

# Michigan Township **INSIGHTS**

Oct. 10, 2025

## Budget, road funding bills signed into law

The state's fiscal year 2026 budget was signed into law Tuesday in an event closed to the press and the public, along with the legislation increasing funding for roads. Both the state's budget and the road funding package will impact townships. As previously shared, statutory revenue sharing remains unchanged for FY 2026 from FY 2025. However, because previous commitments to hold constitutional revenue sharing harmless did not remain part of the final budget agreement, FY 2026 sales tax revenue will be \$69 million less than current estimates the state projected for constitutional revenue sharing. This loss reflects nine months of the fiscal year as the removal of sales tax at the pump will take effect Jan. 1, 2026; the estimate for the entire fiscal year is \$93 million loss in sales tax revenues for constitutional revenue sharing. A [Constitutional/CVT Revenue Sharing Estimates for FY 2026](#) document provides estimates you can view for your township. For constitutional revenue sharing, should sales tax revenues come in higher than projected, the year-over-year loss may be less, and should they come in lower than projected, the loss may be greater. However, there will be a specific loss in FY 2026 and moving forward that would not have occurred had the loss of sales tax at the pump been backfilled.



A new public safety revenue sharing grant program was included in the budget. Funding includes \$35 million annually (the stated intent is three years) to townships, cities and villages and an additional \$7.5 million in one-time funding. The [public safety grant estimates](#) **assume** that every local unit provides or contracts for law enforcement officers in their jurisdiction; if a township does not do so, *all or a portion of the funds may not be available*. These funds must be used only for operational and capital expenditures for public safety purposes. Of the amount, 75% must be used to fund directly or indirectly a law enforcement agency or officers. Up to 25% may be used to fund other non-law enforcement-related public safety initiatives, such as improving recruitment or retention efforts, training programs, equipment purchases, programs designed to reduce identified risks to public safety, crime diversion programs, operational emergency medical or firefighter services, and capital improvements to public safety buildings/structures. MTA is seeking clarification on whether a local unit **that does not provide or contract** for law

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## Upcoming MTA Training

### [2025 Professional Development Retreats](#)

Oct. 14-15: [Supervisors](#)

Oct. 27-28: [Trustees](#)

Oct. 29-30: [Planning & Zoning](#)

Oct. 22: *Now You Know* Lunchtime Webinar: [Wait, I Can Get in Trouble for That?!](#)

Nov. 19: *Now You Know* Lunchtime Webinar: [Wait, Who's Supposed to Do That?](#)

## MTA QUICK LINKS

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**ALLIED SERVICE**

enforcement will be allowed to utilize 25% of the funds for the other specified purposes; we will provide additional information, such as eligibility and reporting deadlines and requirements, when available.

The budget also includes one-time funding of \$8 million to assist with the purchase of **fire equipment or fire gear** for firefighters. From this amount, \$4 million must be distributed to local units of government with predominately on-call, part-time or volunteer fire departments. MTA is also pending information on application forms and timelines and will share with members when available.

Finally, [preliminary estimates on increased road funding by county](#) have been released, but please note that these provide estimated increases by county from the additional increase in the fuel tax and the new Neighborhood Roads Fund revenue. While a new statutory provision is included stating a local unit is not required to provide a match under the new Neighborhood Road Fund revenue, a match can be requested; thus, discussions are ongoing as to what this means, especially regarding matching fund requests.

## Reminder: Township law enforcement information needed

Earlier this week, MTA sent a survey request to all township clerks seeking information on if, and how, their township provides local law enforcement coverage to residents. Clerks, if you have not already completed the quick, one-question survey, please do so as soon as possible. MTA is compiling this information in response to provisions in the recently enacted FY 2025-2026 budget.



### Ensure Your Website Meets ADA Compliance

VISIT US TO LEARN MORE AT MTA'S RETREATS

SEPT 30 Clerks	OCT 1 Treasurers	OCT 15 Supervisors
OCT 28 Trustees	OCT 29 Planning & Zoning	

The graphic features a laptop, a lightbulb, and various icons representing technology and accessibility.

