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## **Local Leaders Explore Alternative Revenue Sharing Formulas** *Regional Cooperation a High Priority for New Formula*

WAYNE – The Michigan Suburbs Alliance last Thursday brought together state and local government officials, nonprofit and private sector leaders to brainstorm alternatives to the state’s revenue sharing formula due to expire in 2007.

“The impending expiration of the current revenue sharing formula offers southeast Michigan’s leaders an excellent opportunity to collaborate, to put aside differences and build an environment that rewards cooperative governance,” said Conan Smith, Executive Director of the Michigan Suburbs Alliance. “Revenue sharing affects all communities – large and small, old and new, urban and suburban. It’s going to take a united effort at the local level to establish something better in Lansing.”

State shared revenue to local governments supports core services such as fire and police protection, infrastructure repair, and garbage collection. These funds have been cut by \$1.5 billion in the past four fiscal years, resulting in significant decreases in police officers and firefighters statewide and countless postponed capital repairs. In June, the statutory formula that determines how much revenue is distributed to local governments will need to be reauthorized, giving state and local officials an opportunity to refocus state investment in communities.

Breakfast attendees addressed a range of case studies and questions about revenue sharing and identified a critical need to encourage collaborative service delivery efforts between local governments. Among other topics discussed were expanding the tax base for revenue sharing funds, returning tax collection to the local level, regional distribution of revenue sharing funds, methods of determining local need, and creating incentives for regional cooperation.

“This event was a great starting point for regional dialogue,” said Ed Klobucher, City Manager of Hazel Park. “Revenue sharing is critically important to all of the residents in Suburbs Alliance communities, and we’ll need to work together in the next several months to protect and improve it.”

Results from the breakfast discussion will be incorporated into an advocacy strategy for suburban communities that will become a focal point for Lansing debates over the expiring formula in 2007.

The revenue sharing discussion followed a presentation of new research on the effect of Michigan's tax incentives on economic development and urban growth patterns by Greg LeRoy of the Washington D.C.-based organization Good Jobs First. Their report – to be formally released later this month – reveals significant bias in favor of exurban areas in the state's economic development investment patterns. Information on the research can be found at [www.goodjobsfirst.org](http://www.goodjobsfirst.org).

The Michigan Suburbs Alliance is a coalition of mature, built-out cities working to elevate regional cooperation, reform public policies, and stimulate redevelopment. Its 25 member cities span Wayne, Oakland, Macomb and Washtenaw counties. Visit [www.suburbsalliance.org](http://www.suburbsalliance.org) for more information.

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