

# Reforming Municipal Finance

## SaveMiCity Par Deux

CAPITAL CONFERENCE  
March 21-22, 2017  
Lansing Center, Lansing



Save  
**MI**  
City



[www.saveMlcity.org](http://www.saveMlcity.org)

[#saveMlcity](https://twitter.com/saveMlcity)

# Changing the Narrative

## True Growth

# SaveMlcity on the Road:

- Launched at 2016 Capital Conference
- Since then:
  - Three news conferences
  - More than 50 presentations in more than 30 communities
  - Spoken to dozens of organizations, thousands of people
  - Resulting in 200+ news articles
  - News coverage worth approximately \$500,000

# Articles of Note: We're Getting Their Attention

Bridge | News and analysis from The Center for Michigan

## Strapped cities taking aim at Proposal A



February 27, 2017 | Lindsay VanHulle | Business Bridge

SHARE THIS ON

LANSING — Dan Gilmartin has a warning for Michigan's policymakers: The way the state funds its cities is squeezing them dry.

Yes, local governments need to do a better job at



## 'Broken System' Has Cities 'Drowning' In Fiscal Troubles

It's no secret in Lansing that retiree health care costs are financially reality that has spurred legislative hearings and pledged action in the

Meanwhile, Gov. Rick **SNYDER** raised eyebrows during last week's suggested new revenues in the form of "fees, taxes, grants, bonding and aging infrastructure (See "Schmidt: Slow Down On Infrastructure

But Michigan Municipal League (MML) doesn't want lawmakers' employment benefits (OPEB) and infrastructure, the Legislature's insurance system that has cities across the state "drowning" in fiscal

cities' property tax revenue is struggling to return to pre-recession levels. The 2011 Amendment limit their ability to increase property tax rates.

While property values have increased 20 percent since 2009, the

improved economy has meant while state of Michigan's share of revenue from the state to local government has decreased. **GILMARTIN.**

Cities are being left behind because of the burdens of a broken system. **GILMARTIN.**

## Funding squeeze could prompt Proposal A update

Lansing concern: Longtime law limits revenues, stresses cities

By LINDSAY VANHULLE

Twitter Facebook LinkedIn

Government Michigan Public Policy Real Estate More +

LANSING — Dan Gilmartin has a warning for Michigan's policymakers: The way the state funds its cities is squeezing them dry.

Local governments across the state need to do a better job at sharing services and cutting costs, said Gilmartin, executive director and CEO of the Michigan Municipal League, which advocates on behalf of cities and villages. But cities also are limited in how much money they can bring in, even if residents were willing to tax themselves more — and that, he said, is something Lansing has to fix.

Gilmartin and some other leaders are floating a politically tricky fix: An update to Proposal A, the voter-approved 1994 Michigan constitutional amendment that caps property tax increases.



Rather than repealing or replacing Proposal A, which would

# Articles of Note: We're Getting Their Attention

**The Detroit News** Search

HOME NEWS SPORTS BUSINESS AUTOS LIFE + HOME ENTERTAINMENT **OPINION** PHOTO + VIDEO

## Revenue sharing boosts Michigan communities

Gary Wolfram 12:07 a.m. ET March 8, 2017

83 CONNECT 1 LINKEDIN 2 COMMENT EMAIL MORE

*(Photo: Al Goldis)*

Thomas Jefferson made clear that much of our governance should come at the local level. As he put it in 1816 in his letter to Joseph Cabell:

