



## WEEKLY LEGISLATIVE REPORT

October 2, 2009

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Please route to all interested parties in your township.

### **LEGISLATURE MISSES BUDGET DEADLINE: STATE CLOSES DOORS TEMPORARILY**

For the second time in the last three years, the state Legislature failed to reach agreement on the state budget resulting in a nearly two-hour shutdown. Key issues holding up completion of the budget included the general government budget (SB 245), which includes revenue sharing and PILT payments, the K-12 School Aid Fund budget and the state police budget. After the passing of midnight on Wednesday, the Senate majority leader finally agreed to move forward a continuation budget for the next 30 days. The governor immediately signed the continuation budget and the state was back up and running, at a reduced funding level. The continuation budget implements all the cuts agreed to by Senate Majority Leader Mike Bishop (R-Rochester) and House Speaker Andy Dillon (D-Redford Chtr. Twp.), for up to one month or until individual appropriations bills are signed into law. Under the continuation budget, all constitutional revenue sharing and 14.5 percent of each community's total statutory distribution from the prior year will be paid to each township in the October payment. Revenue sharing adjustments will likely be accounted for over the course of the year upon final completion of the general government appropriation bill.

### **HOUSE AND SENATE PASS REVENUE SHARING CUTS; ISSUE NOT FINALIZED**

After three tries, the House approved the general government budget, which includes revenue sharing, PILT and Swamp Tax payments, by a vote of 56-52. The approved budget would create drastic cuts to revenue sharing by 11.06 percent and PILT and Swamp Tax payments by 12 percent. MTA would like to express our deep appreciation to those 52 representatives and 16 senators, identified at [www.michigantownships.org/legart.asp](http://www.michigantownships.org/legart.asp), who voted against the measure. However, the cuts to revenue sharing are far from finalized as Gov. Jennifer Granholm may veto the measure if and when it is presented to her. Currently, the Senate is withholding the bill from the governor through a procedural motion. Other efforts are underway to come up with funding to restore revenue sharing. The House passed a \$261 million supplemental appropriations bill (HB 5403) to restore cuts to college scholarships, health care and revenue sharing. Statutory revenue sharing would be funded at an additional \$73 million, bringing it back to the same level distributed the last two years. However, in order for the supplemental to be funded, the Legislature would need to approve additional revenues. There are many ideas that have been mentioned for revenue enhancement including changes to: the earned income tax credit, the film tax credit, the inheritance tax, or implementing a physician's tax, a bottled water tax, or a satellite TV tax.

### **HOW TO CALCULATE REVENUE SHARING CUTS IF SENATE BILL 245 BECOMES LAW**

For most townships, the only number that they need to remember when it comes to revenue sharing is 5 percent. Since four out of every five townships in this state only receive constitutional revenue sharing, they can expect to see 5 percent less in revenue sharing this year as compared to last year. For the other 200 townships in the state, the calculation is much more complicated. The cut contained in SB 245 is not an 11.06 percent reduction to statutory revenue sharing, but a cut to the combined total of constitutional and statutory revenue sharing while taking into account the drop in constitutional payments. Of the townships that still received statutory payments last year, about two-thirds would see the rest of their statutory payments wiped out by this cut. The actual percentage cut to their combined revenue sharing payment over the next 12 months will be less than 11.06 percent.

### **ENERGY GRANT DEADLINE SET FOR OCTOBER 22**

As announced last week, the Request For Proposal (RFP) for the Energy Efficiency and Conservation Block Grant (EECBG) for non-entitlement communities (less than 35,000 in population) and the LED Demonstration grant for entitlement and non-entitlement communities is available at [www.michigan.gov/energyoffice](http://www.michigan.gov/energyoffice). Grant applications are due October 22 at 5 p.m.

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