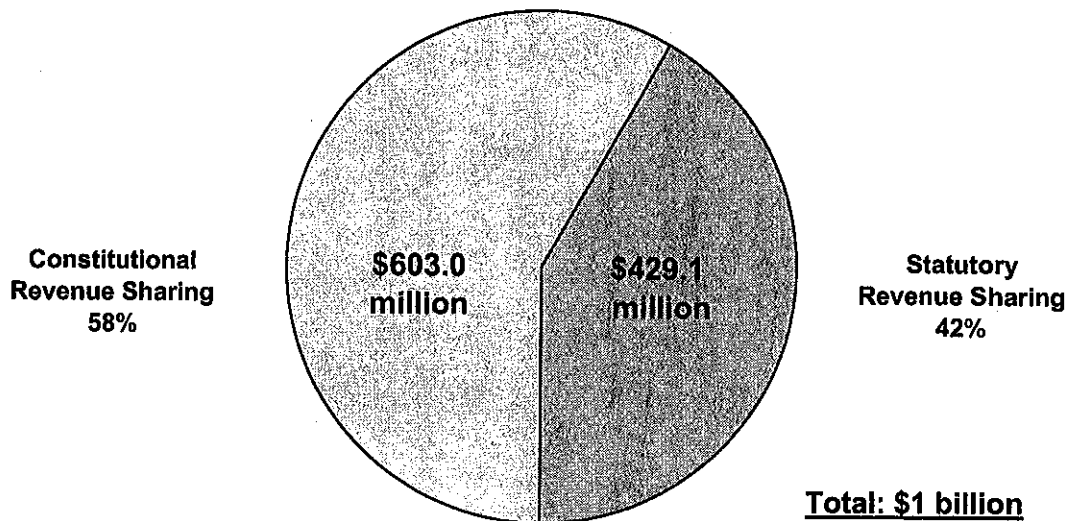


# Revenue Sharing

Michigan's revenue sharing program provides unrestricted financial support to local units of government, allowing communities to determine how best to fund local services. There are two ways that local units share in a portion of state sales tax revenue: a constitutionally-dedicated portion is distributed to cities, villages, and townships based on a community's population; an additional portion of state sales tax revenue is earmarked in state law to provide revenue sharing payments that are subject to annual appropriation. *Funding for fiscal year 2011 is recommended at \$1 billion, which includes \$603 million for constitutionally-required revenue sharing payments and \$429.1 million for statutory revenue sharing payments to cities, villages, townships and counties.*

## Nearly 60% of Revenue Sharing Payments are Constitutionally-Dedicated



### Highlights of Governor's Budget Recommendation for Revenue Sharing

- Overall revenue sharing payments are maintained at a level equal to fiscal year 2010 spending for cities, villages, and townships.
- State revenue sharing payments of \$114.7 million are recommended for counties that exhaust their revenue sharing reserve funds prior to, or during, fiscal year 2011. Phasing-in the early collection of winter property tax payments created a reserve fund for each county in fiscal year 2005, allowing the state to suspend revenue sharing payments until a county's fund is depleted. An estimated 38 counties will qualify for resumed state revenue sharing payments in fiscal year 2011.