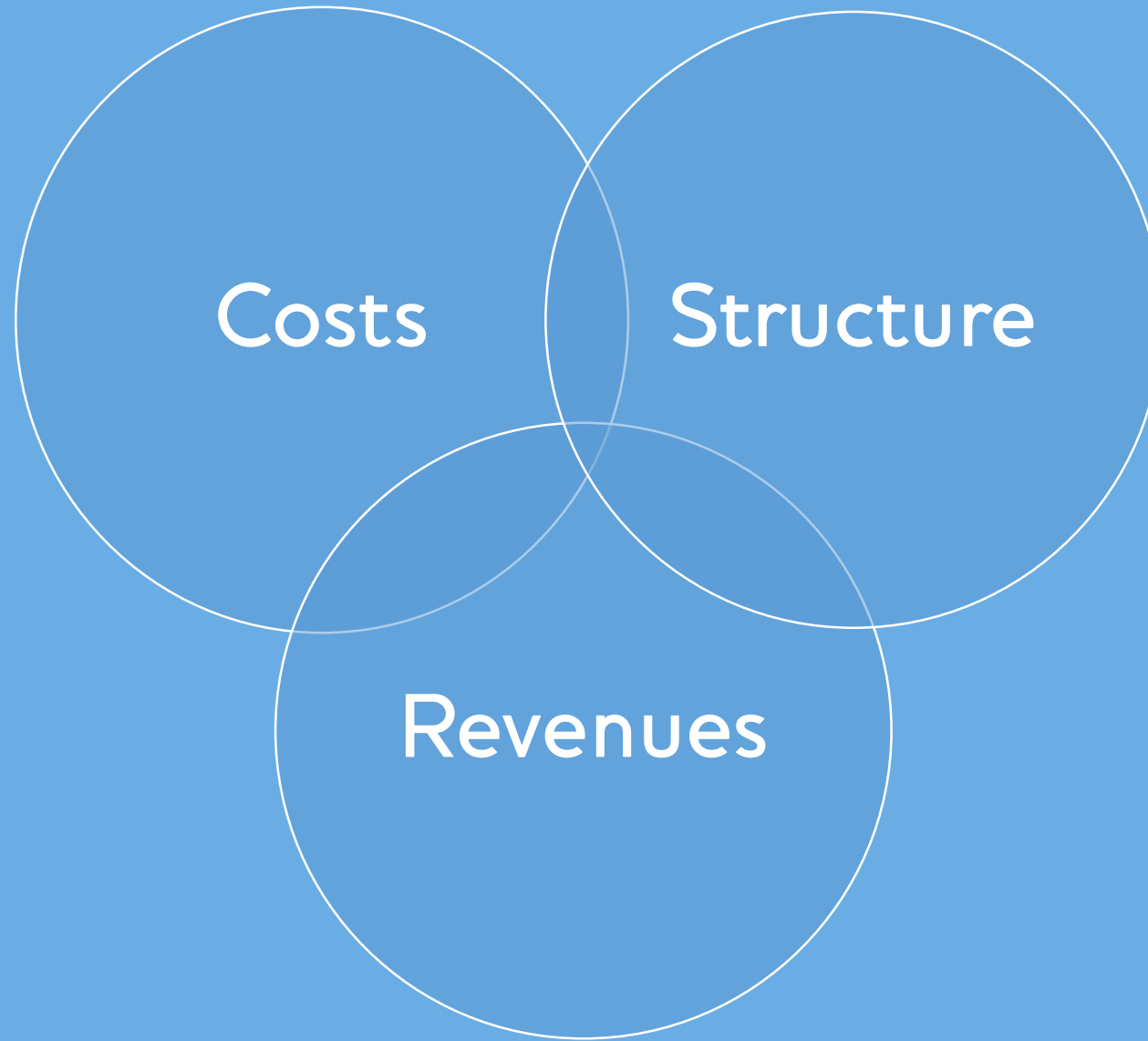
"It is by dividing and subdividing these republics from the great national one down through all its subordinations, until it ends in the administration of every man's farm by himself; by placing under everyone what his own eye may superintend, that all will be done for the best."

Michigan has a long history of declaring the importance of local government. The Home Rule City Act of 1909 precluded the state government from dissolving a city without a vote of the local residents. Section 34 of Article VII of the 1963 Constitution requires that provisions of the constitution concerning cities "shall be liberally construed in their favor." One way of acknowledging the importance of local units of government was the establishment of revenue sharing, whereby the state government collects revenue statewide and returns the revenue to cities, villages, and townships.

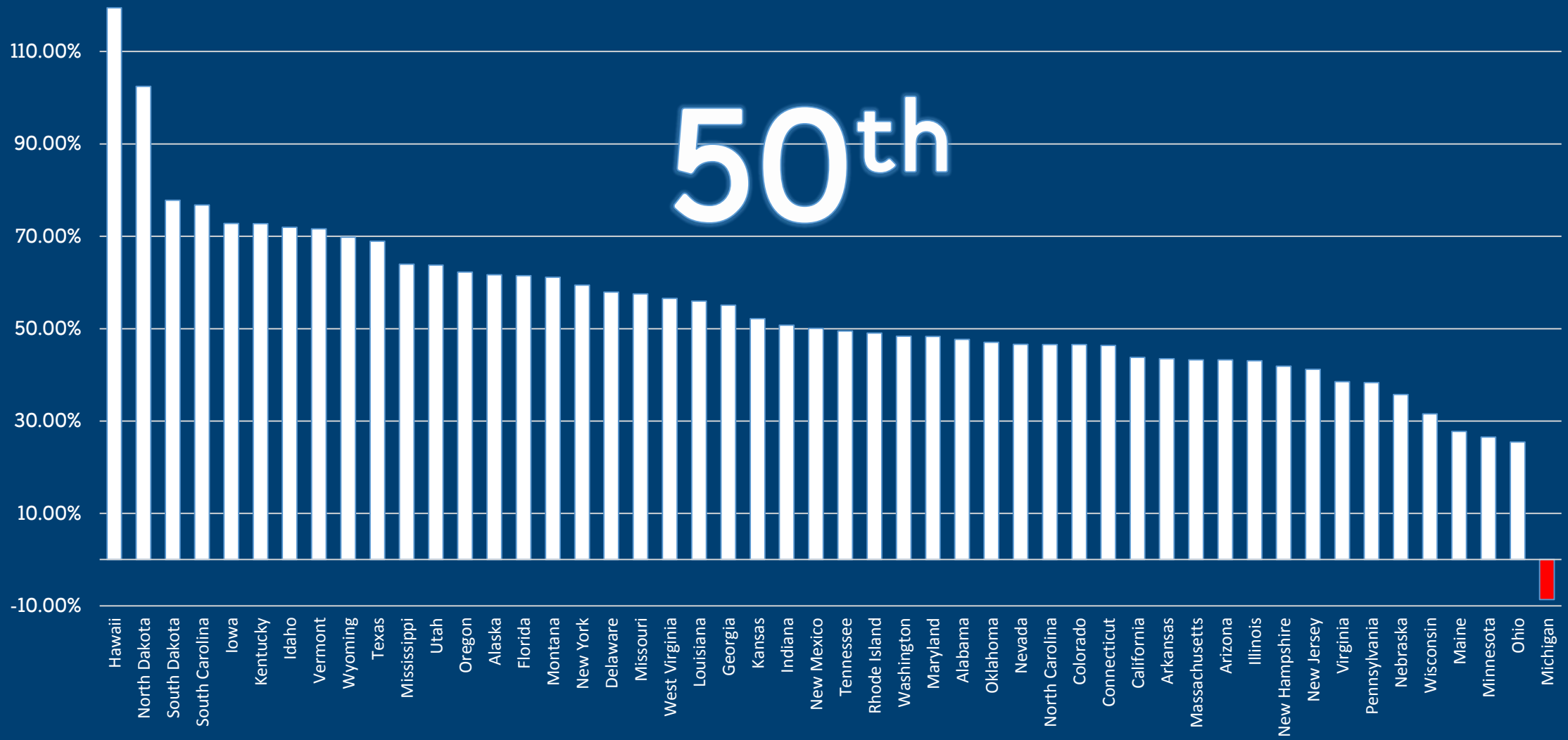
JACKPOT \$119,000 MICHIGAN MILE WITH ME LEGAL Play In Store or

