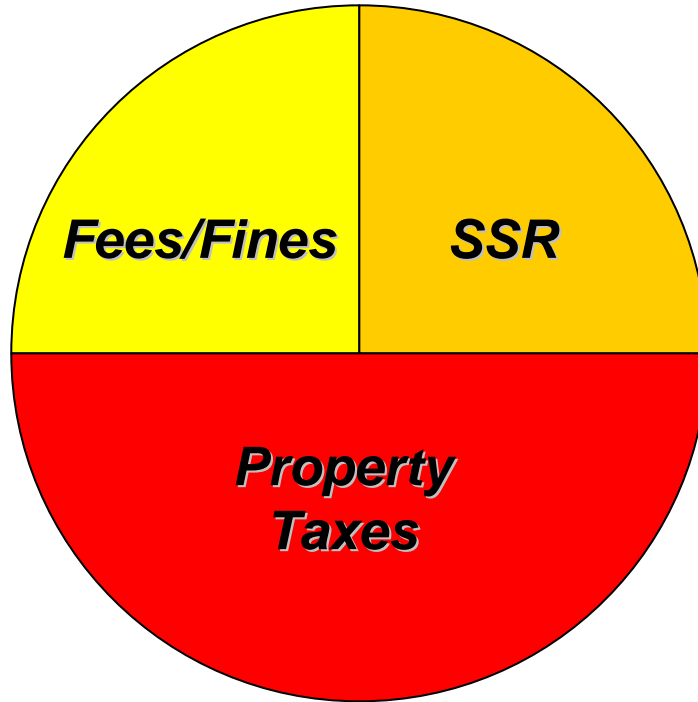


Dan Gilmartin

Michigan Municipal League

Michigan's Broken Municipal Finance Model

General Fund Revenue



General Fund Expenditures



State Shared Revenue – Cut by \$3.0B since 2001

PropTx – Prop A + Headlee = growth on some parcels at less than inflation

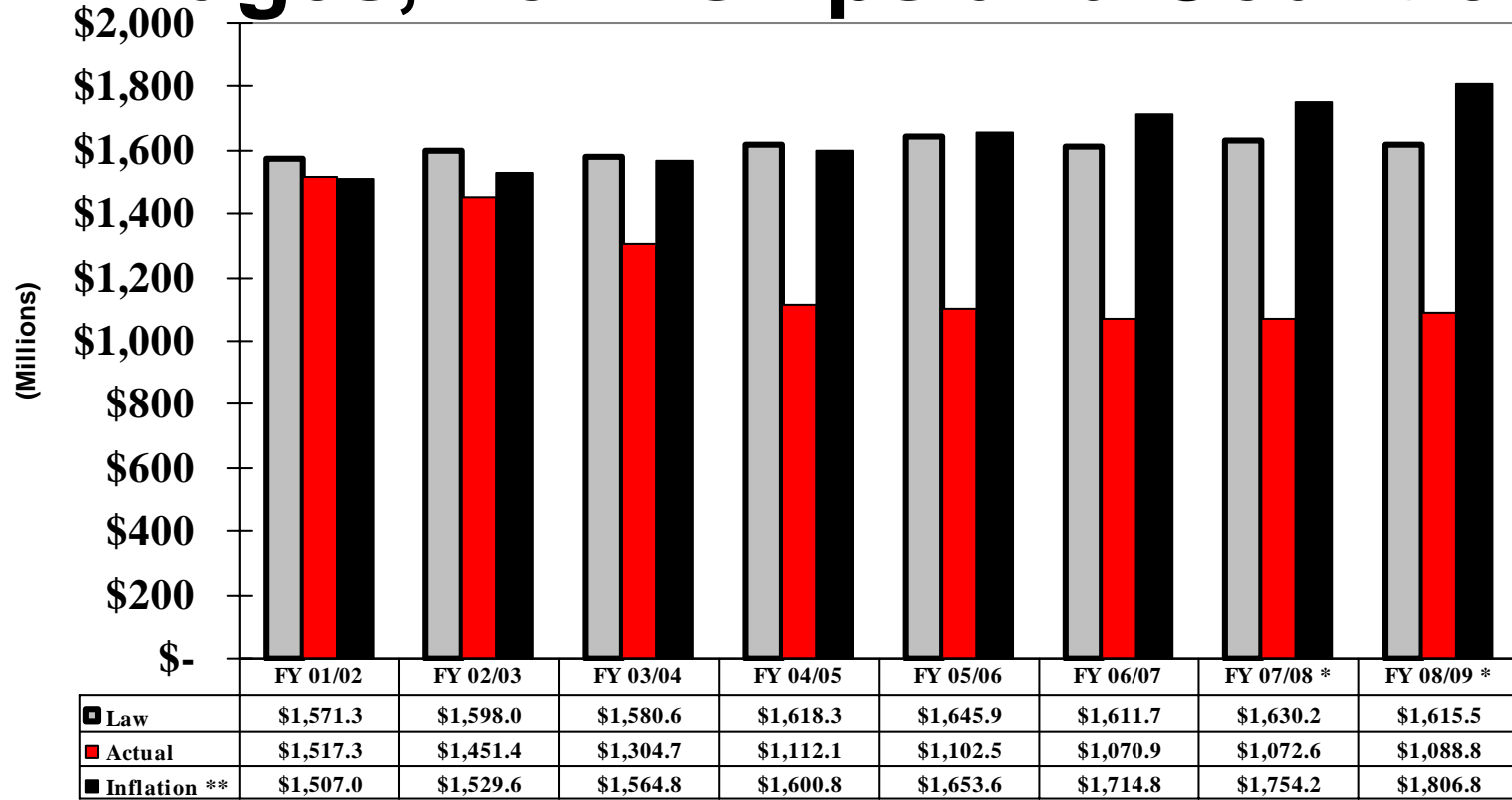
F/F - Flat

HR – Public Act 312 (me too clauses)

15% average annual increase in health care since 2001

3-5 year union contracts

Total State Shared Revenue - Cities, Villages, Townships and Counties



Lost Rev. Sharing <i>millions</i>	\$54	\$146.6	\$275.9	\$506.2	\$543.4	\$540.8	\$557.6	\$526.7
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Note: For "Law" FY 01/ 02 through FY 08/ 09, amount calculated based on constitutional revenue sharing.

* Projected

** Inflation applied to FY 97/98 total state shared revenue based on Proposal A inflation factor 1.6%(98/99), 1.9%(99/00), 3.2%(00/01), 3.2%(01/02), 1.5%(02/03), 2.3% (03/04), 2.3% (04/05), 3.3% (05/06), 3.7% (06/07), 2.3% (07/08), estimated 3% (08/09).