

HOUSE CONCURRENT RESOLUTION NO.26

Reps. Hoadley, Pohutsky, Clemente, Cherry, Sneller, Pagan, Hood, Koleszar, Brenda Carter, Sabo, Kennedy, Cynthia Neeley, Shannon, Tate, Brixie, Ellison, Hope, Stone, Rabhi, Manoogian, Bolden, Hertel, Kuppa, Peterson, Guerra, Elder, Chirkun, Tyrone Carter, Garrett, Anthony, Cynthia Johnson, Wittenberg, Cambensy, Byrd, Garza, Coleman, Haadsma, LaGrand, Greig, Liberati, Camilleri, Gay-Dagnogo, Hammoud, Sowerby, Warren, Whitsett, Inman, Witwer, Jones, Love, Lasinski and Yancey offered the following concurrent resolution:

1 A concurrent resolution to memorialize the Congress of the
2 United States to provide financial relief to state and local
3 governments affected by COVID-19.

4 Whereas, The COVID-19 Pandemic has significantly impacted
5 Michigan and the United States. Since the first reported cases in
6 Michigan on March 10, 2020, tens of thousands of Michiganders have
7 been infected and more than 5,500 have lost their lives to the



1 virus. Nationally, there have been nearly 2 million infections and
2 more than 100,000 confirmed deaths; and

3 Whereas, Unprecedented measures have been required to mitigate
4 the virus' spread and protect public health. Governor Gretchen
5 Whitmer, and other public officials across the country, have issued
6 orders prohibiting large gatherings, closing schools, and requiring
7 the temporary closure of nonessential businesses. The White House
8 Coronavirus Task Force's guidelines also recommend the closure of
9 places where people gather when there is evidence of community
10 transmission; and

11 Whereas, The cost of preventing the spread of COVID-19 and
12 protecting Michigan's citizens has been a dramatic decline in state
13 tax revenue. As businesses are closed and residents are out of
14 work, projected revenue from income, sales, and other taxes has
15 significantly declined. Michigan's projected General Fund revenue
16 has declined by \$2 billion and projected School Aid Fund revenue
17 has declined by \$1.2 billion for the current fiscal year. Even as
18 many businesses resume operations and other restrictions are
19 lifted, the economic devastation from fighting COVID-19 will
20 remain. Significant deficits are also projected for Fiscal Year
21 2021. Nationally, it is estimated that states could face more than
22 \$500 billion in budget shortfalls; and

23 Whereas, Local governments are also facing a dire fiscal
24 situation. Falling revenues from property, casino, and other local
25 taxes combined with possible cuts to state revenue sharing have
26 dramatically altered budgetary estimates for local governments,
27 resulting in projected deficits of millions of dollars; and

28 Whereas, Failing to mitigate these budget shortfalls will
29 result in unprecedented and incredibly damaging cuts to core

1 government functions. Michigan is required to have a balanced
2 budget each year. The cuts necessary to meet this requirement could
3 necessitate severe reductions in funding for critical functions
4 including education, public safety, and a host of other areas.
5 Current projections for the School Aid Fund could require state
6 funding to be cut by about \$700 per pupil, or more than 8 percent,
7 for the current school year. Local units have also begun enacting
8 hundreds of millions of dollars in cuts to prepare for expected
9 shortfalls that could disproportionately impact low-income
10 communities and communities of color; and

11 Whereas, The cuts necessary to balance state budgets may
12 hamper states' ability to recover from the COVID-19 Pandemic. With
13 cuts necessary across state budgets, health care; economic
14 development programs including neighborhood development and relief
15 for small businesses; investments in critical infrastructure such
16 as dams; and PFAS cleanup and other cleanup efforts may also be
17 eliminated or face funding reductions. Cutting these programs
18 during the public health emergency and economic devastation brought
19 by COVID-19 will make it much more difficult for states to recover
20 from the crisis; and

21 Whereas, State taxpayers also pay federal taxes, and the
22 federal government should provide support in times of crisis.
23 According to federal data, Michigan residents paid nearly \$40
24 billion in federal individual income taxes, the thirteenth most of
25 any state, during the 2017 Tax Year, the last year for which data
26 is available. It is fair to expect that the federal government will
27 provide support in return during times of extreme financial stress;
28 and

29 Whereas, While some federal aid has already been provided to



1 states, it will not be enough to weather the effects of the
2 Pandemic. Michigan is receiving about \$3.8 billion from the federal
3 Coronavirus Aid, Relief, and Economic Security (CARES) Act, but
4 these funds may only be used for expenses related to the Pandemic.
5 Further, the act only provides direct aid to local governments with
6 populations over 500,000, meaning that the vast majority of
7 Michigan's nearly 2,000 local units of government will be excluded;
8 and

9 Whereas, Future relief funds should allow for flexibility in
10 how they can be used. The deficits that states are facing are vast
11 and may require adaptive decision making. Placing restrictions on
12 how relief funds can be used will limit their effectiveness in
13 helping states mitigate the fiscal impacts of the COVID-19
14 Pandemic; now, therefore, be it

15 Resolved by the House of Representatives (the Senate
16 concurring), That we memorialize the Congress of the United States
17 to provide continued and flexible financial relief to state and
18 local governments affected by COVID-19; and be it further

19 Resolved, That copies of this resolution be transmitted to the
20 Speaker of the United States House of Representatives, the Majority
21 Leader of the United States Senate, and the members of the Michigan
22 congressional delegation.