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Official Publication of the Michigan Townships Association

august 2009



A Legislative Update for Township Officials

One health care system for all public employees?



Speaker of the House Andy Dillon (D-Redford Charter Twp.) has proposed that all state and local governmental employees receive their health insurance through one state-administered health care plan. The speaker estimates that a change to this type of system could save over \$900 million per year.

The proposal is not developed to the point where bills were introduced. Instead, the proposal was outlined

in a 14-page document setting out the objectives and cost-saving estimates. Earlier this year, a state-level commission on government efficiency had recommended that a state health insurance program be established that any governmental unit could access for health care benefits for their employees. The efficiency commission recommended a voluntary program; the speaker's proposal would be mandatory.

If enacted, the plan would provide insurance to over 400,000 families, which would include state, school, county, city and township employees. The state would be responsible for all administrative issues related to operating the insurance plan. It is believed that the plan would be self-funded by the state, but the administration of processing claims would likely be contracted to a private company. This could be a company such as Blue Cross Blue Shield or Aetna, as an example. From the standpoint of the employee, this type of system would look little different from a traditional health care program.

One of the largest changes contained within the proposal is the expectation that a significant amount of the savings would be associated with increased costs being borne by the employee. The proposal document states: "The health care benefits offered to Michigan public sector employees for their health care benefits should be consistent with the average cost paid by public sector employees and retirees in other states (subject to means testing on income) and private sec-

tor employees and retirees in Michigan (subject to means testing on income)." Translated, this would indicate that the new plan would expect employees to pay a significant share of the cost of the benefit. The employee could be expected to pay 15 to 25 percent of the premium cost. Those earning more would likely pay a higher percentage of the cost of the plan than those who earn less. Copayments and deductibles could also come under discussion.

It is assumed that a single system of health insurance would also give enough buying power to the plan to potentially lower the cost of health care services. It may also mean that the state can be more proactive to ensure that medical services conform to recognized best medical practices, which can also be a cost savings.

The advantage of such a system to townships is that administrative issues would likely be reduced. The time and effort of procuring bids and selecting providers would be minimized. This type of system would especially be beneficial for smaller townships that find it extremely difficult to find reasonable insurance at relatively affordable prices.

Obviously, a change of this magnitude generates many questions. MTA plans on being actively involved in any discussions regarding the actual implementation of the ideas that have been put forward. Issues that remain unclear at this point include: Would this be a single plan with the same coverage for every person, or would the township be able to choose from a selection of plans with variable benefits and costs? Would a township be required to participate if it doesn't currently offer health insurance to its employees? Would a township be required to participate if the new insurance cost more than the existing plan that is offered by the township? Who would be responsible for the cost difference? How does this plan interact with union contracts that may currently specify levels of coverage and cost of coverage to the union member?

Speaker Dillon has suggested that he would like to see this idea become law by the end of the year. MTA will continue to keep township officials informed of the progress of this concept. MTA sees potential within the proposal so long as it is constructed in an appropriate manner. ■

State Budget Update; Pure MI funding to come from locals?

The governor and members of the Michigan Legislature keep waiting for some good news related to the economy as they continue to try to find budget agreements for the 2010 fiscal year (FY 2010). Little has been agreed upon in recent budget negotiations with the governor and legislative leaders. Many feel that the budget process is dragging on because the leaders are waiting to see the latest state revenue numbers before getting too committed to specific cuts. Fiscal year 2010 takes effect on Oct. 1, 2009.

Unfortunately, state revenue collections from June are not helping the budget outlook. Revenue collections from state taxes collected in June are down 16.2 percent as compared to June 2008 collections. The reduction causes an additional shortfall of \$120 million for the state budget. For the current fiscal year, the state has collected 13.4 percent less in taxes than it did in 2008. As a part of overall collections, sales tax collections were also down in June, 8.3 percent compared to a year ago and down 9.4 percent for the year. These latest revenue collections will have to be factored in for the remainder of the current fiscal year, which ends on Sept. 30, 2009, and for FY 2010.

In another budget related issue, the House of Representatives is considering House Bill 5089, which would amend the way in which the Pure Michigan advertising campaign is funded. Unfortunately, the bulk of the long-term funding comes at the expense of statutory revenue sharing. HB 5089 would dedicate that portion of the growth in sales tax revenues collected from tourism-related activities to fund future promotional ads. This concept is similar to the way downtown development authorities are funded. The concern of MTA is that the sales tax revenue in question is already dedicated under law to be distributed to counties, cities, villages and townships in the form of statutory revenue sharing. In essence, the proposed law promises the same dollars to two programs.

The Department of Treasury testified in support of the legislation, noting

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It's time to begin the energy grant process

As part of the American Recovery and Reinvestment Act (ARRA), Congress made available \$3.2 billion nationally under the Energy Efficiency and Conservation Block Grant (EECBG) program. Funding under the program is intended to improve energy efficiency, to spur economic growth, and to create or retain jobs.