## New laws affecting local government

Several bills recently passed by the Legislature as part of the budget and road funding package impacting local government were signed by the governor this week:

- [PA 16](#)—Creates the Neighborhood Roads Fund and Infrastructure Projects Authority Fund and prescribes the distribution of money from each fund, including distribution of funding for local road and bridge programs.
- [PA 17](#)—Exempts motor fuel from the sales tax, effective Jan. 1, 2026.

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- [PA 18](#)—Eliminates the 6% specific tax on interstate motor carriers that use motor fuel or alternative fuel, beginning Jan. 1, 2026.
- [PA 19](#)—Exempts motor fuel from the use tax, effective Jan. 1, 2026.
- [PA 20](#)—Increases the tax levied on motor fuel from 31 cents per gallon to at least 51 cents per gallon, beginning Jan. 1, 2026.
- [PA 21](#)—Provides appropriations from the Natural Resources Trust Fund
- [PA 22](#)—Provides appropriations for state for Fiscal Year 2025-2026.
- [PA 23](#)—Establishes new excise taxes on certain sales or transfers of marijuana and directs the revenue to the Neighborhood Roads Fund.
- [PA 27](#)—Amends the Michigan Trust Fund Act to provide that money in the Local Government Reimbursement Fund at the close of the fiscal year does not remain in the fund and lapses to the general fund.
- [PA 29](#)—Amends the Safe Drinking Water Act to extend the sunset date (Oct. 1, 2025) to Oct. 1, 2029, for training and certification program fees for individuals to become certified operators of a public water supply.
- [PA 30](#)—Amends the Natural Resources and Environmental Protection Act to extend the sunset date (Oct. 1, 2025) to Oct. 1, 2029, for certain fees including wastewater and stormwater operator training and certification fees, stormwater discharge fees, surface water discharge permit fees, and Great Lakes shoreline permit application fees.

### **Input sought on state's five-year coastal management plan**

Township officials can provide input through Nov. 7 on the state Department of Environment, Great Lakes, and Energy draft [2026-2030 Enhancement Assessment and Strategy](#).

The updates to the strategy every five years are meant to close gaps in existing coastal management programming offered by the state to strengthen protections for the nation's longest freshwater coastline in the next funding cycle. Learn more about Michigan's coastal management efforts on the [program website](#). Comments on the draft strategy are accepted through the [online form](#).

### **Webinar to provide deescalating guidance**

Demanding and hostile individuals can threaten the productivity and safety of a township office or meeting. Learn how to diffuse angry individuals and respond compassionately to distressed individuals with respectful boundary-setting at a free Michigan Occupational Safety and Health Administration webinar on Oct. 21 at 2 p.m.

[Registration](#) is required for this event targeted at employers and public facing employees.

## Elective Pay seminars coming to Marquette, Traverse City

Townships and other tax-exempt entities can receive direct cash payments for their clean energy investments under the IRS's [Elective Pay program](#). The Michigan Infrastructure Office Technical Assistance Center will be offering two educational sessions, upcoming deadlines and resource connections in northern Michigan to help more communities leverage Elective Pay. The [first session](#) will be in the Marquette Township Community Room at 1000 Commerce Dr. in Marquette on Oct. 15 from 2-4 p.m. A [second session](#) covering the same material will take place in the second-floor training room in the Governmental Center at 400 Boardman Ave. in Traverse City on Oct. 17 from 10 a.m. to noon.



## Six weeks remaining for member input on MTA's 2026 legislative issues

As a member official, you can review and provide input on the MTA legislative policy platform. The legislative policy objectives—reviewed, updated and approved annually—guide the Association's government relations efforts and reflect emerging issues and goals. MTA members are encouraged to review the current [2025-2026 Policy Platform](#) and share any proposed additions and revisions by Monday, Nov. 24. Member-proposed policy changes will be reviewed by MTA policy committees and will be presented at the 2026 MTA Annual Meeting in conjunction with our 2026 Annual Educational Conference in April. Contact [legislation@michigantownships.org](mailto:legislation@michigantownships.org) with questions, comments or suggestions.

## Federal updates for week of Oct. 6

Check out the National Association of Towns and Townships [Weekly Legislative Update](#) for the latest on federal actions impacting townships.

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