TOP VIDEO

Column by  
noted  
conservative  
economist  
Gary Wolfram  
of Hillsdale  
College

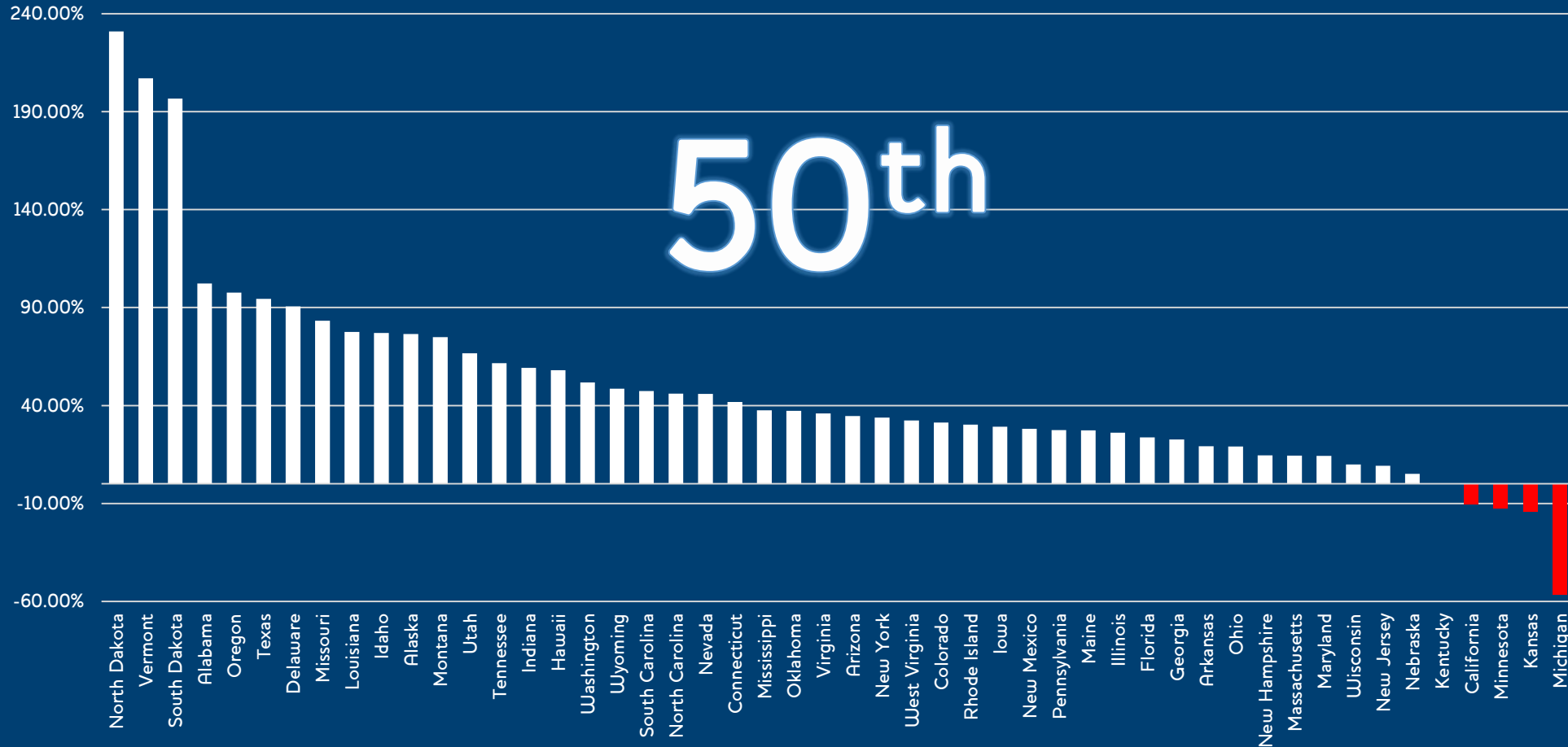


# Growth in Municipal General Revenue 2002 - 2012

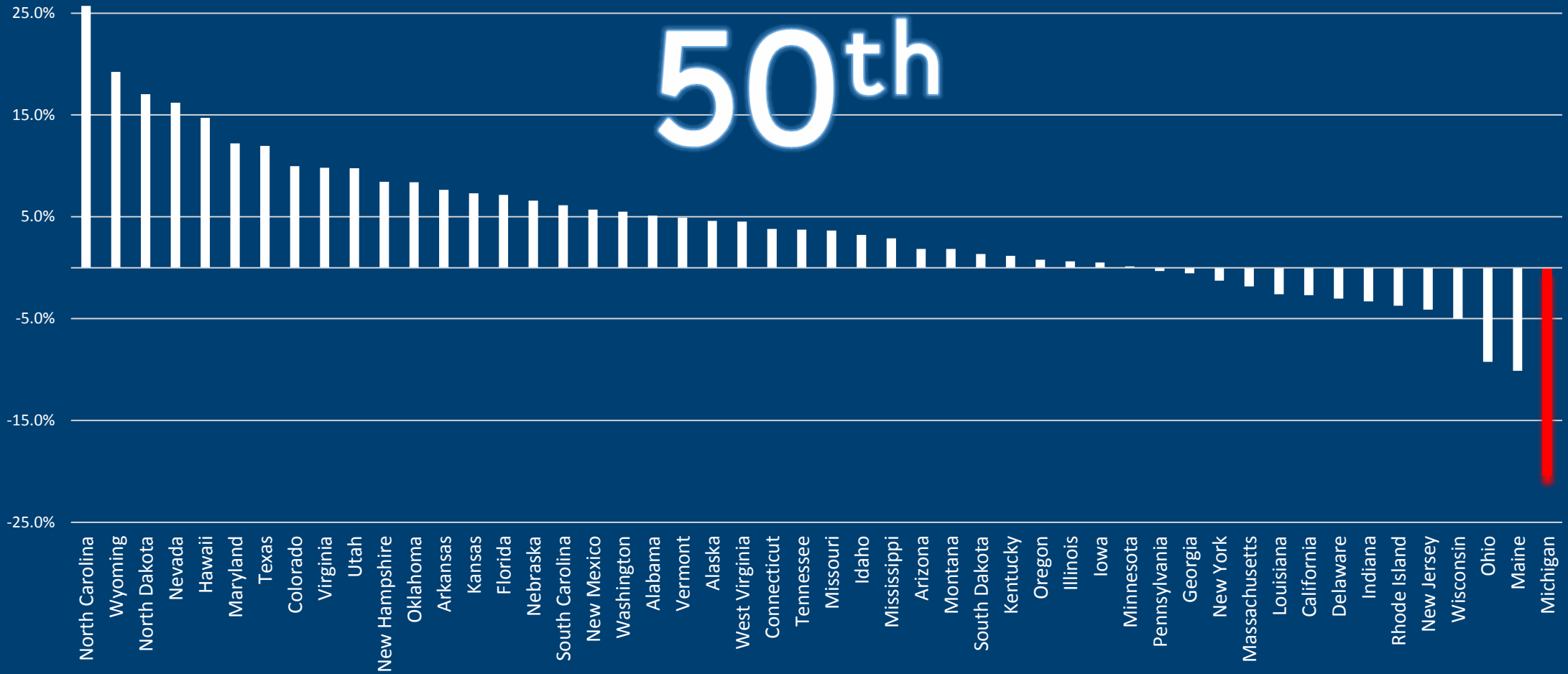




