

What is Revenue Sharing?

- Local governments use state funding, called revenue sharing, to pay for services that make our communities the types of places where people want to live and businesses want to locate.
- Revenue sharing was promised to local communities in the Michigan Constitution to help pay for core government services such as police protection, fire services, roads, water, sewer and garbage collection services.
- It started in the 1920s when the State of Michigan promised communities it would streamline tax collection by eliminating local taxes and replacing them with state taxes. The State collects and records these taxes and is suppose to reimburse local jurisdictions to off set the general budgets of local communities.
- In every budget since 2000, the State has not fully returned revenue sharing as required by statute. Six consecutive years of cuts left local communities \$2 billion short on revenue sharing.
- The Michigan Legislature needs to recognize the connection between the essential services provided by local communities as it relates to quality of life and the economic vitality of our state.
- Local communities are the foundation of successful economic development in Michigan. Safe streets and functioning infrastructure are critical to attracting and maintaining businesses.
- Communities have reduced their services, eliminated public safety positions and consolidated services to deal with lost revenue.
- According to the Michigan Commission on Law Enforcement Standards, there are 1,600 fewer police officers on the streets of Michigan since 2001.
- Michigan's Fire Marshall Office reports 2,400 fewer fire fighters since 2001.
- Senior, recreation and public library programs have been drastically cut or eliminated
- Local governments cannot continue to provide essential services if funding is continually redistributed to other budget priorities.