MAC
MICHIGAN ASSOCIATION OF COUNTIES

County Budget Priorities for FY 2027 Budget

Properly Fund the State's Promise on Revenue Sharing

- Counties are seeking an increase in statutory revenue sharing at the same percentage as the anticipated increase in receipts of the state's sales tax.
- According to the January Consensus Revenue Estimating Conference, state sales tax revenues are slated to increase by approximately 9.8 percent from FY 2026 to FY 2027.
- County governments do not receive constitutional revenue sharing nor do they enjoy the inherent increases therein. They rely solely on the annual appropriation process for statutory revenue sharing dollars. These funds were originally established to replace the revenue lost when counties gave up some of their own local taxing authority. This agreement with the state has had many ups and downs, but in the end, it was established to share the state's revenue with counties to provide all the services required by the state.
- Counties also are seeking the adoption and enactment of the revenue sharing trust fund bills that will allow for growth, stability and predictability in county revenue sharing allocations each year.

Deliver Assistance on Retroactive Tax Foreclosure Proceeds

- Michigan counties request that the Legislature appropriate **$83 million** to fully reimburse counties for losses and costs associated with retroactive claims arising from past property tax foreclosures.
- State and federal court decisions, including *Rafaeli v. Oakland County* and *Tyler v. Hennepin County*, have fundamentally altered the legal interpretation of the Act and imposed retroactive financial liability on counties.
- As a result, counties have been inundated with litigation and claims seeking surplus proceeds from foreclosures conducted years earlier, creating substantial and unanticipated fiscal burdens.
- The Michigan Supreme Court determined that retroactive claims extend six years for counties, beginning with three years prior to the *Rafaeli* decision.
- Because the unconstitutional provisions were created by state statute — not by county policy or discretion — counties should not be held financially responsible for retroactive damages resulting from compliance with state law.
- Other states have taken this approach; following the U.S. Supreme Court's decision in *Tyler v. Hennepin County*, the State of Minnesota agreed to fund retroactive foreclosure-related claims rather than shift those costs to local governments.
- Providing state reimbursement will protect county fiscal stability, preserve essential local services, and uphold the principle that local governments should not bear the costs of implementing state mandates later found unconstitutional.

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Address the Gap in Veteran Service Grants

- The Michigan Department of Veterans Affairs projected roughly $8.8 million available for FY25 awards and counties planned accordingly. Later, counties were informed that the credible available level was closer to $5.1 million, creating a $3.5-$3.6 million hole that counties had to absorb.
- Meanwhile, county participation has increased from 37 counties (FY19) to roughly 70 counties (FYs23-25), and more counties are relying on the fund to deliver services.
- The current funding level cannot reliably support statewide participation. The minimum base award is $50,000 per county; if all 83 counties participate, the base alone requires $4.15 million — before any per-capita funding is applied.
- Counties support Rep. Julie Rogers' House Bill 4423 (2025) to provide $3.67 million in one-time supplemental funding to backfill the FY25 shortfall and are seeking to increase the ongoing annual appropriation to $4.5 million so awards keep pace with utilization, support statewide participation, and avoid future mid-year reductions. This is a total ask of $8.17 million ($3.67M one-time + $4.5M ongoing).

Even the Pay/Caseload Playing Field for Prosecutors and Defenders

- In FY26, the state allocated $17 million to assist county prosecutors in hiring and retaining prosecutors in 15 counties. The pay differential between prosecutors and defense attorneys is substantial across the state, however.
- Counties are seeking a $30 million increase to assist the rest of the state in balancing the scales on pay and caseloads for prosecutors who are grossly underpaid compared to the defense attorney pay scale established by the Michigan Indigent Defense Commission.

Increase Funding to County Jails for Services Provided to MDOC

- The County Jail Reimbursement Program (CJRP) partially reimburses counties for the cost of housing state-sentenced prisoners in local jails. The last increase to the per diem was FY25. But housing costs continue to increase without sufficient state funding.
- Counties ask for a $5 per day increase across all three CJRP categories ($1.25M).

Continue to Fund Public Safety Revenue Sharing Grants

- Public Safety Revenue Sharing Grants are designed to help CVTs and counties fight violent crime. Grants to counties in FY26 were $11.7 million, with at least 75 percent for direct policing and not more than 25 percent for indirect public safety violent crime reduction.
- Counties urge the Legislature to fulfill the intended language and continued funding of County Public Safety Revenue Sharing Grants of $11.7 million in Fiscal Years 27 and 28.