

Revenue Sharing & Incentive Programs

House Appropriations Subcommittee on General Government

Michigan Department of Treasury
March 5, 2024

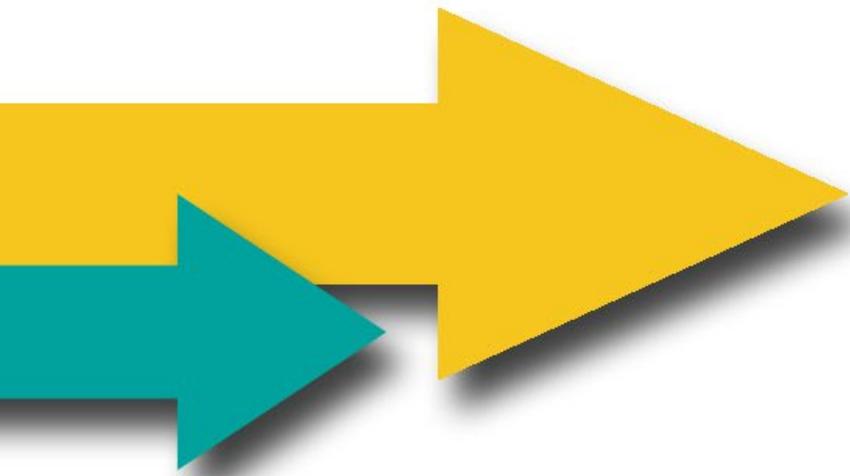


What is Revenue Sharing

- Distribution of state funds to local units of government
- Appropriated to roughly 1,880 local units of government
- Most funds are unrestricted revenue to the local unit

Revenue Sharing

- Types of Revenue Sharing:
 - Constitutional
 - Statutory
 - City, Village, and Township Revenue Sharing (CVTRS)
 - Standard
 - Public Safety (PS)
 - Coronavirus Local Fiscal Recovery Fund (CLFRF)
 - County Revenue Sharing (CRS)
 - Standard
 - Public Safety (PS)
 - Coronavirus Local Fiscal Recovery Fund (CLFRF)
 - County Incentive Program (CIP)



Constitutional Revenue Sharing



Constitutional Revenue Sharing

- Based on 15% of the 4% sales tax
- Distributed on a per-capita basis
- Distributed to all cities, villages, and townships
- Can be used for any purpose

Constitutional Revenue Sharing Per-Capita Calculation

	<u>FY 2024 Per-Capita Calculation</u>
Projected 4% Sales Tax FY 2024	\$7,393,917,598
Times Percentage for Revenue Sharing	15%
Preliminary Amount Available to Distribute	<hr/> \$1,109,087,640
Add Remainder Available from FY 2023	\$722
Total Amount Available for FY 2024	\$1,109,088,362
Divided by Total Revenue Sharing Population	<hr/> 10,048,731
Constitutional Per-Capita Amount	\$110.3709

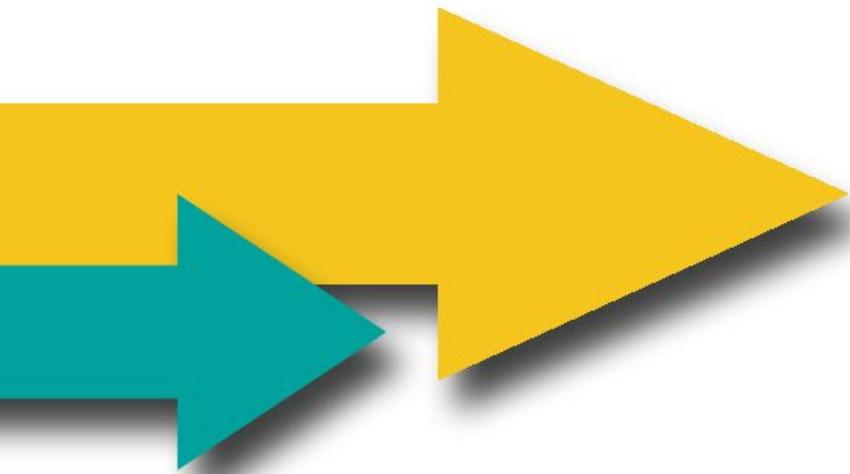
Constitutional Revenue Sharing Payment Calculation – FY 2024

