



MICHIGAN TOWNSHIPS ASSOCIATION

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
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# 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
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# 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
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