

HOUSE APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

SUMMER 2013

EVIP FORMULAIC CALCULATION - DISCUSSION PARAMETERS

- 1) Identification of the Problem:
 - a) **We need a Quantifiable and Justifiable Methodology for allocating Economic Vitality Incentive Program ("EVIP") dollars to Cities, Villages and Townships.**
 - i) Current methodology has evolved such that it cannot be explained credibly to those units that get, or don't get, EVIP funding.
 - b) There is satisfaction with the method of allocation as to Counties.
- 2) Focus is on the *formulae* and not on the EVIP *categories*
 - a) But, if our formulae can help locals achieve in those categories, so much the better:
 - i) Best practices in local government
 - ii) Disciplined funding of pension and OPEB obligations
 - iii) Increased cooperation between units of government
 - iv) Transparency of information in government
- 3) What is the "Right" amount of EVIP funding?
 - a) Is there such a thing?
- 4) Aspects of a formulaic calculation that might be discussed:
 - a) In any solution, we prefer to use information that is already available.
 - b) Per Capita Funding
 - i) Enjoys some support from an equity perspective.
 - ii) Would merely be an extension of the current Constitutional Revenue Sharing model.
 - iii) Is this a viable option?
 - c) 1998 Formulas
 - i) We have analyzed these as a beginning point but haven't come to a conclusion on how, or whether, to implement them.
 - d) "Greater Service" Providing Units and "Lesser Service" Providing Units
 - i) Should a formula provide a greater weight to those units that provide more services than less?
 - e) "Daytime Population" as compared to "Resident Population"
 - i) The daytime population generates a need for services in that unit.
 - ii) How is that measured?
 - (1) i.e., would it require some new information to be gathered that is not currently gathered?
 - iii) What effect of a local income tax?
 - (1) Would that be considered an adequate tax contribution by the "Daytime" population?
 - f) Relative tax effort
 - i) Has been considered in the past.
 - ii) Unknown relevance to EVIP formulae.
 - iii) Do not want to encourage higher taxes in any jurisdiction
 - g) Relative impact of non-taxpaying parcels in a jurisdiction?
 - i) Not-for-Profits, governmental entities, other exempt owners?
 - ii) How to measure?
 - h) Metropolitan and Micropolitan Areas
 - i) Even if there is a central city, its surrounding area may also include units that have greater governmental obligations.
 - i) Mechanism must be flexible so that as things change, the mechanism does not need to change.
 - i) The current situation cannot remain stagnant. The status quo can change.