<u>Local Unit Name</u>	<u>County</u>	<u>Revenue Sharing Population</u>	<u>FY 2024 Per-Capita Rate</u>	<u>FY 2024 Constitutional Projection</u>
Homer Village	Calhoun	1,575	110.370915	\$173,834
Ada Township	Kent	14,388	110.370915	\$1,588,017
Brighton Township	Livingston	19,144	110.370915	\$2,112,940
Mt Clemens City	Macomb	15,417	110.370915	\$1,701,589
Troy City	Oakland	87,294	110.370915	\$9,634,718
Franklin Village	Oakland	3,139	110.370915	\$346,453
Saginaw City	Saginaw	44,179	110.370915	\$4,876,075
Saline City	Washtenaw	8,948	110.370915	\$987,598
Canton Township	Wayne	98,659	110.370915	\$10,889,083

Constitutional Revenue Sharing FY 2025 (Projected)

<u>FY 2024 Appropriation</u>	<u>FY 2025 Projected</u>	<u>Difference</u>	<u>Percent Decrease</u>
\$1,109,087,462	\$1,106,098,981	(\$2,988,481)	(0.27%)

- Current FY 2025 revenue estimates (based on the January 2024 Consensus) are projecting a slight decrease in sales tax revenues from FY 2024
- Constitutional revenue sharing will be distributed based on actual sales tax collections



Statutory Revenue Sharing Programs



FY 2025

Statutory Revenue Sharing

- City, Village, and Township Revenue Sharing
 - 5% ongoing increase in Standard (CVTRS-Standard)
 - 2% one-time funding for Public Safety (CVTRS-PS)
 - 3% one-time funding for Coronavirus Local Fiscal Recovery Fund (CVTRS-CLFRF)
- County Revenue Sharing (CRS)
 - 5% ongoing increase in Standard (CRS-Standard)
 - 2% one-time funding for Public Safety (CRS-PS)
 - 3% one-time funding for Coronavirus Local Fiscal Recovery Fund (CRS-CLFRF)
- County Incentive Program (CIP)



Statutory Revenue Sharing Uses of Funds

- Standard and CLFRF funding can be used for any purpose
- Public Safety funding must be specifically designated for local public safety initiatives, including:
 - Public safety employee recruitment
 - Public safety employee retention
 - Public safety employee training
 - Public safety equipment
 - Public safety employee infrastructure improvements

CVTRS Summary FY 2025 (Proposal)

	FY 2025 CVTRS <u>Standard</u>	FY 2025 CVTRS <u>Public Safety</u>	FY 2025 CVTRS <u>CLFRF</u>	FY 2025 CVTRS <u>Total</u>
City	\$288,130,352	\$5,488,200	\$8,232,298	\$301,850,850
Village	\$4,645,070	\$88,480	\$132,716	\$4,866,266
Township	\$15,436,488	\$294,033	\$441,043	\$16,171,564
Total	\$308,211,910	\$5,870,713	\$8,806,057	\$322,888,680

Calculation Example CVTRS Standard FY 2025 (Proposal)

<u>Local Unit Name</u>	<u>FY 2024 Ongoing CVTRS</u>	<u>FY 2025 Percent</u>	<u>FY 2025 CVTRS Standard</u>	<u>FY 2025 Increase Amount</u>
Homer Village	\$60,118	105%	\$63,124	\$3,579
Ada Township	\$52,255	105%	\$54,868	\$3,111
Brighton Township	\$70,739	105%	\$74,276	\$4,211
Mt Clemens City	\$652,988	105%	\$685,637	\$38,868
Troy City	\$502,571	105%	\$527,700	\$29,915
Saginaw City	\$4,540,090	105%	\$4,767,095	\$270,244
Saline City	\$142,416	105%	\$149,537	\$8,477
Canton Township	\$358,537	105%	\$376,464	\$21,342

Calculation Example CVTRS Public Safety FY 2025 (Proposal)

<u>Local Unit Name</u>	<u>FY 2024 Ongoing CVTRS</u>	<u>FY 2025 Percent for Public Safety</u>	<u>FY 2025 CVTRS Public Safety</u>
Homer Village	\$60,118	2%	\$1,202
Ada Township	\$52,255	2%	\$1,045
Brighton Township	\$70,739	2%	\$1,415
Mt Clemens City	\$652,988	2%	\$13,060
Troy City	\$502,571	2%	\$10,051
Saginaw City	\$4,540,090	2%	\$90,802
Saline City	\$142,416	2%	\$2,848
Canton Township	\$358,537	2%	\$7,171

