talent and Economic Development on an annual report due November 1, on the projected costs of the various outstanding tax credits. The report includes the total original credit amounts issued for each year, total adjustments made to credits, the actual and projected value for each year from 1995 to the expiration of the programs. Each year shall include the amount claimed, certified, and pending. Projections will be based on the estimates of employees, wages, and benefits. **Background**: First included in the FY 2016-17 budget.
944	**Pension Plan Consultant.** Requires that any report given to the department by a pension plan consultant be provided to the subcommittees on general government, the fiscal agencies and the state budget director. **Background:** First included FY 2008-09. Modified in FY 2010-11 to change the timing of the report to annually (instead of within 30 days). Modified in FY 2015-16 to require that the reports be retained and made available upon request by the legislature while removing the reporting requirement.
945	**Assessment Administration.** Provides that Treasury may conduct a review of local unit assessment administration practices, procedures, and records in at least one assessment jurisdiction per county. **Background:** First included FY 2005-06. Modified the audit in FY 2015-16 from a 14-point review audit to an audit of minimum assessing requirements review for each county.
946	**Convention Facility Development Fund.** This new language requires collections into the fund to be distributed according to Sections 8 and 9 of the State Convention Facility Development Act, 1985 PA 106. Funds may be distributed for certain State purposes and to local government units for use to acquire, construct, improve, enlarge, renew, replace, or lease a convention facility and to repair, furnish, or equip a facility in conjunction with the aforementioned activities. Funds also may be used to refinance one of the above activities. If the local unit of government is a metropolitan authority, the funds may be used for any purpose authorized under the Regional Convention Facility Authority Act, 2008 PA 554. **Background:** First included FY 2014-15.
947	**Financial Independence Team.** This language creates a financial independence team to cooperate with the fiscal responsibility section to coordinate and streamline efforts in identifying and addressing fiscal emergencies in local and intermediate school districts. **Background:** First included FY 2014-15.

Section Number	Description and History
948	**Legacy Costs.** This language lists the authorized amount of the appropriations in Part 1 that may be used for legacy costs as well as an estimate of the amount of pension-related legacy costs. For FY 2014-15, pension-related legacy costs are estimated at $26,860,700 and retiree health care legacy costs are estimated at $21,775,800. For FY 2015-16, pension-related legacy costs are estimated at $26,422,100 and retiree health care legacy costs are estimated at $20,129,200. For FY 2016-17, pension-related legacy costs are estimated at $27,530,500 and retiree health care legacy costs are estimated at $22,121,300. **Background:** First included FY 2014-15.
949	**Income Tax Fraud Prevention.** Allows $1.6 million in delinquent tax revenue to be used towards contracting with a private agency or fund operations that prevent the disbursement of fraudulent tax refunds. Of the funds that have been prevented from being disbursed to fraudulent returns, up to $1.6 million can be used towards this effort. Also, requires a report to the Legislature on the amount of fraudulent tax returns that were stopped due to this effort. **Background:** First included as supplemental funding in FY 2014-15. The FY 2015-16 budget moved the funding to this boilerplate section as well as add the reporting requirement.
949b	**City Income Tax Administration Program.** This language allows the Department to work with cities to operate e-file tax returns for city governments. The section also includes benchmarks to measure progress. **Background:** First included FY 2015-16.
949d	**Financial Review Commission.** This section requires that funds used for the Financial Review Commission be used to ensure that the city of Detroit does not reenter financial distress, it also includes benchmarks that should be used to measure progress. **Background:** First included FY 2015-16. PA 183 of 2014 created the Financial Review Commission as part of the Detroit bankruptcy package to ensure that the City of Detroit follows the statute.
949e	**Essential Services Assessment Program.** This section requires that the funds used for the Essential Services Assessment Program be used to phase-in the new state essential services assessment. **Background:** First included in FY 2015-16. The state essential services assessment is the replacement for the locally collected personal property tax.
949f	**Tobacco Tax Revenue.** Allows tobacco revenue that is collected from Wayne county, to be distributed according to PA 327 of 1993. **Background:** First included in FY 2015-16. Tobacco tax revenue had been used in Wayne county to support an indigent care program in the county. That program's Federal funding had been removed and this language was added to allow the funds to be moved to a different indigent care program in the county.
949g	**Urban Search and Rescue Tack Force.** This section places reporting requirement on the urban search and rescue task force. Reporting requirements must be met before the task force can receive the $500,000 one-time appropriations. **Background:** First included in FY 2015-16

Section Number	Description and History

REVENUE SHARING

950 **Constitutional Revenue Sharing.** States that the appropriation in part 1 for constitutional revenue sharing payments is in accordance with Article IX, Section 10 of the Michigan Constitution and appropriates additional revenue in excess of the amount appropriated in part 1 for constitutional revenue sharing to meet the constitutional obligation. Under the Constitution, 15% of sales tax revenue received at a tax rate of 4% is distributed on a per-capita basis to cities, villages, and townships.

