



Important city issues within the Governor's proposed FY2017-19 supplemental operating budget

State-shared revenue

Cities rely on these funding sources to provide vital support for safe and strong communities. We appreciate the FY 2017-19 appropriations, but note that the Governor's supplemental request reduces the Municipal Criminal Justice Assistance Account by \$1.2 million. It is important for cities to receive the entire appropriation of \$38.1 million.

Basic Law Enforcement Academy

The 2017-19 operating budget funded six additional Basic Law Enforcement Academy classes for each fiscal year. We appreciate that the Governor's budget adds one class in FY 2019. We ask for one additional class to meet the increased needs due to retirements and to ensure safe communities. These additional classes would require an appropriation of \$748,000.

Marijuana shared revenue

Marijuana revenue shared with cities and counties (that allow stores and production facilities) was scheduled to increase from \$6 to \$15 million per year at the beginning of this biennium, but only occurs if general fund revenues are projected to increase by \$18 million by February. This distribution trigger was met in the November revenue forecast and we respectfully remind budget writers to include this increase.

Mental health

Cities are seeking an additional \$10 million in grant capacity to support vitally-needed resources in cities that are going above and beyond their responsibilities to help support individuals suffering from mental health issues, and who may be homeless. We believe that there is capacity for this investment given an increase in marijuana-related revenues, which are projected to come in \$56 million above the most recent projection and a significant underspend of \$11.5 million dollars at the Liquor and Cannabis Board in IT, Enforcement & Administration.

Streamlined sales tax mitigation

The operating budget appropriated \$20.012 million, while the Department of Revenue estimates the mitigation payments needed to fully fund mitigation through the final distribution at \$22.338 million. An additional \$2.326 million is needed to fully mitigate taxing authorities that were inversely impacted by the change from an origin-based tax system to a destination-based tax system.

Rural broadband (operating and capital requests)

The Governor's FY2017-19 supplemental request includes \$387,000 to create a Rural Broadband Office in the Department of Commerce and \$5 million for capital budget investment in infrastructure grants to local governments and tribes. This investment is important to strengthen rural communities by better connecting them to the larger economic tapestry of our state and regional economy.