

Legislative Update

- Chris Hackbarth, John LaMacchia & Jennifer Rigterink



LANSING, MI MARCH 19-20

 michigan municipal league

State & Federal Affairs



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2018 Lame Duck Recap

- Ballot Questions and Petition Proposals
 - Minimum Wage (PA 368'18) & Paid Sick Leave (PA 369'18)
 - Recreational Marijuana, Redistricting, & Voting Enhancements
- Water Fee / Tipping Fee Proposals – Renew Michigan
 - Wayfair / Online Sales Tax Collections
- Supplemental Budget - \$1.2B



League Lame Duck Efforts

- Pension / OPEB Bonding Extension & Expansion – PA 575'18
- Personal Property Tax Changes & Fire Protection Grants – PA 616'18
- Fireworks – PA 634-636'18
- “Emily” FOIA – PA 523'18
- Assessing Reform – PA 659'1
- Rural Jobs & Capital Investment Program – PA 423'18



League Lame Duck Efforts, Part II

- Blocked Short-Term Rental Zoning Preemption
- Blocked Vegetation Ordinance Preemption
- Blocked Utility Distribution Equipment PPT Exemption
- Blocked Sportsman Club Property Tax Exemption
- Pet Shop Zoning Preemption Vetoed
- Billboard Expansion Vetoed



100th Legislative Session

- New Legislators, Leadership, Committees and Chairs
- New 2-Part House Committee Structure
- New Administration & Department Directors
- State of the State – Roads, Water/Infrastructure, Education
- State Budget Presentation
- New Department – DEGLE

Early Legislative Priorities - 2019

- Civil Asset Forfeiture
- FOIA / Transparency for Legislature & Executive
- No-Fault Insurance Reform
- Pension Tax Repeal – HB 4006
- Raise the Age



State Budget

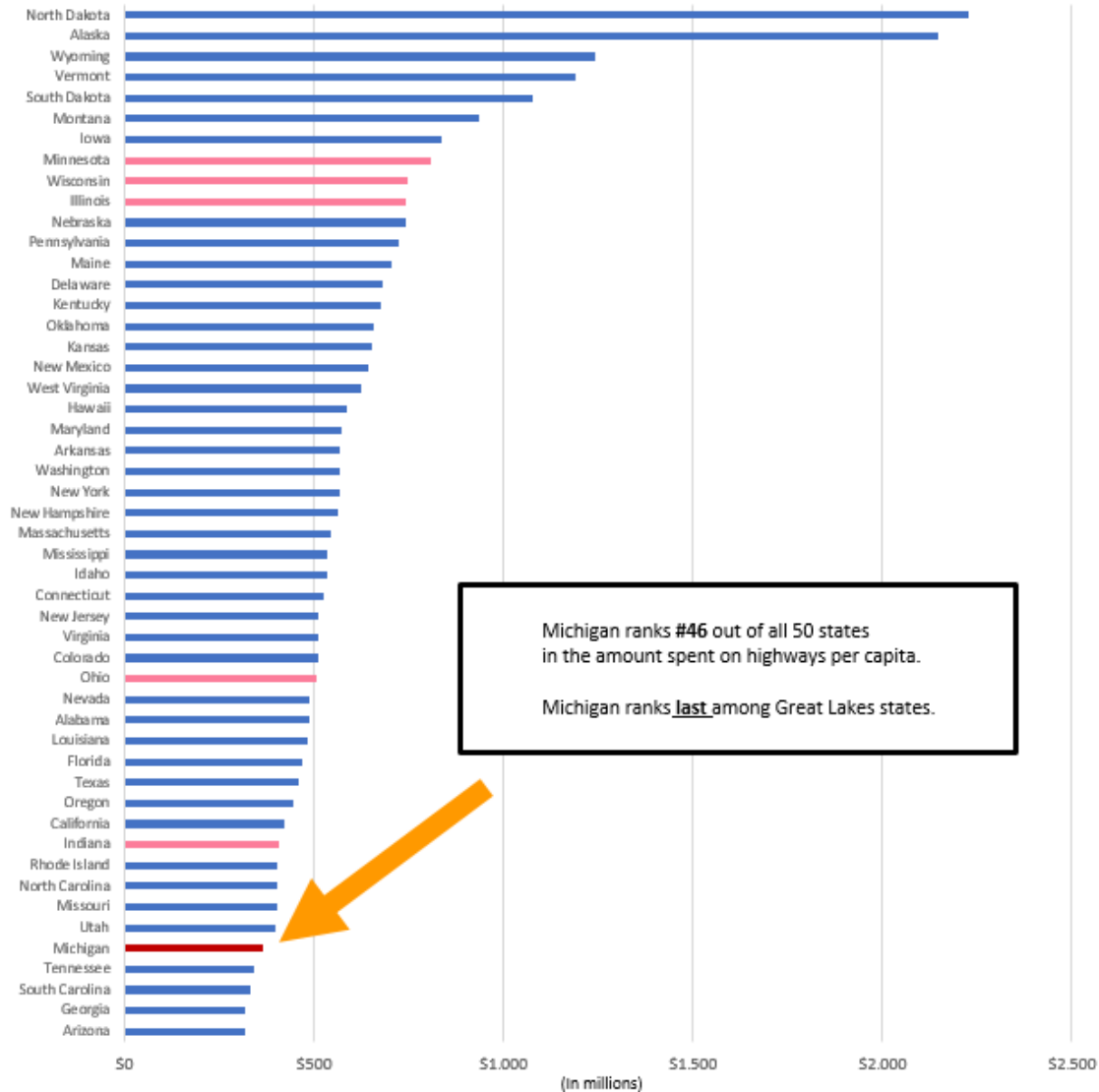
- Overall Budget Proposed at \$60B – including roads proposal
 - Tax proposals – EITC, pension, pass-through business entities
- Constitutional Revenue Sharing – Sales Tax Growth – \$27.5M
- CVTRS / Statutory Revenue Sharing – Increased 3% (\$7.7M)
 - \$5M Community Opportunities for Renewal grant program
- Drinking water protection & innovation investments - \$120M
 - \$37.5M for lead & copper rule
 - \$30M PFAS abatement/clean-up
 - \$40M DWRF loan forgiveness