Background: Prior to FY 2011-12, this section included direction for statutory revenue sharing, which in recent years has been adjusted annually in boilerplate. That boilerplate was removed in FY 2011-12 and replaced with Sec. 952 which describes the Economic Vitality Incentive Program in effect from FY 2011-12 through FY 2013-14 and the City, Village, and Township Revenue Sharing program in effect for FY 2014-15 through FY 2016-17.

952 **Nonconstitutional Revenue Sharing Formula and Incentive Program Requirements.** This section sets the maximum payment amounts and the incentive requirements for payments from the City, Village, and Township Revenue Sharing program or the County Incentive Program. Funds not claimed under these programs carry forward in a work project for use (after a legislative transfer) for grants to Financially Distressed Cities, Villages, or Townships.

For CVTs: An eligible CVT can receive the same amount in FY 2016-17 as it was eligible for in FY 2015-16. This essentially maintains the FY 2014-15 calculation which set the maximum payment to an eligible city, village or township (one that received at least $4,500 in statutory revenue sharing in FY 2009-10 or has a population of more than 7,500) at 78.51044% of the statutory revenue payment received in FY 2009-10 or a payment of $2.64659 per capita, whichever is larger.

For Counties: An eligible county can receive 20% of its total statutory revenue sharing payment *calculated according to the statutory formula* through the County Incentive Program. This sets the maximum CIP payments in FY 2016-17 for each county at the same level as in FY 2015-16.

Incentive Requirements: The grants are available to eligible CVTs and counties that satisfy accountability and transparency requirements:

Accountability and Transparency. Requires each eligible CVT or county to certify by December 1 or the first day of a payment month for this category that it has completed a citizen's guide to local finances. This guide must include:

- a listing of unfunded liabilities
- a performance dashboard
- a debt service report that details debt service requirements including:
  - issuance date and amount
  - type of debt instrument
  - list of revenues pledged for repayment
  - list of annual payment amounts until maturity
- a projected budget report including revenues and expenditures for the current and next fiscal year and an explanation of assumptions.

Language added in FY 2015-16 requires that an eligible CVT or county include in any mailing of general information to its citizens the website address or physical location where the accountability and transparency reports can be viewed. Copies of the accountability and transparency reports must be submitted to Treasury.

Payment Dates: Payments are made on the last business day of October, December, February, April, June, and August. The October payment is made to all eligible local units. The remaining payments are only made to local units that have submitted the certification of compliance to the Department of Treasury by the first day of the payment month.

Section Number	Description and History
	Background: The Economic Vitality Incentive Program (EVIP) program was added in FY 2011-12 to replace statutory revenue sharing for cities, villages, and townships with a program to encourage accountability and transparency, consolidation of services, and plans for limiting some types of employee compensation (replaced in FY 2013-14 only with a plan to reduce unfunded accrued liabilities). The EVIP was renamed to City, Village, and Township Revenue Sharing in FY 2014-15 and the requirements were simplified.

The incentive program was expanded to eligible counties in FY 2012-13. The share of revenue sharing payments to counties distributed according to the incentive program is determined by the appropriations for the incentive program and the county revenue sharing program. For FY 2012-13 to FY 2015-16, 20% of the total State revenue sharing payments to counties has been distributed through the County Incentive Program. This is changed slightly for FY 2016-17 as the total appropriations for counties increased and the amount for the CIP stayed the same as in FY 2015-16.

In FY 2011-12:

- The section allocated $5.0 million from the EVIP appropriation to the Competitive Grant Assistance Program for competitive grants to encourage mergers, interlocal agreements, and consolidation of services. The Competitive Grant Assistance Program was moved to Sec. 951 for FY 2012-13 and FY 2013-14, and eliminated in FY 2014-15.
- Sec. 1201 made one-time appropriations for EVIP in FY 2011-12.
- The maximum payment to CVTs was 67.837363% of the FY 2009-10 statutory revenue sharing payment.
- Mid-year revisions amended the incentive program requirements and deadlines.

