

## MIRS Capitol Capsule

May 28, 2008

### Senate Kills Revenue Sharing Increase

Democrats failed to restore a \$16 million revenue sharing increase today in the General Government budget, which passed on a party-line 21-17 vote.

That was the biggest battle in the \$1.6 billion budget ([HB 5616](#)), which includes funding for the Attorney General, Civil Rights, Executive, Information Technology, Legislature, Auditor General, Management and Budget, State and Treasury.

Appropriations Subcommittee Chair John [PAPPAGEORGE](#) (R-Troy) said the budget should be viewed in the context of the May Consensus Revenue Estimating Conference, which revealed a \$393 million hole in the Governor's proposed budget.

"When we get done with budgets today . . . we'll still be \$102 million short in the General Fund and \$53 million short in the School Aid Fund," he said.

Nonetheless, Sen. Glenn [ANDERSON](#) (D-Westland) offered two identical amendments (one in Committee of the Whole and one on Third Reading) that restored the full four percent increase for local governments recommended by the Governor. Anderson also offered the same amendment last week in Appropriations Committee (See "[Senate Approps Lops Off Revenue Sharing Hike](#)," 5/21/08).

The amendment failed both times. Anderson requested the yeas and nays in committee, which Pappageorge ripped as "show business." The amendment also went down on third reading 18-19, with Sens. Roger [KAHN](#) (R-Saginaw) and Randy [RICHARDVILLE](#) (R-Monroe) crossing over and Sen. Alan [CROPSEY](#) (R-DeWitt) not voting.

Anderson argued revenue sharing has been cut more than \$3 billion in recent years, resulting in less police and fire protection. Anderson said the increase would be the first since Fiscal Year 2001. He also noted that with declining property values, municipalities' financial pictures were only going to get worse.

"Making Michigan less safe for the people who live here is not the answer," Anderson said.

Michigan is down 1,800 police officers and 2,400 firefighters since 2001, according to Michigan Commission on Law Enforcement Standards and State Fire Marshals Office.

"The Legislature cannot expect local officials to provide safe streets, safe homes, safe drinking water, sewers, parks, and all our other services while cutting the dollars that we were promised," said Michigan Municipal League Executive Director Dan [GILMARTIN](#). "We will reach a breaking point and something has to give."

Several Republicans chimed in to criticize the amendment, knowing it's a politically unpopular position to take. House Democrats are expected to seize on the issue during the election year.

"It's unconscionable to get up and talk about all the things we oughta shoulda do when there's no money to do them," said Pappageorge.

Given the state's "unstable revenue source," he added that it's irresponsible.

Sen. Nancy [CASSIS](#) (R-Novi) said to claim the Legislature is cutting police and firefighters is "patently untrue." She said locals shouldn't count on revenue sharing for public safety, something she learned herself as a local lawmaker.

Crosey asked where the revenue source was and then rhetorically asked, "Which taxes (Anderson) would be raising" to cover the shortfall. Senate Appropriations Chair Ron [JELINEK](#) (R-Three Oaks) also challenged senators to "pinpoint" a place where the additional money would come from. Anderson did not identify a funding source.

Sen. Bill [HARDIMAN](#) (R-Kentwood) said it wasn't a cut to keep locals' funding at last year's level. But Sen. John [GLEASON](#) (D-Flushing) pointed to rising gas prices and health care costs as strapping local governments. He also said the Legislature knew last year that the budget wouldn't be balanced last year.

"There should be no surprise that there's a deficit today," he said.

Gleason offered another amendment on revenue sharing, saying municipalities did what was expected and collected more accurate census data. Gleason wanted to give them an additional \$2 million. Pappageorge said this wasn't in Gov. Jennifer [GRANHOLM](#)'s proposal or the House budget and said the money wasn't there. That amendment failed, too.

Sen. Mickey [SWITALSKI](#) (D-Roseville) was able to secure a \$100 placeholder for an urban core mayors program, which he called a "reasonable compromise." He thanked Pappageorge for his support.

"We're starting to form a mutual admiration society, Senator Switalski and I. We meet every day in the center aisle," Pappageorge replied.

Pappageorge proposed two amendments he said would study how much money the Secretary of State needs to take from the MDOT budget for vehicle taxes, etc. Both passed.

He also addressed the controversial issue of how settlement funds are spent after the Attorney General is finished with cases. He said he had a meeting this afternoon with the Office of Management and Budget, Senate Fiscal Agency, Governor, AG and Anderson. He said he would eventually make changes to that part of the budget accordingly.

He also mentioned that the Auditor General would be switching from the Department of Information Technology (DIT) network to the legislative network at a cost of \$63,000 due to a "conflict of interest." The chair noted the Auditor General had handled eight unfavorable DIT reports. Pappageorge wants to look into DIT's bidding process, as well.