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LOCALS: REVENUE SHARING INCREASE GOOD STEP; TOWNSHIPS: INCLUDE US

Officials representing local units of government, which have dealt with budget cuts for six years because of cuts in revenue sharing funding, bent the sympathetic ears of members from the House Appropriations General Government Subcommittee on Tuesday, saying the governor's proposed 4 percent increase in the statutory portion is a good first step towards restoration. But an official with the Michigan Townships Association, who has 845 members ineligible for the revenue sharing boost, asked the subcommittee to consider their needs as well.

Overall, members seemed agreeable to addressing the concerns raised during testimony. [Rep. Michael Sak](#) (D-Grand Rapids) said it's apparent the state hasn't met its fiduciary responsibilities to locals for some time because of its own budget problems, but it was good to see locals weren't hitting lawmakers over the head about it and instead offering to work together to solve the issue.

Arnold Weinfeld, director of public policy and federal affairs for the Michigan Municipal League, said it supports the [executive budget recommendation](#) because since 2001, the state has used \$3.2 billion of revenue sharing dollars to plug holes in the budget. It's no wonder then, he said, that since that time 1,800 police officers and 2,400 firefighters have been laid off.

"It's not a level of funding that makes up for the loss, but it's a step in the right direction," he said.

Robin Beltramini, a Troy City councilmember, told the subcommittee her city has renegotiated labor contracts, partnered with the state for bulk purchasing and has doubled the accumulation requirement before snow is plowed, in order to deal with revenue sharing cuts. While municipalities were supposed to be held harmless, she said what has happened is that as constitutional revenue sharing requirements have gone up, the state has cut back its statutory amounts.

Dennis Bow, Flushing city manager, said voters in his community had to approve an increase in the local millage to make up the difference in decreased revenue sharing, something he didn't think the voters would stomach again.

Under the governor's recommendation, the state's largest city, Detroit, would receive a 3.1 percent, or \$8.4 million, increase in revenue sharing payments compared to fiscal year 2007-2008. All other cities would see a 1.5 percent, or \$6.7 million, hike, while villages would get an additional 1.2 percent, or \$300,000, and townships would receive a 0.3 percent boost, or \$800,000.

Total revenue sharing payments, both constitutional and statutory and including the six counties returning to the system, would equal approximately \$1.091 billion under the governor's FY 2008-09 budget.

David Bertram, legislative liaison for the MTA, told the subcommittee while they support any increase in revenue sharing, the governor's recommendation does leave some communities simply at where they are today.

"There's some issues there for you to think about," he said of the 845 townships ineligible for the 4 percent increase because they received no statutory payment in 2007, which is the base year for the hike. Seven villages are also ineligible under the proposal.

He also noted that some communities will experience a decrease in the tax rolls this year, further stressing how local governments provide services.

Mr. Bertram urged the Legislature to work out a revenue sharing formula, which dissolved last year. He said it is "unnerving," not to operate with a formula, although Evah Cole, revenue sharing manager for the Department of Treasury, noted the formula had not been used for several years before its expiration.

Mr. Bertram said while it is important for counties to come back into the system, he noted that will put extra pressure on a system operating on a year-to-year basis.

Roger Short, Detroit's finance director, testified in support of the governor's recommendation, and said the Legislature should give the existing formula a chance to work because it does take a community's demographics into consideration.

While he suggested that lawmakers look for alternative funding sources for revenue sharing, Mr. Short also said the Legislature should retain the affirmative boilerplate language in the general government budget.

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