The Road to Where We Are

- New legislative session
- Proposal 1
- Budget/Revenue Sharing
- Personal Property Tax
- Preemption Theme - Local wages and benefits

We love where you live.
Fall Legislative Agenda

- Road Funding Plan
- Municipal Finance
- Energy Policy
- Dark Stores
- Medical Marihuana
House Road Funding Plan

➢ On May 13th Speaker of the House Kevin Cotter released his plan to raise $1.16 billion to repair roads and bridges
  • $792 million from the General Fund
  • $135 million from Redirecting Restricted Funds
  • $117 million from “Tax Fairness”
  • $38 million in new revenue
  • Reforms and Efficiencies
  • Fails to invest in transit
  • Phased in over 4 years
    • FY 16: $555 Million
    • FY 17: $785 Million
    • FY 18: $949 Million
    • FY 19: $1.16 Billion
Senate Road Funding Plan

- Earmarks $350 million of existing income tax revenue in 2016 and $700 million each year from 2017 to 2032 solely for roads and bridges.
  - Corresponding cuts are unidentified

- Increases gas tax by 15 cents
  - 4 cents on Oct 1, 2015
  - 4 cents on Jan 1, 2016
  - 7 cents on Jan 1, 2017
  - Put into a lock box fund controlled by the Department of Treasury that could only be spent after approval is given by joint resolutions of the House and Senate.
Senate Road Funding Plan

- Gas tax increase is tied to inflation and will flow through the full formula providing an additional $75 million to transit.
- Would roll back the state’s income tax if General Fund revenue exceeds the rate of inflation:
  - For every .1% that is rolled back from the state’s 4.25 percent income tax rate an additional $230 million would be reduced from General Fund.
- Diesel Parity
- Increased registration fees on Hybrid and Electric vehicles.
House and Senate Road Funding Plans

- **Reforms and Efficiencies**
  - Required MDOT and local road agencies to competitively bid projects over $100,000
  - Require warranties on all projects over $1 million
    - Senate Bill included 23 new reporting requirements

- **The League opposes the House and Senate plans**
  - A new, dedicated revenue source is needed that invests in our entire transportation network, including transit.
  - We cannot support a plan that diverts $700 million or more in General Fund revenue to roads, opening the door for potential cuts to revenue sharing and other important public services in the future.
Active Opposition

- Joint letter with other organizations concerned about General Fund cuts
  - Universities, MLPP, MAC, MTA, Police, Fire
- Commissioned report analyzing the budget impact of cuts to the General Fund found in SB 414
  - Key Findings
    - The state’s GF has declined 1.8% since FY 2001, and adjusted for inflation has declined 23%. No state in the nation has cut its budget more than Michigan over that period.
    - The state already faces revenue pressure from several tax changes scheduled to take effect in FY 2017-18, when SB 414 would take full effect.
Active Opposition

• Additional spending pressures are also expected, given federal policy changes that will require more state support for basic human services.
• If SB 414, as passes by the Senate becomes law, the likely impact on the FY 2017-18 General Fund (GF/GP) budget would be $450 million in GF/GP budget cuts.
• This equates to budget cuts between 11 percent and 13 percent from each department line item.
  • That assumes the Legislature could reduce health and human services, and corrections spending, the two largest items in the GF budget, by a combined $100 million.
Current Status

- House Republicans attempted to find the votes for a plan that consisted of $600 million in new revenue and $600 million in existing revenue.
- Funding bills sent to Conference Committee.
- Legislative leaders and the Governor are meeting regularly in an attempt to find a compromise.
- Initial discussions have focused on a solution that consists of $800 million in new revenue and $400 million in existing revenue.
Current Status

- Talks are continuing this week and there is some optimism that a solution can be found in the near future.
- General framework has been discussed but specific details are still being worked out.
- Our advocacy continues.
- Be ready to engage the Legislature!
Final budget for transportation includes a $400 million contribution from the General Fund.