Michigan's share of the EECBG funding is \$76.6 million with \$57.6 million going directly to 69 Michigan entitlement communities (cities and townships over 35,000 in population), Indian tribes, and certain counties over 200,000 in population for energy efficiency and conservation efforts. Funding for entitlement communities will be received directly through the U.S. Department of Energy (DOE) and those communities have until Aug. 10 to submit their energy efficiency and conservation plan to DOE.

The remaining money, approximately \$19.6 million, is to be used for non-entitlement communities (those cities and townships below 35,000 in population and certain counties, mostly those below 200,000 in population) and for state projects. Of this amount, approximately \$15 million will go to local units of government. This process will start once Michigan's application for the State Energy Program Formula Grant is approved by DOE. This is anticipated to occur in August. Once the formula grant is approved, the Department of Energy, Labor and Economic Growth (DELEG) will issue the Request For Proposal (RFP) and accompanying guidance document in late August/early September.

Following the RFP release, there will be a two-week period where communities can e-mail questions to the DELEG energy office and receive responses. The formal applications will be due 30 days from release of the RFP and will need to be mailed or hand delivered to a location that will be contained in the RFP. Applications will not be accepted beyond the due date and may not be sent electronically. The grant awards will be announced 30 to 45 days following the due date.

Communities interested in EECBG funds can already start their efforts to prepare for the application process. Proposals can be drafted ahead of time and shared with stakeholders and collective interest from other jurisdictions can be identified. In addition, any efforts to secure required permits and/or environmental reviews can start prior to the formal application process.

There will be two types of grants that will be made available: multi-purpose grants and light-emitting diode (LED) grants. Communities applying for both grants will need to fill out two applications. The multi-purpose grants are for a variety of energy efficiency and conservation efforts, while the LED/solid state lighting project grants are specifically for lighting projects. However, both non-entitlement and entitlement communities can apply for the LED grants.

The multi-purpose grants consist of a wide variety of types of projects including money to develop a energy efficiency and conservation strategy plan for your community; residential and commercial building



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energy audits; providing financial incentives to serve as an incentive for energy improvements, i.e. a low-interest loan program; energy efficiency building retrofits; energy efficiency conservation programs for buildings; energy efficiency transportation projects, i.e. bike paths; training of building code officials; material conservation programs, i.e. recycling; and energy technology in government buildings to mention a few. A maximum of 10 percent of the total grant could be used for administrative expenses.

Award levels of the multi-purpose grants range anywhere from \$50,000 to \$140,000 for individual communities and from \$50,000 to \$650,000 for multi-jurisdictional efforts. It should be noted that collaborative efforts with other communities are generally likely to receive a higher score!

While the selection criteria has not been completely finalized, it will include the following: energy savings, job creation, reduction of greenhouse gases, strength of project/implementation plans, is it "shovel ready," and "leveraging" additional dollars.

Leveraging additional dollars will be critical to any project receiving favorable consideration. The idea of leveraging additional dollars is meant to help your community's energy efficiency and conservation efforts go beyond the three-year timeline of the EECBG funding. There are currently four leveraging opportunities that have been

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Legislation requires removal of aquatic plants from boats

Legislation that would require the removal of aquatic plants from boats, boating equipment and boat trailers before entering a lake is moving through the legislative process. The legislation is the latest attempt to stop the spread of invasive species in Michigan's water bodies and follows previous efforts to curtail the discharge of aquatic nuisance species in ship ballast water and to develop a list of prohibited and restricted species in state statute.

House Bill 4199, introduced by Rep. Michael Lahti (D-Hancock), is designed to help stop the spread of invasive aquatic plants from one lake to another. The bill has passed the House and is now under consideration in the Senate. Under the bill, a law enforcement officer could require the owner or operator of a boat, or related equipment, to remove any aquatic plants before entering a water body. A person who violated the request could be cited with a civil infraction and ordered to pay a civil fine up to \$100 for the offense.

In addition, the bill requires the Department of Natural Resources (DNR) to prepare a notice to boaters containing a summary of the bill's provisions and to provide copies of the notice to owners of public boating access sites. In turn, the owner of a public access site would have to post and maintain the notice at their access site. An access site owner who violated this provision would also be responsible for a civil infraction and could be ordered to pay a civil fine up to \$100. The DNR would also be required to include the notice in

relevant DNR publications and post it on their Web site.

While the bill contains some minor requirements for townships that might own public access sites, MTA believes that the benefits of the legislation far outweigh the negatives and is in support of the legislation. It is hoped that once passed, the bill will have the effect of creating awareness among the public about the harm of transferring invasive plants from one lake to another as has been the case in Wisconsin where similar legislation has been enacted. ■

Legislature considering livestock bills that usurp local control

The public debate about the humane treatment of farm animals and food safety issues are converging in a legislative package that is before the Michigan Legislature. The legislation, which has been introduced in identical versions in both the House and Senate; House Bills 5127-28 and Senate Bills 654-55, is aimed at recognizing livestock "guidelines" in law. The House bills are sponsored by Reps. Mike Simpson (D-Liberty Twp.) and Jeff Mayes (D-Bangor Chtr. Twp.), while the Senate bills have been introduced by Sens. Gerald Van Woerkom (R-Muskegon) and Wayne Kuipers (R-Holland).

