



CAPITAL

CONFERENCE  
2018

## Legislative Update

- Chris Hackbarth, John LaMacchia & Jennifer Rigterink



# State & Federal Affairs



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# 2018 Through the Crystal Ball

- Politics, Politics, Politics – Everyone Up for Election in November
  - Who's Running for What & Against Whom?
  - Governor, Attorney General, & Secretary of State
  - 110 Members of House Of Representatives
  - 38 Members of Senate
- Session Calendar & Filing Deadline
- Ballot Questions – Marijuana, PT Legislature, Prevailing Wage, Redistricting



# Infrastructure Takes Center Stage

- Governor Snyder's Infrastructure Week
  - Broadband – Advanced Networks Consortium
  - Renewing Michigan's Environment
  - Asian Carp
  - Water Infrastructure Proposal
  - Recycling
- Trump Administration Proposal
  - \$1.5T – only \$200B Federal Spending



# Lead & Copper Rule Revision

- DEQ Stakeholder Workgroup
- Draft rule released late January
- Public comment closes March 21<sup>st</sup>
- Goal is to have finalized rule by end of 2018



# Lead & Copper Rule Revision

- Update Distribution System Materials Inventories
- Requires Full Lead Service Line Replacement
- Update Sample Collection Locations
- Strengthen Sampling Procedures



# Lead & Copper Rule Revision

- Lower Lead Action Level and Establish Household Advisory Level
- Promotes Transparency & Strengthen Public Education
- Strengthens Corrosion Control Treatment Requirements



# Lead & Copper Rule Revision

- Water suppliers are committed to protecting public health
- Support the removal of lead from the system
  - When the action level is exceeded
  - In accordance with asset management
  - Mitigation of elevated levels at known sources
- Public water rate payer funds cannot be used to implement improvements on private property





# Lead & Copper Rule Revision

- Partnering With Others
- Expressing Our Concerns
- Submitting Public Comment
- Encourage Our Communities to Engage



# OPEB / Pension Reform Efforts

- 13 bills signed by Governor – HB 5298 / SB 686 – PA 202'17
- Governor's OPEB Task Force Report  
[http://www.michigan.gov/documents/snyder/R3\\_Task\\_Force\\_Report\\_579101\\_7.pdf](http://www.michigan.gov/documents/snyder/R3_Task_Force_Report_579101_7.pdf)  
[MML Response Statement](#)
- Reporting – Waivers – Corrective Action Plans
- Revenue Sharing Proposal – HB 5314-5316
- Pension/OPEB Bonding Sunset Extension – SB 838



# Tax Reform & The Budget

- Federal Tax Reform
  - SALT - Income & Property Tax Impacts
  - Municipal Bonds / Advanced Refunding (HR 5003)
  - Historic & Low-Income Housing Credits
- State Personal Exemption Interaction
  - SBs 748 & 750 (PAs 38 & 39'18)
  - Driver Responsibility Fees
- Veto Override – Sales Tax on the Difference



# The Budget & Tax Reform

- \$175M Supplemental for Roads - \$38M for cities/villages
- CVTRS Proposal – rolls back 2.5% increase from current year
- Constitutional Revenue Sharing – Sales Tax Growth – 3.1%
  - Alternative distribution for \$150+M PPT excess reimbursements
  - Impact on fire protection grants (\$15M proposal)
- Indigent Defense Commission – reimbursement formula changes
- Federal Budget Proposal – eliminates GLRI, CDBG, TIGER

# Personal Property Tax & The Budget

- PPT Reimbursement Revenue Exceeding Losses
  - Additional \$130M in 2016 and \$150M in 2017
  - Excess amounts pro-rated based on non-essential service loss
  - Treasury estimates that similar excess amounts will continue in future years
- Governor Proposes Alternative Distribution For Excess
  - Replaces DRF revenue going to Fire Protection Grants
  - Divides remaining excess proportionally by unit type (city, village, twp, county, and community colleges only)
  - Distributes on per capita basis within each unit type group
  - Payments occur outside state budget process



# Personal Property Tax – Continuing to Evolve

- November 2017 Reimbursement Payments Revealed Flaws
  - 167 cities & villages received less in '17 than received in '16
    - Readjustments resulted in handful receiving zero reimbursement in '17
  - Statute requires annual recalculations of each prior year and subsequent payment adjustments...forever...
  - Reimbursement calculation unique for every local unit – no ability to predict future reimbursements
  - System requires reimbursement distribution immediately following Treasury calculation – no opportunity to review for errors
- Technical & Policy Amendments Being Proposed (HB 5086)

# Personal Property Tax – Continuing to Evolve

- EMPP Affidavit Filing Changes (SB 570-573 / PAs 261-264'17)
- One-Time Small Taxpayer Filing (HB 5261)
- Debt Limit Calculation Correction (SB 590-593)
- Heavy Mobile Equipment & Essential Service Assessment Changes?

