



## Issue Brief

# MICHIGAN COUNTIES

## LEGISLATIVE CONFERENCE

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

# Revenue Sharing Trust Fund

## 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.

In the most recent budget cycle, the governor recommended a 17 percent increase, with some ongoing funding and some one-time allocations. During final budget negotiations, the increase was lowered to just 7 percent. All these recommendations are arbitrary and do not track with the increase the state sees in revenue from the state sales tax. If the legislation had been enacted for FY24, it would have increased the county share by \$10 million.

## MAC's Efforts

- MAC is working on 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 distributed 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 in the state has the same mandates but very different areas of their budget where they choose to allocate these unrestricted funds.