State Budget – Road Funding

- Governor Proposes Bold Plan to Fix Michigan's Roads
- Three Key Tenets of the Proposal
 1. Sustainable Long Term Solution
 - Return State Roads to 90% Good and Fair Condition
 - Targeted Investment
 2. Replace Diversion from the General Fund with Constitutionally Protected Revenues for Roads
 - Increases the Gas Tax by 45 Cents
 3. Provide Tax Offset to Mitigate the Impact for Low Income Families
 - Doubles Earned Income Tax Credit

FY 2015 Per Capita State and Local Expenditures on Highways

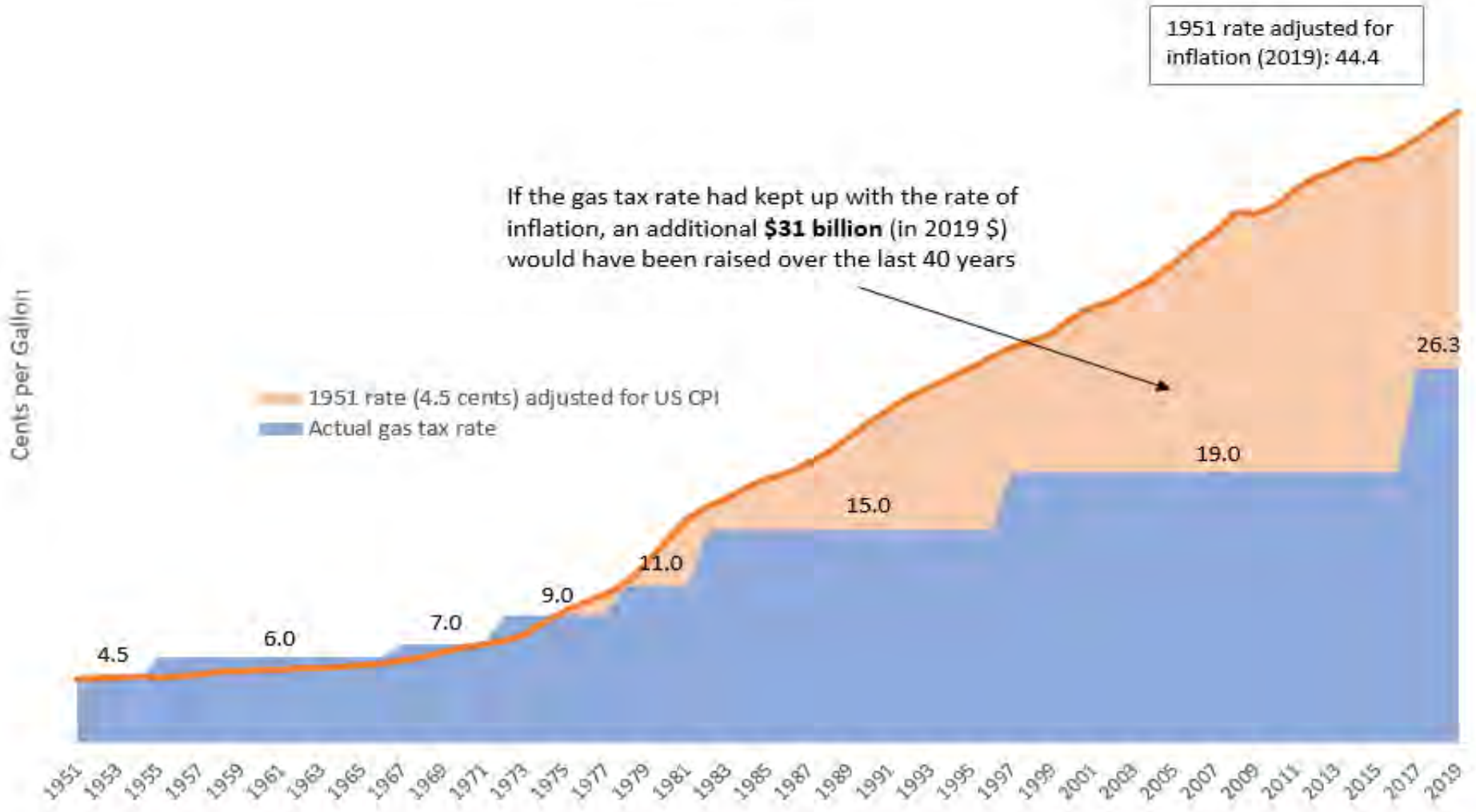


Michigan ranks #46 out of all 50 states in the amount spent on highways per capita.

Michigan ranks last among Great Lakes states.