## Change in Municipal Revenues From State Sources

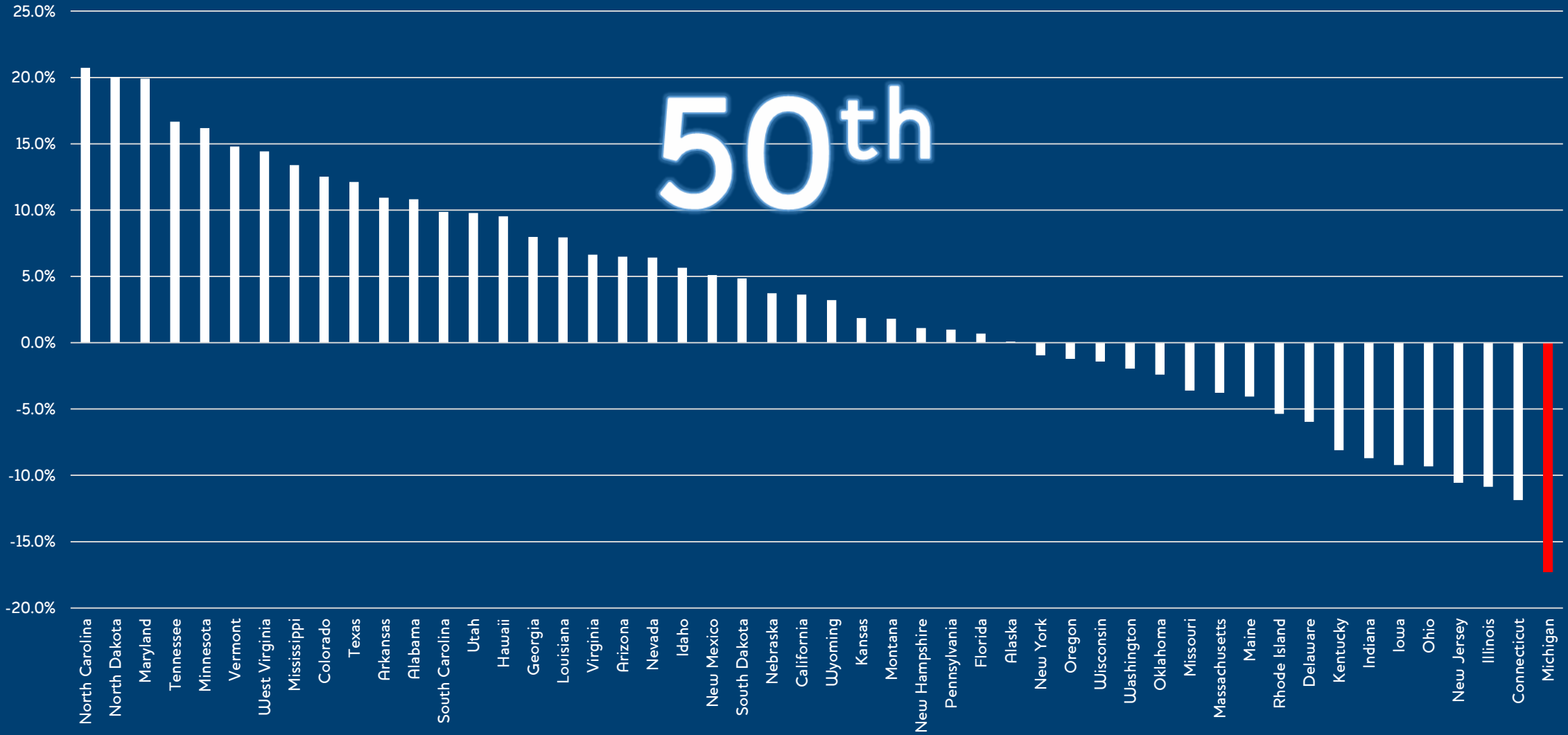


# Change in Total Local Employment (Including Education) 2004 - 2014



## Change in Local Employment - Police Full Time Equivalent Employees 2004 - 2014

# 