Calculation Example CVTRS Coronavirus Local Fiscal Recovery Fund (CLFRF) FY 2025 (Proposal)

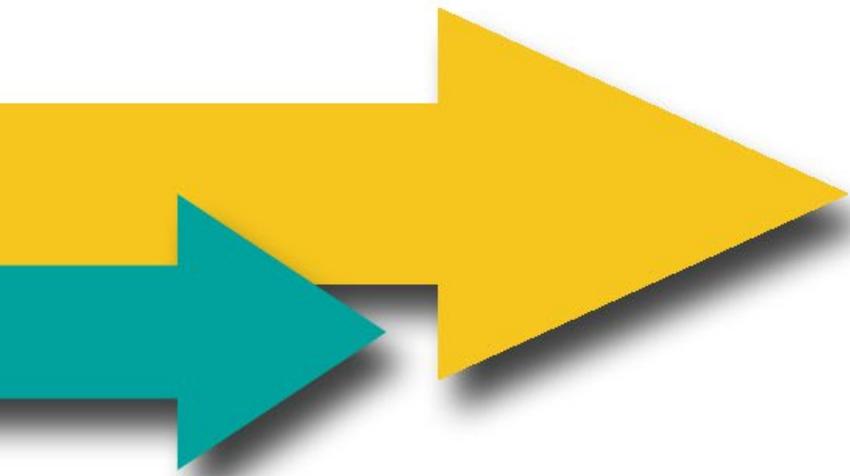
<u>Local Unit Name</u>	<u>FY 2024 Ongoing CVTRS</u>	<u>FY 2025 Percent for CLFRF</u>	<u>FY 2025 CVTRS CLFRF</u>
Homer Village	\$60,118	3%	\$1,804
Ada Township	\$52,255	3%	\$1,568
Brighton Township	\$70,739	3%	\$2,122
Mt Clemens City	\$652,988	3%	\$19,590
Troy City	\$502,571	3%	\$15,077
Saginaw City	\$4,540,090	3%	\$136,203
Saline City	\$142,416	3%	\$4,272
Canton Township	\$358,537	3%	\$10,756

CRS/CIP Summary FY 2025 (Proposal)

	<u>FY 2024 Appropriated</u>	<u>% of FY 2024 Total</u>	<u>Increase</u>	<u>FY 2025 CRS/CIP Proposal</u>
CRS-Standard	\$212,619,200	5%	\$12,810,000	\$225,429,200
CRS-Public Safety		2%	\$5,124,000	\$5,124,000
CRS-CLFRF		3%	\$7,686,000	\$7,686,000
Total CRS	\$212,619,200		\$25,620,000	\$238,239,200
CIP	\$43,579,900			\$43,579,900
Total	\$256,199,100		\$25,620,000	\$281,819,100

- CIP is 20% of the full funding amount
- Each county that received a CIP payment in FY 2024 is eligible to receive a CIP payment in FY 2025

Note: One-time appropriations are excluded from the above table



Statutory Revenue Sharing Filing Requirements

FY 2025 (Proposal)



FY 2025 Proposal

Requirements to Qualify for Payments

Standard & Public Safety Payments

1. A completed Certification Form (form # 4886) signed by the Chief Administrative Officer
2. Debt Service Report
 - Including a listing of issuance dates, issuance amounts, type of debt instrument, a listing of all revenues pledged to finance debt, and a listing of annual payment amounts until maturity
3. Projected Budget Report
 - Projection of revenues and expenditures for current fiscal year and next fiscal year, including assumptions



FY 2025 Proposal Requirements to Qualify for Payments

Coronavirus Local Fiscal Recovery Fund Payments

Local unit or county has “fully obligated” or expended by October 1, 2024 or declined, the total amount of 2021 American Rescue Plan Act funds (Public Law 117-2) allocated to the local unit or county

1. Certified compliance in FY 2024
OR
2. Submit a completed Certification Form (form # 6056) signed by the Chief Administrative Officer

