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CITY OF TROY
CITY MANAGER'S OFFICE

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A RESOLUTION
OF THE CITY OF ROYAL OAK, MICHIGAN
STRONGLY SUPPORTING FULL FORMULA FUNDING
OF STATE REVENUE TO LOCAL GOVERNMENT

WHEREAS, as a component of tax restructuring, the consolidation of specific business taxes and the elimination of local option taxes, the State of Michigan developed a system of collecting local taxes at the State level for distribution to municipalities; and

WHEREAS, the Statutory Revenue Sharing Act currently earmarks a percentage of State Sales Tax for distribution to cities, villages and townships under a formula measuring local tax capacity, government type and population; and

WHEREAS, Statutory Revenue Sharing is the only State tax policy attempting to level the playing field by providing more funding to communities with low tax bases; and

WHEREAS, local government recognizes and accepts the fact that there will be fluctuations in the State economy impacting the statutory shared revenues, however, that State began ignoring the revenue sharing commitment in 1991; and

WHEREAS, the current budget proposed by Governor Granholm diverts over $600 million of statutory funding for cities, villages and townships to the State; and

WHEREAS, in the past 5 years approximately 40% of the State budget deficit has been assumed by cities, villages and townships as the State continues to reduce revenue commitments and shift funding responsibility; and

WHEREAS, the hardest hit have been fully developed urban areas already losing revenue under Michigan's property tax system as revised following the passage of Proposal A; and

WHEREAS, it is inconceivable that the Governor and Legislature continue to put our State's future in jeopardy by mandating cuts to public safety and core services which define our quality of life.

NOW, THEREFORE, BE IT RESOLVED, that the Governor, Senate, and House of Representatives of the State of Michigan are hereby strongly urged to fully fund the current formula of local revenues collected by the state and distributed under the Statutory Act.

BE IT FURTHER RESOLVED that a copy of this Resolution be forwarded to Governor Granholm, Senator Johnson, Representative Donigan, the Michigan Municipal League and all surrounding communities.

Resolved the 6th day of March, 2006.

James B. Ellison, Mayor