50<sup>th</sup>



Change in Fire Dept. Employment

46<sup>th</sup>

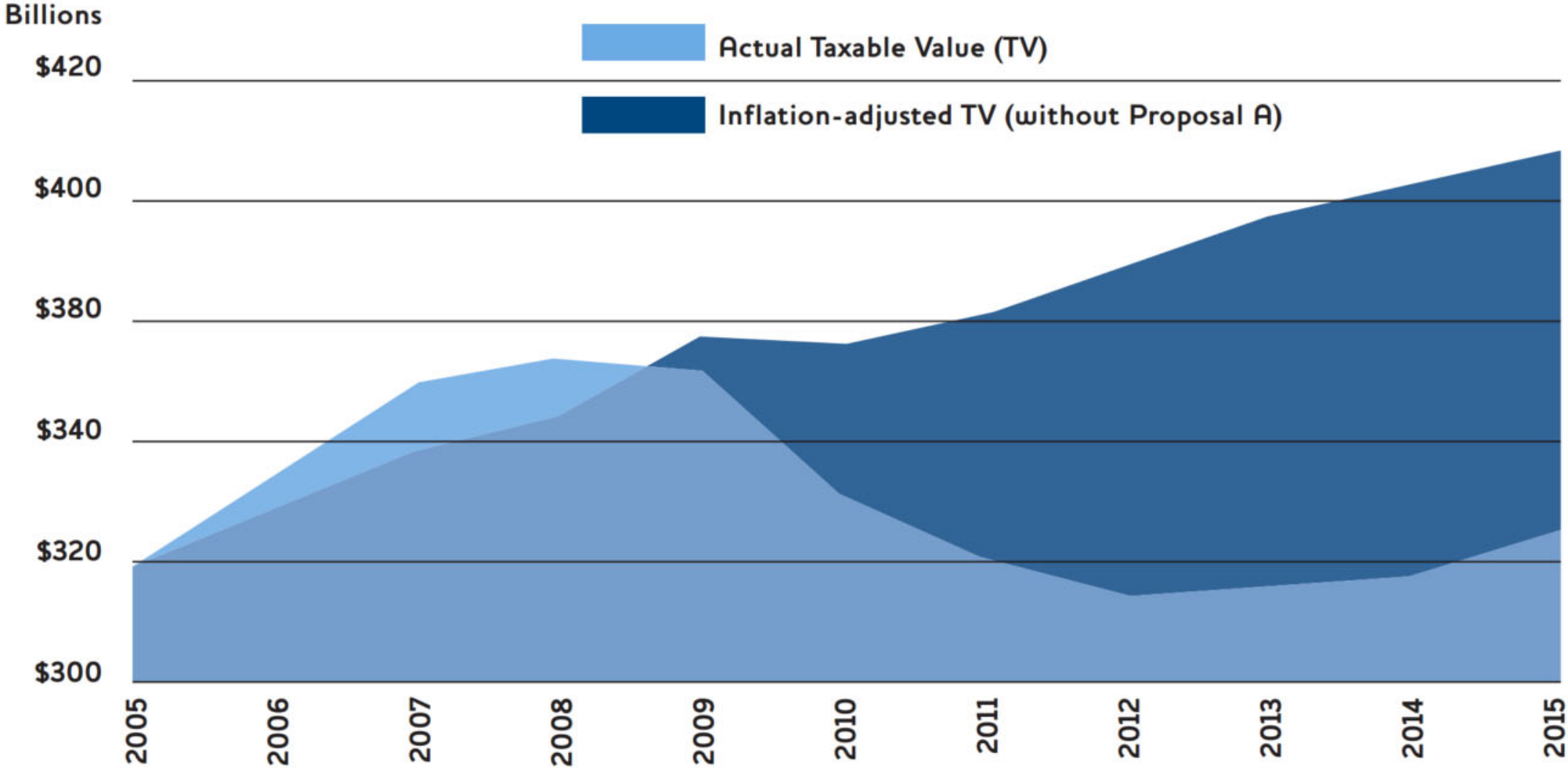
Change in Parks & Rec Employment

50<sup>th</sup>

Change in Total Payroll

50<sup>th</sup>

# STATEWIDE TAXABLE VALUE (2005-2015)



Source: Adapted from GLEC, 2016