The House bills appeared to be on a very fast track in the House Agriculture Committee in late June as the House Agriculture Committee held hearings on back-to-back days, just days after the bills were introduced. However, the committee held off on voting as MTA and other groups raised questions about how the proposal would work and why local government authority was being pre-empted.

The bills would amend the "Animal Industry Act," by giving the Michigan Department of Agriculture and the Agriculture Commission sole authority to regulate livestock health and welfare. Specific language in the bills states that: "A local unit of government shall not enforce any ordinance involving animal care standards regarding livestock subject to this act. This act preempts any local ordinance, regulation, or resolution that purports to extend or revise in any manner the provisions of this act or animal care standards adopted under this section." The bills would also adopt industry animal care standards in Michigan law and a 10-member advisory council to review the standards at least every five years. The legislation would also require third-party (private) auditors to be certified by the state but hired by farm operations to conduct audits. The audits would be exempt from the Freedom of Information Act as they would be considered private agreements.

The bills caught the attention of MTA because of the pre-emption of local control. MTA testified in committee with many concerns and asked how the legislation would interact with the Right-to-Farm Act and the related Generally Accepted Agriculture Management Practices (GAAMPS) sections that already deal with the treatment of animals. The Michigan Farm Bureau strongly supports the legislation and had a strong presence during the House committee hearings. MTA has learned that Rep. Simpson is working on a substitute bill that will be shared with MTA. ■



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More counties eligible for ORV use on roads

A year ago, a new law amending Part 811 of the Natural Resources and Environmental Protection Act took effect (Public Act 240 of 2008) allowing the use of off-road recreational vehicles (ORVs) on county or local roads in Michigan's 43 most northern counties. The law allowed county commissions in Mason, Lake, Osceola, Clare, Gladwin, Arenac or Bay County or any county lying north thereof, including all of the counties of the Upper Peninsula, to immediately adopt ordinances allowing ORVs to travel on roads. The law also gave immediate ordinance authority to township governments within these counties to close off their roads to ORV use if the county had adopted such an ordinance. PA 240 also contains a provision that just went into effect (as of July 17, 2009) that gives townships the authority to adopt an ordinance to allow for the use of ORVs on roads within the township even when the county has not acted to allow for such use.

The Michigan Legislature is now moving a bill to expand the number of counties that are eligible to allow for the use of ORVs on roads from 43 to 47. House Bill 4507, sponsored by Rep. John Espinoza (D-Croswell), will amend PA 240 by expanding the definition of counties eligible to include: Huron, Tuscola, Sanilac and St. Clair. The bill will maintain the same authority for township government as before. The House approved HB 4507 unanimously by a 109 to 0 vote. The bill was approved by the Senate Natural Resources and Environmental Affairs Committee on July 22, 2009. Approval by the full Senate is expected and could come as early as August. ■

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that the state was already diverting approximately \$500 million per year out of the statutory revenue sharing fund to prop up the failing state budget. The bill was necessitated when the Legislature diverted money for the Pure Michigan campaign to other state departments that were threatened with budget cuts. ■

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identified. These include participating in the Michigan Green Communities Challenge, developed by the Michigan Municipal League; the Energy Optimization Program, developed by the state's utility companies to assist with lowering energy costs; the Low Income Energy Efficiency Fund Program through the Michigan Public Service Commission (MPSC), which provides shut off protection for low income residents and weatherization programs; or involvement with the Michigan Saves Program also available through the MPSC. Further details of these programs can be obtained at www.michigan.gov/energyoffice or www.michigan.gov/recovery.

Meanwhile, the LED grants could be utilized for street lighting, synchronized traffic signals, parking structures or parking lots and indoor lighting. The LED grant does have a requirement that there be a public information or education component. Levels of the grants range from \$50,000 to \$250,000. LED grants would cover 90 percent of equipment cost, leaving the grantee to pick up the last 10 percent of equipment cost and any costs associated with educational, labor or training costs.

One important consideration with the EECBG grant is that it is not up-front money for your township to spend on energy efficiency and conservation efforts. Those awarded an EECBG grant would receive the grant funds over a three-year period. Grant recipients will essentially bill for the grant funds on a quarterly basis and be reimbursed for those funds expended during the previous quarter. In addition, DELEG will require quarterly reports detailing what has occurred during that quarter, work expected for the next quarter, problems that the grantee has experienced, any anticipated changes in the scope of the project, and an update on any leverage contributions received.

Additional details of the EECBG grants will be made available once the RFP and accompanying guidance document are released. MTA encourages townships to apply for the funds and highly recommends that you partner with surrounding townships, cities and/or county governments to have the best chance of receiving an EECBG grant. ■