

MEMORANDUM



TO: MAYOR AND CITY COUNCIL
FROM: VICTOR CARDENAS, CITY MANAGER
SUBJECT: FINALIZED FY 25-26 STATE BUDGET
DATE: OCTOBER 9, 2025

We've been tracking the developments from the State FY 25-26 Budget deliberations. Before it was ratified, we were under the impression that we'd be held harmless, similar to years past. I couldn't be more incorrect.

First, the Michigan Municipal League has summarized this webpage, highlighting what made it into the budget:

<https://mml.org/inside208/2025/10/06/final-recap-state-budget-overview-and-highlights/>

We've previously shared coverage from the [Bridge Michigan](#), here is their recap:

<https://bridgemi.com/michigan-government/michigan-gets-a-new-state-budget-winners-losers-in-the-81b-deal/>

As I mentioned previously, Novi will be affected in positive and negative ways:

Revenue Sharing

Cities, Villages, and Townships (CVTs) received a 6% decrease in our constitutional revenue sharing due to the change in sales tax collection. The reduction will decrease our revenue **\$356,605** for a total of \$6,812,901.

Public Safety Revenue Sharing

Because of the 6% the legislature instituted a new \$50 million distribution for CVTs to help offset the loss in constitutional revenue sharing. Currently, Novi is slated to receive around **\$50,000**

Road Funding

CVTs will see an increase. Novi is slated to see a 33% in road funding, currently estimated **at \$2,823,700**, for a total of \$11,276,500.

Additional dollars to help make improvements to the road network are appreciated; however, not at the loss of dollars coming into our General Fund. We'll incorporate these changes in our ongoing FY 26/27 Budget deliberations and development.

If there are any new developments (which I highly doubt), we'll keep you in the loop.