



Overview of Current Policy Issues

**MICHIGAN TOWNSHIPS
ASSOCIATION 2009 SUMMER
LEGISLATIVE CONFERENCE**

The Budget

From Bad to Worse

- General Fund June Revenues ↓ \$120 million
FY 2008-09 Revenue ↓ \$917.2 Million from estimates
- FY 2010-11 GF Revenue Shortfall \$1.5 billion
- FY 2010-11 SAF Revenue Shortfall 200 million
- Inflation-Adjusted GF Revenue ↓ 35% since FY 2000; SAF Net Revenue ↓ 8% since FY 2000
- Sales and Use Tax ↓ as % of Personal Income
- Gas Tax Revenue ↓ 11% since peak in FY 02

Continued Pessimism

- National Recession Bottoming Out
- Michigan Recovery Lag
- Unemployment Rate
 - 8.4% 2008
 - 10.9% 2009 (Feb 09 estimate)
 - 11.2% 2010 (loss of 80,000 jobs)
- Personal Income falling 1.3% 2009; growing .8% in 2010 (still \$1.7 Billion less than in 2008)

Continued Pessimism

- Sales Tax Revenue Projected Decline 4.9%
- FY 2010 estimates \$1.4 Billion Shortfall
- \$1.17 Billion ARRA available; if all used, \$580 Million GF shortfall remains
- FY 2011 could see \$2 Billion shortfall

Revenue Sharing, PILT, Swamp Tax

- Debate on use of ARRA funds
- Senate Cuts Statutory Revenue Sharing 20%
- House Cuts Statutory Revenue Sharing 3.6%
- Constitutional Revenue Sharing cut by Senate 4.9%; 3.6% by House

Revenue Reforms

- MBT
- Sales Taxes on Services; Reduce Rate
- Tax Expenditures
- Personal Property Taxes
- Graduated Income Tax
- Beer, Cigarette Taxes

Expenditure Reforms

- Corrections
- Promise Grants
- Revenue Sharing
- General State Programs Targeted by Senate
15% cut
- PILT, Swamp Tax Targeted by Senate 20% cut
- Efficiencies
- Single Source Health Care