“Fully Obligated” means an order placed for property or services; entering into contracts, subawards, and similar transactions that require payments; or appropriating the funds for specific purposes

FY 2025 Proposal Due Dates to Qualify

Standard & Public Safety Payments

- All eligible local units and counties receive the October payment
- If required documents are submitted by the 1st Thursday of December (December 5, 2024)
 - Receive 1/6 of the payment in December, February, April, June, and August
- If required documents are submitted after the 1st Thursday of December, but by the first day of a payment month (February, April, June, and August);
 - Receive that month's and future payment(s) but will forfeit prior payment(s) (at a minimum December payment forfeited)

FY 2025 Proposal Due Dates to Qualify

Coronavirus Local Fiscal Recovery Fund Payments

- Compliance with program requirements for both
 - Standard/Public Safety Payments
- AND
- Coronavirus Local Fiscal Recovery Fund Payments
- If compliance certification was not submitted in FY 2024, then certification must be submitted by December 5, 2024
 - Receive entire payment by the last business day of February

History of CVTRS Certifications By December Due Date

<u>Fiscal Year</u>	<u>Qualified</u>	<u>Non-Qualified</u>	<u>Total</u>
2015	568	19	587
2016	576	11	587
2017	567	20	587
2018	559	28	587
2019	567	69	636
2020	581	55	636
2021	584	52	636
2022	603	33	636
2023	604	32	636
2024	612	24	636

Non-Qualified: eligible local units that did not submit the required documentation.

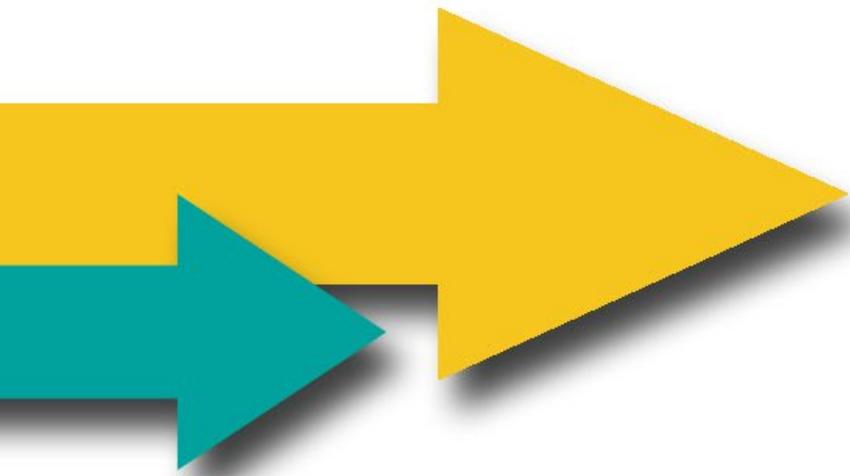
FY 2023 & FY 2024 CVTRS/CIP Non-Qualified Eligible Local Units

<u>Local Unit Name</u>	<u>County</u>	<u>FY 2023 Forfeited</u>	<u>FY 2024 YTD Forfeited</u>	<u>FY 2024 Projected Forfeited</u>	<u>FY 2024 Projected # of Payments Forfeiting</u>
Alpha Village	Iron		\$1,497	\$1,497	1
Augusta Village	Kalamazoo		\$1,255	\$1,255	1
Bessemer Township	Gogebic	\$5,642	\$2,324	\$5,810	5
Beulah Village	Benzie	\$1,608	\$662	\$1,655	5
Boyne Falls Village	Charlevoix	\$1,078			
Buckley Village	Wexford	\$4,044	\$1,666	\$4,165	5
Camden Village	Hillsdale	\$6,800			
Chatham Village	Alger	\$1,655	\$682	\$1,705	5
Eastlake Village	Manistee	\$1,248	\$514	\$1,285	5
Elsie Village	Clinton	\$8,364	\$8,616	\$21,540	5
Fairgrove Village	Tuscola	\$2,124			
Fife Lake Village	Grand Traverse	\$3,757			
Fruitport Township	Muskegon	\$7,967			
Garden Village	Delta	\$2,369	\$976	\$2,440	5
Grayling City	Crawford	\$19,900			
Harrisville City	Alcona	\$3,359			
Hartford Township	Van Buren	\$3,830	\$1,578	\$3,945	5
Hubbardston Village	Ionia		\$970	\$970	1
Kingsley Village	Grand Traverse		\$5,564	\$5,564	2
Lawrence Village	Van Buren	\$27,622	\$11,382	\$28,455	5

