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OVERVIEW OF THE EFFECTS OF THE FEDERAL DECENNIAL CENSUS ON DETROIT'S MAJOR STATE SOURCE REVENUES

On April 1, 1990, the next federal decennial census will be enumerated. The results of that census will have profound financial and political implications for the city of Detroit. State revenue sharing and other payments to local units, as well as apportionment, are based on the last federal census, creating a major shock every ten years for Detroit and other communities which experience major population changes. This *Council Comments* summarizes parts of a 19-page report (No. 291) entitled *Effects of Population on Major Revenue Sources in Detroit*, copies of which are available upon request.

By one estimate, the 1990 census will enumerate about 1,015,000 people in Detroit, 187,877 fewer than in 1980. At current levels of state distributions of state income, sales, single business, and intangibles taxes, this would result in an annual loss of at least \$37.7 million of general fund revenues to the largest city in Michigan. Transportation fund distributions are also based in part on population; the loss to Detroit from this source, at current rates of distribution, would be \$3.9 million.

MAJOR POPULATION-BASED STATE PAYMENTS TO DETROIT

	At 1,202,877	At 1,015,000	Difference
State Revenue Sharing:			
Sales Tax Distribution	\$ 49,654,762	\$ 41,899,200	- \$ 7,755,562
Intangibles Tax Distribution	1,238,963	1,045,450	- 193,513
Income Tax Distribution	108,688,022	91,712,072	- 16,975,950
Single Business Tax Dist.	<u>81,886,207</u>	<u>69,096,425</u>	<u>- 12,789,782</u>
Total SRS	\$241,467,954	\$203,7153,147	- \$37,714,807
Gas and Weight Tax Distributions:			
Major Roads			
Population-Based	\$ 18,459,220	\$ 15,570,100	- \$ 2,889,120
Major Mileage	13,121,026	12,616,341	- 504,685
Local Roads			
Population-Based	6,149,062	5,186,650	- 962,412
Local Mileage	<u>2,633,656</u>	<u>2,633,656</u>	<u>0</u>
Total Gas & Weight	\$ 40,362,964	\$36,511,432	- \$ 3,851,532
Grand Total	\$281,830,918	\$240,264,579	- \$41,566,339

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For each 10,000 residents enumerated in the federal census, Detroit currently receives \$2.2 million in state revenue sharing and transportation fund distributions.

**CITY OF DETROIT
ESTIMATED BUDGETARY VALUE OF 10,000 RESIDENTS**

Value at Current Rates

State Revenue Sharing

State Sales Tax	\$ 412,800	
State Intangibles Tax	10,300	
State Income Tax	903,600	
State Single Business Tax	<u>680,800</u>	
Total from State Revenue Sharing		\$2,007,500

State Gas and Weight Tax 204,500

Estimated Budgetary Impact \$2,212,000

Should Detroit's population fall below 1 million, the effects on the city would be still more profound, because specific state statutes which provide special income and utility users' excise tax authorizations to Detroit tie those authorizations not specifically to the city of Detroit, but rather to all Michigan cities having a population of over 1 million.

There is general agreement that the 1990 census will find fewer Detroiters than were enumerated in 1980. Whether the census finds more or fewer than 1,015,000 residents in Detroit, the 1990 census count will be a critically important number to the city. It is therefore of major importance to the government and to the residents of the city of Detroit to insure that the census be as accurate and complete as possible.