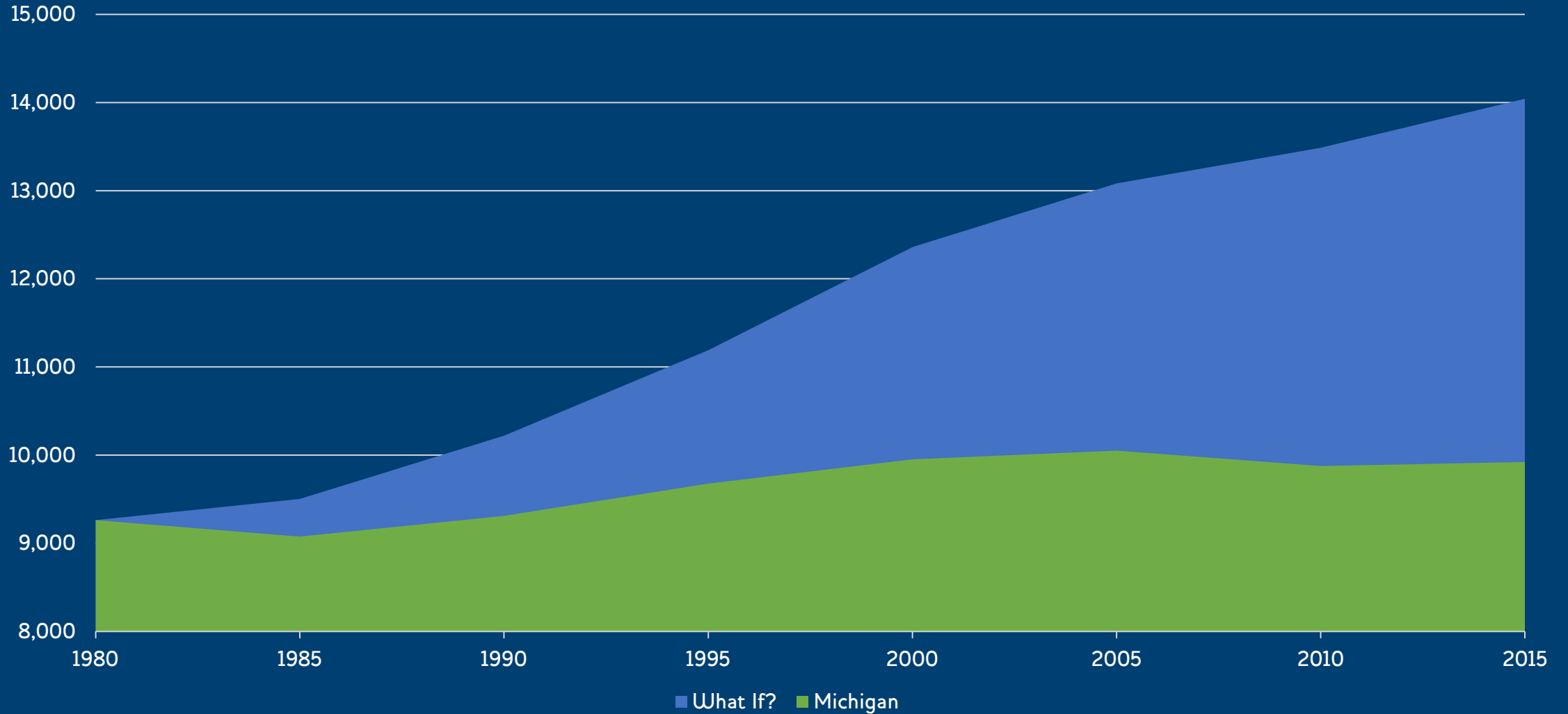
# Challenges to Our Success

- 43 New Legislators
- Lack of Understanding
- Can't Do It Alone
- State Budget Limitations
- Consistent Messaging
- Sustaining the Message

