



WEEKLY LEGISLATIVE REPORT

May 8, 2009

MTA Phone: 517-321-6467

MTA FAX: 517-321-8908

Please route to all interested parties in your township.

GOVERNOR'S EXECUTIVE ORDER: \$41.5 MILLION CUT TO REVENUE SHARING

When the budget was enacted for the current state fiscal year, it contained two very significant provisions regarding revenue sharing. The first was the promise that if constitutional revenue sharing were to decline due to diminished sales tax collections at the state level, the state would automatically disburse additional statutory revenue sharing funds to make up the difference. The second promise contained within the budget bill was an additional 2 percent increase in statutory revenue based on the prior year's statutory revenue sharing distribution. With an executive order (EO) issued on Tuesday by the governor, both promises for funding were eliminated, saving the state budget over \$41.5 million in the current state fiscal year. Of that amount, \$15.5 million is lost to townships and \$26 million is lost to cities and villages. With the loss of these statutory revenue sharing funds, it means that most townships will see a decrease of approximately 4.8 percent in revenue sharing for the time period between Oct. '08 and Sept. '09 compared to the same time period the year before. This equates to approximately \$3.37 per person. For communities that were still receiving statutory revenue last year, the percentage decrease in overall revenue sharing is smaller, but the per capita cost is greater. As an example, Detroit only sees a 2.7 percent decrease in revenue sharing compared to the prior year, but that equates to a loss of \$7.76 per person. Since some of the additional statutory revenue sharing that was cut by the EO has already been distributed to local governments, that money will be recouped by the state. The state will withhold an amount equal to these overpayments from revenue sharing distributions made in June and August. It should be noted that the 4.8 percent reduction is still an estimate and that constitutional revenue sharing distributions are based on actual sales tax collections in the state. Go to the MTA Web site at www.michigantownships.org to find information regarding the specific estimates for your township.

STATE POLICE AND OTHERS ALSO SEE CUTS

The governor's EO went well beyond local government cuts. The order saves the state over \$300 million in the current fiscal year. Approximately \$1 billion in federal stimulus money will be used to patch other parts of the state's budget this year. The state will lay off 100 state police troopers. Many are new troopers who have just completed their training, which cost the state \$7 million. In many parts of the state, the state troopers are a critical component of local police protection and the loss of a state trooper patrol car has just as big an impact as the loss of a local law enforcement officer. The EO will also require state employees to take six unpaid furlough days between now and the end of September. The state budget director indicated that the state offices will likely close on six specific days instead of every employee choosing different days to take their unpaid leave.

HIRE MICHIGAN FIRST PROGRAM MOVES FORWARD

The Senate passed a series of House and Senate bills this week that would create a Hire Michigan First program. The bills are designed to ensure that whenever Michigan tax dollars are used to pay for projects or services, those funds are going to Michigan citizens for work performed in this state. The various bills amend numerous state laws to require state contractors to certify that they are employing state residents when contracting with the state. Out-of-state residents can be used if no state residents are qualified to perform the job. The legislation will impact certain projects at the local level. As an example, brownfield redevelopment projects will be subject to the proposed limitations contained within the legislation. Similar bills passed the House earlier this year.

ON THE ROAD: SPRING REGIONAL MEETINGS

MTA heads north for regional meetings beginning May 18. We will be in the Upper Peninsula that week and then move to northern Lower Peninsula the following two weeks. Several sites are nearing capacity so contact MTA quickly if you plan on attending and have not already registered.

END