In FY 2012-13:

- Counties were added to the incentive program.
- The maximum payment to CVTs was increased to 72.68289% of the FY 2009-10 statutory revenue sharing payment.

In FY 2013-14:

- Replaced the Employment Compensation category with the Unfunded Liabilities category.
- Increased the maximum payment to CVTs to 76.18459% of the FY 2009-10 statutory revenue sharing amount.
- Expanded the debt service reporting requirements of Category 1.
- Added innovation and privatization projects as eligible projects under consolidation of services.
- Mid-year revisions extended a certification date from October 1 to December 1 and revised the requirements for the unfunded accrued liability plan.

In FY 2014-15:

- Renamed the CVT program to City, Village, and Township Revenue Sharing.
- Expanded eligibility to CVTs with a revenue sharing population of more than 7,500 and/or a FY 2009-10 statutory revenue sharing payment of at least $4,500.
- Modified the payment calculation for eligible CVTs to the larger of 78.51044% of the FY 2009-10 payment (a 3.1% increase) or $2.64659 per capita.
- Reduced incentive requirements for CVTs and counties to accountability and transparency only. Eliminated the requirements for consolidation of services and unfunded accrued liabilities.

Section Number	Description and History
	In FY 2015-16: • Eligible CVTs, payment calculation, and maximum payment amounts are the same as in FY 2014-15. • Specified that debt service payments must be reported for each year until maturity of the debt. • Required that eligible local governments include the internet address or physical location of transparency reports in any general interest mailing to local residents. In FY 2016-17: • The CIP payment is calculated as 20% of the formula amount under the Glenn Steil State Revenue Sharing Act. This is slightly less than 20% of the total appropriations for counties because total appropriations for revenue sharing payments to counties are 100.976% of the statutory formula amount.
955	**County Revenue Sharing.** Appropriates to each county the difference between 100.976% of the amount the county is eligible for pursuant to the Glenn Steil State Revenue Sharing Act less the amount the county is eligible for from the County Incentive Program. The total amount of State payments is prorated to the amount appropriated. Requires the Department of Treasury to certify annually the amount that each county is authorized to withdraw from its reserve fund. The amount a county is eligible for under the Glenn Steil State Revenue Sharing Act is the amount the county was eligible for in FY 2003-04, adjusted by inflation for the years the county was making withdrawals from the restricted reserve fund, and reduced by the amount the county was authorized to withdraw during the year from its revenue sharing reserve fund. **Background:** This section was first included in FY 2004-05. At that time, counties were required to accelerate property tax collections and use the proceeds to create a revenue sharing reserve fund. Counties make withdrawals from their reserve funds to replace State revenue sharing payments. When the reserve fund is exhausted, a county returns to State-paid revenue sharing. The timing of a county's return to State-paid revenue sharing varies considerably depending on a county's relative reliance on local property taxes and the importance of revenue sharing payments in the county budget. Withdrawal amounts from the reserve fund are established annually by Treasury. During the period where a county makes reserve fund withdrawals, withdrawal amounts increase by inflation. For counties in State-paid revenue sharing, no inflationary increases are required by statute. The section was revised in FY 2016-17 to specify that a county is eligible for more than the payment amount specified by statute. The language was added that calculated the payment as the difference between 100.976% of the statutory amount and the amount the county is eligible for under the County Incentive Program. In FY 2011-12, 50 counties were in the State-paid county revenue sharing program. An additional 12 counties returned to revenue sharing in FY 2012-13 and one in FY 2013-14. Another 11 counties re-entered State-paid revenue sharing in FY 2014-15, two in FY 2015-16, and two in FY 2016-17, making 78 of 83 counties eligible for State payments in FY 2016-17.

