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## **GOVERNOR PROPOSES INCREASES TO REVENUE SHARING**

*New funds would encourage regional cooperation*

FERNDALE - Governor Granholm today proposed a 2.5 percent increase in revenue sharing that would be made available to local governments that collaborate.

“Collaboration is critical for cities in our current economic climate, and we commend Governor Granholm for proposing the financial tools to enable more of it,” said Conan Smith, Executive Director of the Michigan Suburbs Alliance. “It presents enormous potential for local governments to not only stretch tax dollars and improve the quality and reliability of public services, but work together to address regional challenges more effectively.”

The Governor’s proposed budget, outlined in her State of the State Address this evening, calls for new revenue sharing funds to be accessible only to cities that sign collaborative agreements. With revenue sharing payments for the current fiscal year estimated at \$1.08 billion, the proposed increase is equal to approximately \$27,119,500 in additional state shared revenue.

The Governor’s proposal comes at a time when many cities across the state – older suburbs in particular – are facing unprecedented fiscal challenges. Shrinking tax revenues, drastic rises in health insurance, and growing legacy costs have pushed many municipal budgets to the breaking point. Revenue sharing payments to local governments have been cut annually since 2002, totaling \$1.5 billion in lost funds. Many cities have been forced to reduce and even eliminate core services like fire and police protection. Working collaboratively enables local governments to maximize limited resources and maintain high quality city services.

“The Suburbs Alliance fully supports the Governor’s proposal and urges the Legislature to bring it to fruition. This is the type of innovative thinking that Michigan needs to secure a prosperous, sustainable future for our cities and state.”

Visit <http://michigan.gov/gov> to read the Governor’s proposal.

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