# New TIF Structure & Reporting

- Senate Bill 393 → Public Act 57 of 2018
- Streamline administration of TIF authorities
- Create more transparency
- Penalties for noncompliance
- Timing





# New TIF Structure & Reporting – SB 393/PA 57 of 2018

- Repeals DDA, TIFA, LDFA, Nonprofit Street Railways, CIA, WRIA and NIA Acts and recodifies them under PA 57
- Repeal of Historical Neighborhood TIFA Act (PA 530 of 2004) and Private Investment Infrastructure Funding Act (PA 250 of 2010)
- Reporting requirements for all authorities
  - General
  - Financial

# New TIF Structure & Reporting – SB 393/PA 57 of 2018

- Two informational meetings annually
- Website requirements
  - Annual updated synopsis of activities
- Reporting requirements
  - Noncompliance penalties
  - Annual combined report for the legislature



# New TIF Structure & Reporting – SB 393/PA 57 of 2018

- January 1, 2019 – effective date
- Before March 1, 2019 – Treasury must create reporting form
- By March 1, 2019 – form must be finalized and published
- By April 1, 2019 – send copy of, or link to, currently adopted development/TIF plan



# New TIF Structure & Reporting – SB 393/PA 57 of 2018

- 180 days after end of authority's current fiscal year (as of 1/1/19) – must meet general reporting requirements
- Annually, after January 1, 2019 – must file financial report at the same time as your audit required under the Uniform Budgeting & Accounting Act
- Enforcement & Penalties

# Small Cells – SB 637



- What are small cells?
- National Perspective
- What's happening in the Midwest
- What's happening in Michigan

# Small Cells – SB 637



- Summer of 2017
  - Rumors that legislation may be introduced begin to swirl
- Mid-October - SB 637 introduced
- November-December
  - Research
  - Consult with members
  - Initial conversations with industry and Legislators
  - 1st committee hearing

# Small Cells – SB 637



- January - February
  - Committee chairman establishes work group
  - Serious negotiations begin
  - Work with other local government groups and outside consultant
- March
  - Voted out of Committee 9-1
  - Passes Senate 33-3

# Small Cells – SB 637



- Introduced Bill
  - Nearly free and unfettered access both inside and outside the Right-of-Way
  - Minimal permit fees and rates
  - Failed to protect existing agreements
  - Limited ability to deny a permit
  - Prohibited indemnification, insurance & bonding
  - Zero protection for historic districts, downtown districts, and residential districts



# Small Cells – SB 637

- Current Version

- Caps pole ht at 40 ft - others go through zoning
- ROW access charge
  - \$20 existing
  - \$125 new
- Annual Rate - \$30
- Permit Fees
  - \$200 existing/\$300 New
  - Zoning: \$500 existing/\$1,000 New
- Includes CPI



# Small Cells – SB 637



- Current Version
  - Prioritizes the use of existing infrastructure.
  - Installation cannot be done on a speculative basis
  - Industry needs to make the facility operational
  - Grandfathers in existing agreements
  - Protects areas where the under-grounding of utilities has happened or will happen
  - Protects historic districts
  - Allows for concealment measures in historic, downtown and residential districts

# Small Cells – SB 637



- Current Version
  - Extend time to approve/deny applications
  - Strengthens denial provisions
  - Provides ability to revoke a permit
  - Allows municipality to suggest alternative location for the deployment of a small cell
  - Requires notification when small cell is no longer operational & removal within 45 days

# Small Cells – SB 637



- Current Version
  - Allows for bond to ensure payment, repair of the ROW & removal of abandoned infrastructure
  - Allows for insurance and indemnification
  - Ensures ability to hire outside consultants for make-ready work and charge actual costs
  - Requires small cell facilities be labeled with emergency contact information
- Next Steps

# Infrastructure & Technology

- Storm Water Authorities – HB 4100 / SB 756
- Basement Back-up Protections – HB 4290
- Broadband Issues & Rights of Way Access
- Infrastructure Material Preference – SB 157 / HB 5723



# Tax Policy & Economic Development

- Dark Stores – Escanaba Court Decision
- Non-Profit/Charitable Tax Status – SBC Health v Kentwood Decision
- Disabled Veteran Property Tax Exemption – Local Reimbursement
- State Historic Tax Credit (SB 469 & HB 5178)
- Revocation of OPRA or CRA Certificates (HB 5435-5436)

# Other Impacts on Local Government

- Short-Term Rental Zoning Preemption (SB 329 & HB 4503)
- Millage Question Election Limitations (HB 4814-Albert)
- Online Voter Registration ( )
- Housing Incentives – Below Market Housing (SB 110-Schmidt)



# Save The Date





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