Section Number	Description and History
956	**Financially Distressed Cities, Village, or Townships.** Directs Treasury to make grants of up to $2.0 million to cities, villages, or townships that have signs of probable financial distress as determined by the Department of Treasury. No city, village, or township can receive more than $2.0 million under the program. The funds are for projects that move the local government toward financial stability, including but not limited to: reductions in debt, reduction in unfunded accrued liabilities, repair or replacement of critical infrastructure owned or maintained by the local government, or costs associated with a transition to shared services with another jurisdiction. The Department is required to report by March 31 on approved awards and projects. Unused funds would remain in a work project through September 30, 2021. Sec. 952 allocates unused funds from the City, Village, and Township Revenue Sharing Program and the County Incentive Program to the line item for Financially Distressed Cities, Villages, or Townships upon approval of a legislative transfer. **Background:** Added in FY 2014-15.

LOTTERY

960 **<u>Lottery Operations Additional Appropriations.</u>** Appropriates Lottery revenue to implement and operate lottery games under the McCauley-Traxler-Law-Bowman-McNeely Lottery Act, 1972, PA 239, MCL 432.1 to 432.47 and the Traxler-McCauley-Law-Bowman Bingo Act, 1972 PA 382, MCL 432.101 to 432.120. Lottery costs include contractually mandated vendor commissions, payments for instant tickets for resale, costs of providing on-line communications network and incentive, and bonus payments to lottery retailers.

Background: This section provides the authority for expenditures related to sales volume. The Bureau of Lottery maintains individual accounts for each purpose listed in the section. In FY 2012-13 statutory references were added.

963 **<u>Department of Human Services Bridge Cards.</u>** Requires the Bureau of State Lottery to inform retailers that the cash side of DHS bridge cards cannot be used to purchase lottery tickets.

Background: First included in FY 2004-05.

964 **<u>Lottery Promotion.</u>** This section allows 1% of gross lottery sales from the previous year or $25 million to go towards lottery promotion and advertisement.

Background: This funds the advertising and marketing expenses of the Bureau in promotion of the Lottery games. The line item was increased by $931,100 or 5.3% in FY 2012-13, restoring a cut of 5% made in FY 2010-11.

In FY 2015-16, the funding was moved to this boilerplate section. Previous to that, the line item funded lottery promotion and advertisement at $18,622,000. In FY 2016-17, the cap on total amount that can be used towards lottery promotion and advertisement was increased from $23 to $25 million.

CASINO GAMING

971 **<u>Compulsive Gaming Prevention Fund.</u>** Provides that $2,000,000 of revenue collected from total annual assessments of each casino licensee, shall be deposited in the Compulsive Gaming Prevention Fund.

Background: This section is pursuant to the Michigan Gaming Control and Revenue Act, MCL 432.212a, which requires an appropriation to deposit $2 million into the Compulsive Gaming Prevention Fund. This Fund is used for programs combating gambling addiction. The Fund is administered and spent by the Department of Community Health.

Section Number	Description and History
973	**Native American Gaming Compacts.** (1) Allows funds from the Local Government Programs section to be used to assist local revenue sharing boards. (2) Requires local revenue sharing boards to comply with the Open Meetings Act and the Freedom of Information Act. (3) Authorizes county treasurers to receive and administer funds on behalf of the local revenue sharing board. Funds appropriated in part 1 for local government programs may be used for audits of local revenue sharing board funds. Local units are not limited by this language in entering into agreements with federally recognized tribes for financial assistance or shared services. (4) Requires a local revenue sharing board to comply with an agreement under the Indian Gaming Regulatory Act (IGRA), Public Law 100-497, including the disbursal of tribal casino payments pursuant to a gaming compact. (5) The directors of State Police and Michigan Gaming Control Board (MGCB) may assist local revenue sharing boards in determining allocations to local public safety organization. (6) Requires the Michigan Gaming Control Board to report by September 30 on receipts and distribution of revenue. **Background:** This section was first included in FY 2000-01. It only applies to Indian gaming compacts with local revenue sharing boards. The language responded to local concerns over the way the 2% revenue from the casinos to local units was being allocated. The three board members are all local government officials and not from the tribe. The language is intended to clarify the spending authority of the boards. Modified in FY 2005-06 to include the state budget director on the list of report recipients. Revised in FY 2011-12 to add (4), required compliance with an agreement under IGRA, including payments pursuant to a contract. Modified in FY 20014-15 to change reporting requirement from the Department of Treasury to the Michigan Gaming Control Board.
974	**State Services Fee Fund Shortfall.** In the case of a shortfall in the state services fee fund (revenue insufficient to support appropriations from the fund), available revenues are to fund casino gaming regulation before any distribution is made to other agencies. The amount of shortfall shall be distributed proportionally among other agencies. **Background:** This section was first included in FY 2002-03. This section prioritizes the needs of the MGCB above those of other departments or agencies for distributions from the State Services Fee Fund. Any shortfall would be divided among the other departments and not incurred by the MGCB. It is unclear what impact this section would have on appropriations from the State Services Fee Fund in the Department of Agriculture budget, which is included in a separate appropriation bill. Appropriations from the State Service Fee Fund are authorized by the Michigan Gaming Control and Revenue Act, MCL 432.212a.
976	**Horse Racing Rewards.** Allows the Director of the Michigan Gaming Control Board to pay rewards of up to $5,000 out of the Office of Racing Commission line item for information that results in a criminal conviction for a crime that involves the horse racing industry. **Background:** Transferred to the budget in FY 2010-11 from Department of Agriculture due to Executive Order 45/54. Revised in FY 2011-12, to update references to the programs as it exists in Treasury after implementation of the executive order. In addition the reward amount was reduced from $5,800 to $5,000.
977	**Horse Racing Proration.** Requires all appropriations from the Equine Industry Development Fund except Racing Commission and Laboratory Analysis to be prorated proportionately in the case of a revenue shortfall. **Background:** New in FY 2010-11.
978	**Determination of Horse Racing Regulatory Costs.** Requires the calculation of the regulatory costs of racing. Limits reimbursement to the MGCB to the actual regulatory cost. Provides for consultation between the MGCB and certified horsemen's organizations in the case of a revenue shortfall. Allows race dates to be reduced in the case of a shortfall.