- $140 million will be used to ensure that the state can match all available federal aid highway funds
- $260 million will be distributed to MDOT, county road commissions, and cities and villages
  - $102 Million for MDOT
  - $102 Million for County Road Commissions
  - $56 Million for Cities and Villages
Municipal Finance

➢ Research –
  • Key community assets for job growth, talent attraction, and economic development
  • Current state of municipal finance and the policies that have led to this crisis
  • Data driven understanding of the scope of legacy cost concerns

➢ Policy Development –
  • Structure of Local Government
  • Cost Drivers
  • Revenue Options

➢ Advocacy –
  • Engage support from the Governor and Administration/Department Directors
  • Raise awareness and educate legislators and legislative leadership on the overall issue
Dark Stores/Big Box Retail

- Proposal focuses on true cash value/highest and best use and negative use deed restrictions.
- Additional legislative pieces also being considered.
- Recent passage of similar language in Indiana providing a model to follow.
- Interest growing based upon situations cropping up around the state.
Michigan Energy Policy

- Energy is one of the biggest topics of 2015 and the Governor, Senate Republicans, House Republicans, and the Senate and House Democrats all have their own plan on Michigan’s future energy policy.

- Biggest topics
  - Retail Open Access (Choice)
  - Energy Optimization/Efficiency
  - Renewable Portfolio Standard

- There is no consensus on these issues and it is anticipated that a significant attempt to find a solution will occur before the end of the year.
The League is committed to a solution that allows our communities to take advantage of cost savings through energy efficiency and renewable energy while ensuring reliability and affordability.

Key Platform Positions

- Maintain current 10% renewable standard, and 1% energy optimization standard
- Flexible on the 10% Choice Cap
- Ownership of street lights
- Data for community planning
- On-Bill financing
- Expand net metering
Medical Marihuana

- HB 4209 (dispensaries) and HB 4210 (medibles) both re-introduce from last session after dying in lame duck
- HB 4827 seed to sale tracking system
- League involved in workgroups to ensure locals have the ability to allow or disallow these in their communities as well as zone where they can operate
- New structure would look similar to liquor licenses in that there will be different licenses based on the type of activity: grower, distributor, provisioning center, testing facility
- There is a push to vote bills out of committee in late September.
Additional Issues - Chris

- Adverse Possession/Menominee
- Sanctuary Cities
- Veteran Property Tax Exemption
- Recreation Authorities
- Unfunded Mandates Package
- Michigan Tax Tribunal
Additional Issues - Nikki

- TIF/DDA
- Commercial Rehabilitation Act Sunset
- Building Official/Employment with Local Unit of Government
- Online Public Notice Option
- Rental Inspections
- Annexation/Detachment
Additional Issues - John

- Uber
- Speed Limits
- Groundwater Discharge Permit Fee
- E-Waste
- Landfills
- Performance Measures for Roads
- Recycling
Federal Issues

- Long term transportation funding
  - The biggest issue facing locals in DC right now.
  - In July, Congress passed an $8 Billion extension to fund projects through October 30th, 2015.
  - The Senate was more committed to a long term fix and passed a six year proposal (funded for three) but the House balked the reauthorization of the Export-Import Bank, which was tied into the Senate plan.

- Federal Budget
  - Let's cut to the chase: there’s probably going to be another extension unless there’s a shutdown over funding Planned Parenthood – the possibility which is growing daily.
Online Sales Tax Collections

- New momentum to achieve online sales tax parity.
- Since its introduction there have been many bi-partisan co-sponsors signing on. Currently Rep. Conyers is the only Michigan Congressional Delegate to have signed on.
- The League has contributed each House member to encourage their support on their issue. Sample letters can be found by visiting the Inside 208 blog.
Legislative Team

- **State**
  - Chris Hackbarth, Director, State Affairs
    - Municipal Finance, Labor, Elections
  - Nikki Brown, Legislative Associate
    - Economic Development and Land use, Municipal Services
  - John LaMacchia, Legislative Associate
    - Transportation & Infrastructure, Energy
  - Derek Tisler, Legislative Assistant
  - Ashley Batterbee, Administrative Assistant

- **Federal**
  - Summer Minnick, Director, Policy Initiatives and Federal Affairs