Legislative Update

• Chris Hackbarth, John LaMacchia & Jennifer Rigterink
State & Federal Affairs

Chris Hackbarth  
Director, State & Federal Affairs  
chackbarth@mml.org

John LaMacchia  
Asst. Director, State & Federal Affairs  
jlamacchia@mml.org

Jennifer Rigterink  
Legislative Associate  
jrigterink@mml.org

Ashley Pennington  
Administrative Assistant  
abatterbee@mml.org
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\textsuperscript{st}
- 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 exceed
  • 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
  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

2018 CONVENTION
September 20-22, 2018 – Grand Rapids
MML State & Federal Affairs

Chris Hackbarth  John LaMacchia  Jennifer Rigterink
Ashley Pennington – 517-485-1314