

## Issue Brief



# Revenue Sharing Trust Fund:

## HBs 4274-75

### Background

Statutory revenue sharing is appropriated each year by the Legislature from the state General Fund. The process starts with a recommended increase or decrease by the governor in February. As the budget bills move through the Legislature, the House and Senate establish their recommended allocations, which may mimic or be different than the governor's amount.

This process of allocation is not based on the revenue the state takes in but is instead based on arbitrary recommendations that can change dramatically during the budget process. Final budget negotiations are held behind closed doors where revenue sharing is often a target for reductions to fund other legislative priorities.

Revenue sharing allocations for counties should track with the revenue the State takes in, not simply a hand-out to locals. House Bills 4274-75 would tie revenue sharing to a percentage of the State sales tax and place those funds into a restricted account to be spent solely on statutory revenue sharing.

### MAC's Efforts

- MAC is behind legislation to carve out a portion of the State sales tax for statutory revenue sharing and secure the dedication of that revenue for revenue sharing only.
- The goal is twofold: Create a growing revenue source that tracks with the growth in state revenue and protect the revenue from being allocated to other state priorities.
- MAC has worked with both the House and the Senate to develop legislation reflecting our stated goals.
- House Bills 4274-75 passed by an overwhelming margin in the House and are now awaiting action by the Senate Finance Committee.



### Message to Lawmakers

- Revenue sharing was established because local governments gave up certain taxing authority in exchange for the sharing of state revenue.
- The growth has not kept up with the growth of state revenue.
- Counties rely on this unrestricted revenue source to provide for many of the basic needs of the county and their residents.
- Every county has the same mandates but very different areas of their budget where they choose to allocate these unrestricted funds.
- Send HBs 4274-75 to the governor to enact true sharing of state revenue and make local services a priority