FY 2023 & FY 2024 CVTRS/CIP

Non-Qualified Eligible Local Units (continued)

<u>Local Unit Name</u>	<u>County</u>	<u>FY 2023 Forfeited</u>	<u>FY 2024 YTD Forfeited</u>	<u>FY 2024 Projected Forfeited</u>	<u>FY 2024 Projected # of Payments Forfeiting</u>
Lyon Township	Oakland	\$18,534			
Marion Township	Saginaw	\$3,286	\$1,354	\$3,385	5
Maybee Village	Monroe		\$1,124	\$2,810	5
Mayfield Township	Lapeer		\$5,221	\$5,221	1
McMillan Township	Ontonagon	\$521	\$536	\$1,340	5
Melvin Village	Sanilac	\$556			
Millersburg Village	Presque Isle	\$671			
Minden City Village	Sanilac		\$1,095	\$1,095	1
Pine Grove Township	Van Buren	\$3,190			
Port Hope Village	Huron	\$476			
Prescott Village	Ogemaw	\$1,720	\$708	\$1,770	5
Richmond Township	Marquette	\$2,606	\$1,072	\$2,680	5
Sand Lake Village	Kent	\$1,926			
Skandia Township	Marquette	\$1,730	\$712	\$1,780	5
Stockbridge Village	Ingham	\$5,074			
Thompsonville Village	Benzie	\$2,675			
Turner Village	Arenac		\$1,334	\$3,335	5
Twining Village	Arenac	\$4,036	\$1,662	\$4,155	5
Walkerville Village	Oceana	\$5,115	\$2,106	\$5,265	5
Zilwaukee Township	Saginaw	\$161			



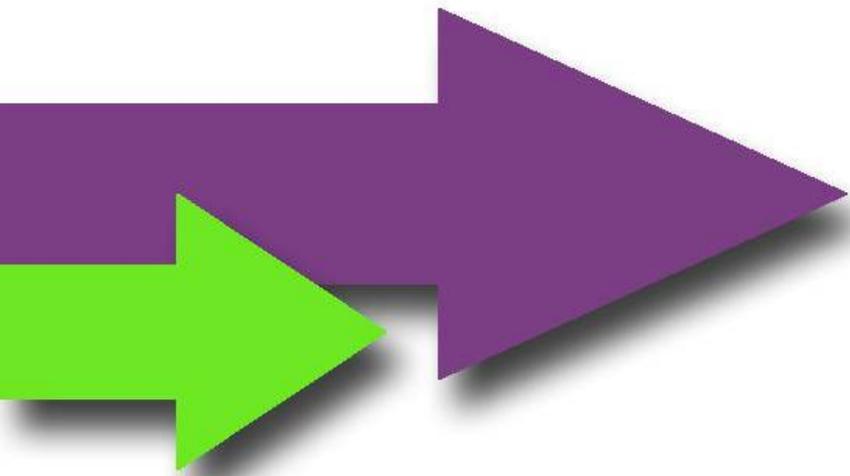
County Incentive Program (CIP) and County Revenue Sharing (CRS)

History of CRS/CIP

Fiscal Year	Eligible Counties	Projected Full Funding	Appropriation	Percent Funded
2010	20	\$62.0M	\$55.3M	89.1%
2011	36	\$112.4M	\$114.7M	100.0%
2012	50	\$151.9M	\$115.0M	75.7%
2013	62	\$171.0M	\$130.6M	76.4%
2014	63	\$182.3M	\$145.8M	80.0%
2015	74	\$211.6M	\$211.2M	99.8%
2016	76	\$214.7M	\$214.7M	100.0%
2017	78	\$215.1M	\$217.3M	101.0%
2018	78	\$215.8M	\$220.1M	102.0%
2019	81	\$216.1M	\$221.4M	102.5%
2020	81	\$216.6M	\$173.5M	80.1% ¹
2021	82	\$216.6M	\$226.5M	104.5%
2022	82	\$217.1M	\$231.5M	106.6%
2023	83	\$217.5M	\$245.8M	113.0%
2024	83	\$217.9M	\$261.1M	116.5%
2025	83	\$217.9M	\$281.8M²	129.3%