Section Number	Description and History
	Background: This language was included in 2010 PA 66, and then added to the budget for FY 2010-11. In FY 2009-10, a contingency fund transfer was used to appropriate a contribution from a horseman's organization to cover regulatory costs needed to continue scheduled race dates.
979	**Millionaire Party Oversight.** Authorizes spending by Gaming on licensing and regulation of millionaire parties (part of charitable gaming activities). Caps spending at $4.0 million. Requires a report to the Legislature by April 15 on regulatory spending, enforcement actions, and steps to ensure that charities receive the revenue due to them.
	Background. This section was added in FY 2012-13. Regulation of millionaire parties was transferred from the Bureau of State Lottery to the Gaming Control board by EO 2012-4.

STATE BUILDING AUTHORITY (SBA)

1101	**State Building Authority – Advances.** Provides for advances from the General Fund prior to sale of bonds.
	Background: Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.
1102	**State Building Authority - Excess Revenue.** Provides that facility revenue in excess of operation costs shall be credited to the retirement of bonds.
	Background: Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.
1103	**State Building Authority - Report.** Requires SBA to provide the Joint Capital Outlay Committee and the fiscal agencies with an annual report on the status of construction projects as of September 30 each year. The report shall be submitted by October 15, or not more than 30 days after a refinancing or restructuring bond issue is sold.
	Background: Transferred to the Treasury budget in FY 2014-15 from DTMB to coincide with the transfer of the funding for the administrative functions of the SBA to Treasury pursuant to Executive Order 2013-8. The appropriations for SBA rent to pay debt service on State-financed construction projects is still contained in the DTMB budget.

REVENUE STATEMENT

1201	**Fund Balances and Estimated Revenues.** Provides an estimate of revenues and balances for all operating funds, pursuant to Article V, Section 18 of the Michigan Constitution.
	Background: Longstanding boilerplate section in the Treasury budget to meet the constitutional revenue reporting requirement.

Section Number	Description and History

PART 2A

PROVISIONS CONCERNING ANTICIPATED APPROPRIATIONS FOR FISCAL YEAR 2014-2015

1201 **FY 2015-16 Intent, Language**. States legislative intent that the budget for FY 2017-18 for the line items listed in part 1 will be the same as the FY 2016-17 budget, adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. The adjustments will be determined after the January 2017 consensus revenue estimating conference.

Background: Language first included in all budgets in FY 2011-12 and continued in FY 2012-13, FY 2013-14, FY 2014-15, and FY 2015-16.

The maximum payment (under both the CIP and CRS line items) is 100.976% of the amount by which a county's revenue sharing reserve fund is less than the amount of its revenue sharing payment in FY 2003-04, adjusted for inflation only for those years for which the county made withdrawals from its revenue sharing reserve fund.