MICHIGAN RANKS IN THE BOTTOM 5 IN INFRASTRUCTURE INVESTMENT

Michigan Gas Tax Rate: Actual vs. Inflation-Adjusted 1951-2019



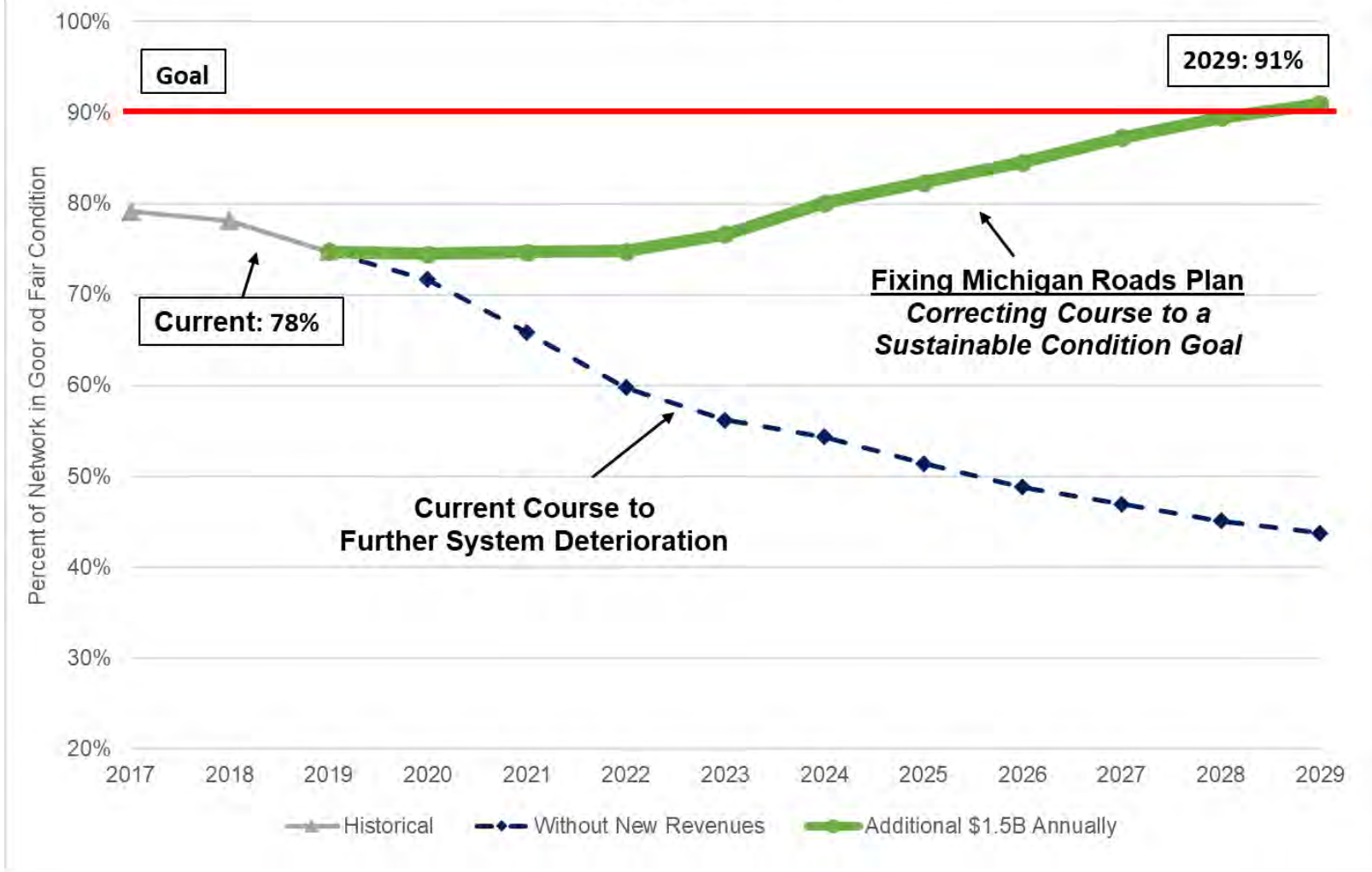
1951 rate adjusted for inflation (2019): 44.4

If the gas tax rate had kept up with the rate of inflation, an additional **\$31 billion** (in 2019 \$) would have been raised over the last 40 years

1951 rate (4.5 cents) adjusted for US CPI
Actual gas tax rate

Cents per Gallon

State Trunkline Actual and Projected Pavement Conditions with Fixing Michigan Roads Plan Revenues 2017 - 2029



Road Funding

- Raises the Gas tax 45 Cents by October 2021
 - Phased-In Over 12 Months in Three 15-cent Increments
 - Increase Gas and Diesel Taxes from 26.3 cents to 71.3 cents
 - Index to Inflation
- Generates \$2.5 billion in new Fuel Tax Revenue
- \$2.137 Billion in New Road Funding
- New Funding Formula
 - Focuses Resources on the Most Highly-Traveled and Economically Important Roads



Road Funding

- The Bottom Line
 - There Are No Easy Solutions
 - The Problem is Big
 - The Solution Required is Equally as Big
 - Significant **New Revenue** is Needed
 - Inaction No Longer an Option
 - Bold Action Is Required

MMML Priority Focus - 2019

- Dark Stores Reforms – HBs 4025 & 4047, SBs 26 & 39
- Veteran Property Tax Exemption – HB 4176
- Reinstate State Historic Tax Credit – SB 54 & HB 4100
- Clean-Up PA 202'17 Pension/OPEB Reporting
- Stormwater Utilities & Basement Back-Up Liability Protections
- Online Public Notice Reforms
- Exempting telecom equipment from PPT – SB 163 and HB 4268
- Short-term rental zoning preemption – HB 4046
- Sanctuary City Penalties – HB 4083

Municipal Finance Reform – Save MI City

- SaveMICity Partnership with C.S.Mott Foundation
- Statewide Education and Communications Initiative
- Connecting Place, Talent, & Business
- Panel Discussion at Mackinac Policy Conference – May 29, 2019



Federal Issues

- Executive Budget Proposal
 - Community Development Block Grants - Eliminated
 - Great Lakes Restoration Initiative – Cut by 90%
 - \$75M for Soo Locks
- Infrastructure Initiatives
 - HR 1497 – Clean Water Revolving Fund
 - Restoration of Advance Refunding for Municipal Bonds
 - Broadband



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