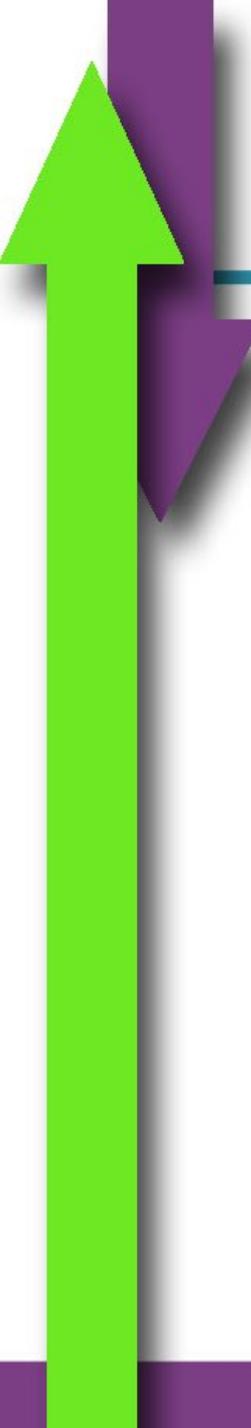
¹ The FY 2020 appropriation amount was reduced in 2020 PA 144 in an amount equal to the August 2020 payment. An equivalent amount was funded under the Coronavirus Relief Local Government Grant Program (CRLGG).

² FY 2025 appropriation amount is based on the Governor's Executive Budget Recommendation.



Financially Distressed Cities, Villages, and Townships (FDCVT) Grant Program

FY 2025 (Proposal)



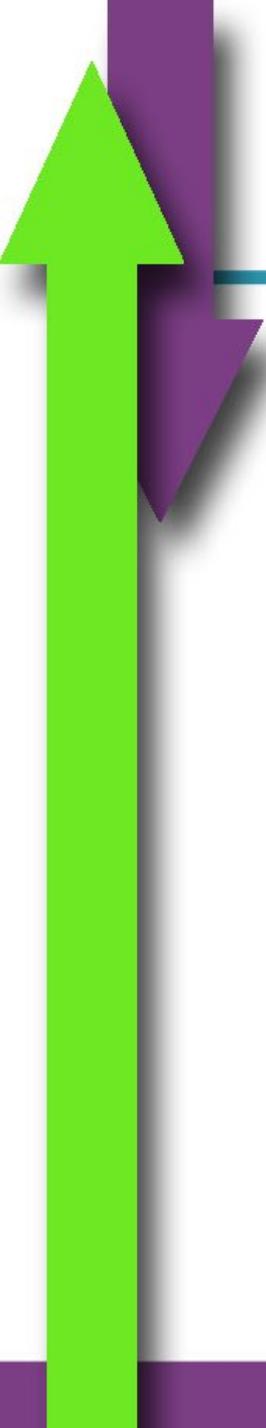
Financially Distressed Cities, Villages, and Townships (FDCVT) FY 2025 Proposal

- Available to all cities, villages, and townships that have one or more conditions that indicate probable financial distress
- To offset costs associated with specific projects or services that move the city, village, or township toward financial stability
- \$2.5M recommended in FY 2025;
- \$2.5M appropriated in FY 2019 - FY 2024
- No more than \$2.0M may be awarded to any city, village, or township in a fiscal year

Financially Distressed Cities, Villages, and Townships (FDCVT)

Application Round	# of Applications	Requested Funding	Awarded	Awarded Funding¹
FY 2015	49	\$30.5M	21	\$8.0M
FY 2016	51	\$29.3M	14	\$5.4M
FY 2017	50	\$33.8M	13	\$5.1M
FY 2018	54	\$39.0M	14	\$5.4M
FY 2019	38	\$25.9M	16	\$2.7M
FY 2020	38	\$20.4M	15	\$2.7M
FY 2021	53	\$25.4M	19	\$2.7M
FY 2022	42	\$22.3M	14	\$3.0M
FY 2023	40	\$13.9M	15	\$2.7M

¹ Awarded funding exceeded the appropriation due to prior funding lapses.



For Further Information

Revenue Sharing and Grants Division
Michigan Department of Treasury

517-335-7484

www.michigan.gov/revenuesharing

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