



# Issue Brief

## MICHIGAN COUNTIES

### LEGISLATIVE CONFERENCE

Lansing Center | DoubleTree Hotel | April 29 - May 1, 2024

# Revenue Sharing Trust Fund

## Background

MAC has spent years on legislation to carve out a portion of the state sales tax for statutory revenue sharing, which would thereby secure those dollars for use on revenue sharing only.

In fiscal 2024 budget, the governor sought a 17 percent increase to county revenue sharing, with some ongoing funding and one-time allocations. But during final negotiations, the increase was lowered to just 7 percent. These arbitrary allocations do not track with the increase the state sees in revenue from the state sales tax.

House Bills 4274-75 establish a Revenue Sharing Trust Fund, allocating 8 percent of the first 4 percentage points of the state sales tax to it. These bills passed the House in November 2023 by 106-4.

## Message to Lawmakers

- Revenue sharing was established because locals 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.
- It's time to create a growing revenue source that tracks with state growth.
- That revenue should be protected from being redirected to other state projects.
- Counties rely on this unrestricted revenue source to provide for many of the basic service needs of the county.
- Every county has the same mandates, but they use different budget accounts to cover that work.

## FY 25 PROPOSALS



- 9.1% of first 4 percentage points of state sales tax
- Roll-in CIP and earmarked \$\$
- New distribution for amounts over FY24 base of \$256.2M
- No Public Safety Trust Fund



- 8% of the first 4 percentage points of state sales tax
- Roll-in CIP & earmarked \$\$
- Carves out 1.5% of first 4 percentage points of state sales tax for Public Safety Trust Fund (\$110M) - few \$\$ to counties



- No dedicated revenue stream
- 5% increase in base
- 3% for allocating ARPA funds
- 2% for public safety