



## MIRS Capitol Capsule

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# Locals: 'Dire Cuts' Barring County Tax Shift

Two weeks ago, constituents threatened lawmakers with Election Day defeat if they passed a plan to move up the county tax collection date. Today, it was the local government officials who threatened deep cuts in police and fire departments if they didn't.

Local officials stood on the Capitol steps this morning warning lawmakers that if Gov. Jennifer **GRANHOLM**'s tax collection shift embodied in SB 1111 and SB 1112 doesn't pass the House soon, an already decimated police and fire force in this state will take a near devastating blow.

"In this time of national security, we're the ones calling for 911, urging for the passage of Senate Bills 1111 and 1112," said Pat **BAIDELL**, president of the Michigan Association of Police Officers. "If these bills don't pass, there may not be anyone around to respond to 911 calls."

Ingham County Controller Jerry **AMBROSE** estimated that his municipality alone would need to eliminate 15 jobs if it was asked to swallow the 17 percent statutory revenue sharing cut the municipality is facing if the bills don't pass. Statewide, Ambrose estimated 3,200 jobs are on the line if \$183 million in statutory revenue sharing is cut. Obviously, the locals dropped up the police and fire departments as the first ones to take the blow.

Locals are edged that it is, once again, their necks on the chopping block after they've been forced to swallow a 51 percent cut in their statutory revenue sharing money from the state since 2001. What is being discussed would be double the amount of cuts counties have taken cumulatively since 2001.

Revenue sharing was a promise made by the state back in the 1970s in exchange for local units sacrificing much of their local taxing authority. Communities can't afford to take another hit during these uncertain times, they argued,

because it will mean layoffs not only to police and fire officials, but to public health inspectors, trash collectors and parks employees.

"Enough is enough," said Elvin **PORTIS**, representing the Michigan Association of Chiefs of Police. "We've already cut to the bone. Police officers are driving around in obsolete junk. Why should we even begin this discussion when there is no money on the table?"

Part of Granholm's budget plan for the Fiscal Year (FY) 2005 was to eliminate \$183 million in statutory county revenue in exchange for allowing counties to collect their property taxes entirely in July instead of half in December and half in July. Counties will be able to operate off this early tax collection money for anywhere between four and 23 years, depending on the county.

Legislative leadership signed off on the shift, but some media sources framed the proposal as a property tax increase, which flooded legislators' offices with angry constituent calls. The Senate Fiscal Agency (SFA) told the Senate Majority Leader that the tax-hike argument was disingenuous, that even if taxpayers took the \$90 or so they would have spent in taxes in December and stuck it in a savings account, they'd only net 37 cents in FY 2005, \$1.11 by FY 2007.

Still, the House shot down the county revenue sharing shift last week, which wouldn't be all that damaging except the House has already passed a General Government budget that included \$183 million cuts to local units of government and the governor's already signed the bill. So without the county revenue sharing shift or some other funding mechanism, locals stand to lose if this shift gets the shaft.

Counties and municipalities are pledging another "Capitol Day" for their members tomorrow, so the halls around the House chambers should be packed.

House leadership is promising victory if the House Democrats put up "their share of the votes." Last week, several Democrats voted no on the proposal.

The Detroit caucus, in particular, was concerned their constituents would be left in the dark on the new tax collection plan and they could face even more foreclosure problems than they currently do. There's also the little quirk with how the revenue sharing cuts will be distributed that actually gives Detroit more money at the expense of everyone else. That increase is related to a long-standing deal where Detroit's revenue sharing take was frozen when the city reduced its income tax.

The vote presents a real problem for any swing-seat lawmaker, Republican or Democrat, who undoubtedly will have to live through an opponent's "tax hike" rhetoric during the remainder of the campaign.

At today's rally, former lawmaker and Budget Director Don **GILMER**, who is currently Kalamazoo County Administrator, told reporters that it would be an "injustice" if the House doesn't pass the acceleration.

In a rebuttal to the rally, Jack **McHUGH** of the Mackinac Center, which has openly called the acceleration a tax hike, said it is inaccurate to portray the situation as though the only options are to either hurt or help local governments

"It is unfortunate that the counties have been made hostages to a governor and a Legislature unwilling to make necessary cuts to excessive state spending," McHugh said "The Mackinac Center has identified \$183 million in cuts that would make the proposed tax increase unnecessary."

According to rumors circulating in and around the Capitol, Granholm has been considering some alternatives to, or at least some variations of, the current proposal.