# What If?

# What if Michigan's Population Had Kept Pace?

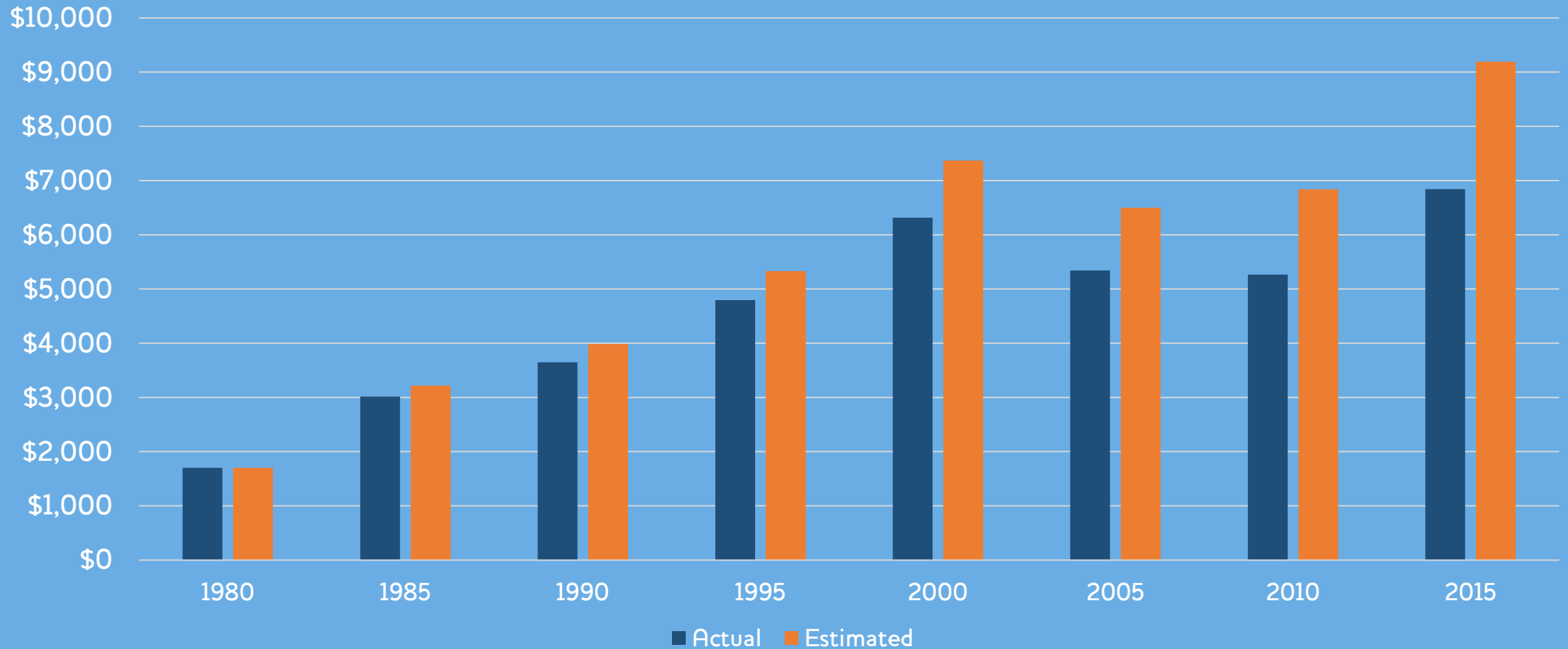
In Thousands



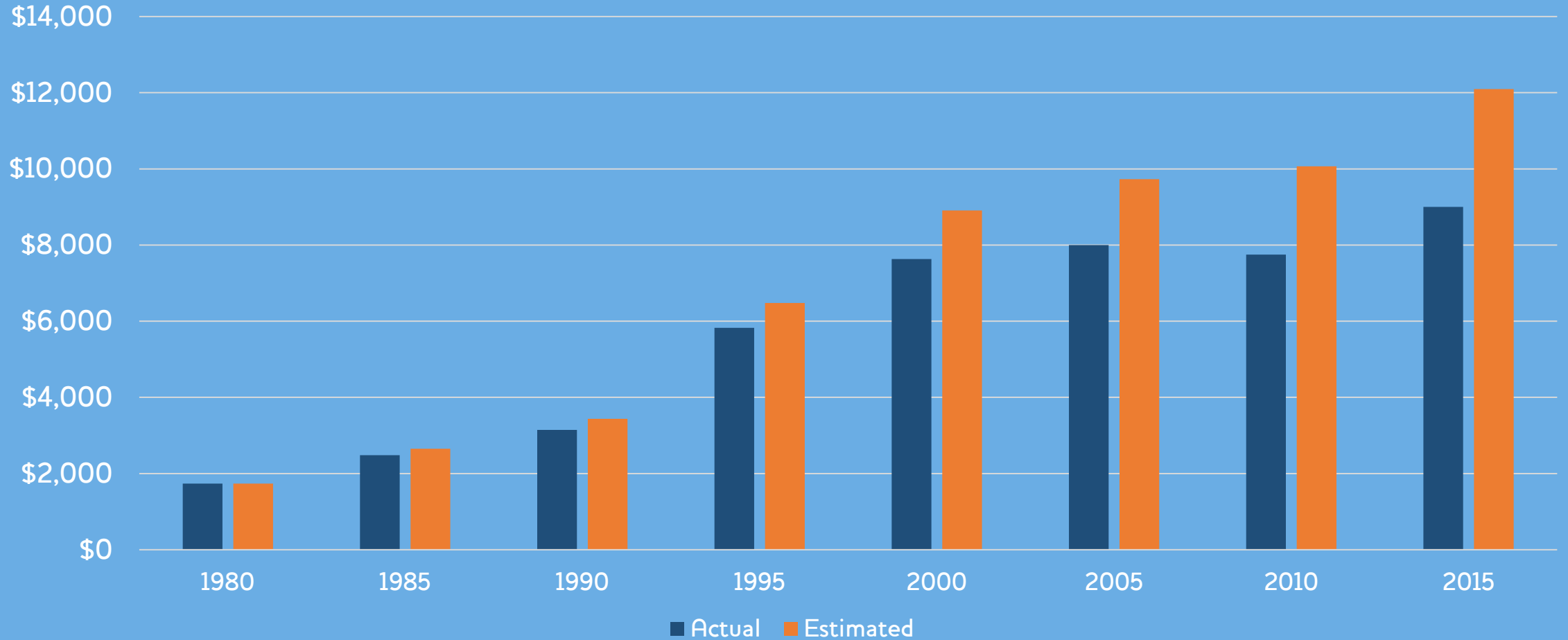


# Income Taxes

In Millions

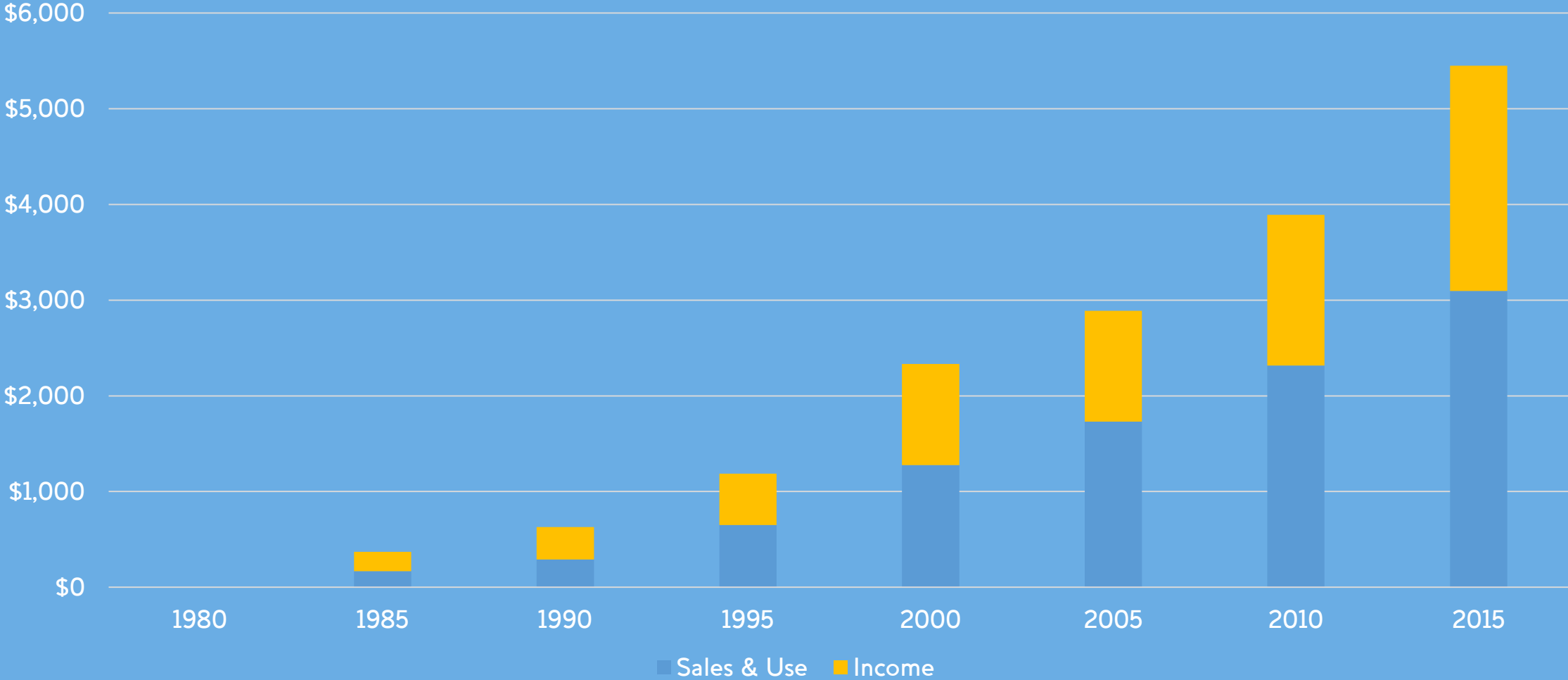


## Sales and Use Tax In Millions



# Estimated Additional Revenue

In Millions





**WE WANT YOU!**

# What can you do?

## Sustain the message

- Sign up for our email list
- Help us host a SaveMiCity event in your community
- Talk to people outside your city sound box
- Talk to your legislator.....a lot
- Stay on message

Save  
**MI**  
City



[www.saveMlcity.org](http://www.saveMlcity.org)

[#saveMlcity](https://twitter.com/saveMlcity)