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A Legislative Update for Township Officials

Senate Passes Legislation to Hold Presidential Primary on Jan. 15, 2008

On Aug. 22, the Senate amended and passed SB 624 to hold the Michigan presidential primary election on Jan. 15, 2008. Under the original bill, introduced by Sen. Michelle McManus (R-Leland Twp.), the date was set for Jan. 29, 2008.



The bill was amended unanimously to insert the date of Jan. 15, but the final vote was 21-17 with all Republicans supporting and all Democrats opposing the bill. Should the House adopt the measure, it would make Michigan the earliest presidential primary currently scheduled for next year. However, New Hampshire would definitely move to an earlier date and other traditional early states might as well.

Before the final vote, two additional amendments were offered by Democrats. The two amendments would have allowed for no-reason absentee voting and for college students to have a separate address for voting other than their permanent driver's license address. Both amendments were rejected along with straight party line votes.

Both political parties want to make Michigan relevant in next year's presidential election. Negotiations have been ongoing between the state Republican and Democratic Party chairs to agree on a joint presidential primary. Senate Democrats voted against SB 624 because those negotiations have not concluded as some details are yet to be worked out.

Should the bill be enacted in its current form, the party chairs could agree to move the election date up to as early as Jan. 8 or as late as Feb. 26. Under the legislation, the two party chairs could also agree to cancel the presidential primary. Both actions would have to occur by each party chair filing an affidavit with the secretary of state by Sept. 15 of this year.

It should also be noted that under SB 624, those wishing to vote in the presidential primary election would need to request either a "Republican ballot" or a "Democrat ballot." This is an effort to accommodate national

Democratic Party rules so that Republicans or Independents cannot "cross over" and vote in the Democratic primary. The last time something similar was tried was in 1992 where voters had to declare their party preference. Many voters were very upset by this process. Under the current legislation, a voter would not have to declare their party preference, but would have to request a partisan ballot and a list of all voters requesting a Republican ballot or a Democrat ballot would be sent to their respective state party.

Meanwhile, the two political parties are finalizing plans in case the parties are unable to reach an agreement on the joint presidential primary. Democrats are planning a caucus process on Saturday, Feb. 9 (which could be moved up) for selecting their delegates to their national convention and Republicans are moving forward with plans to hold a state convention on Jan. 25-26 to select their delegates.

MTA Summer Legislative Forum Wrap-Up

HB 4780 took center stage at the MTA Summer Legislative Forum held at Shanty Creek Resort in Bellaire on Aug. 8-10, 2007. More than 200 township and state officials, legislators and guests attended the Forum.



Township officials enjoyed opportunities during the event to ask questions and share comments with Lansing lawmakers about key issues at the State Capitol. Even though HB 4780, sponsored by Rep. Paul Condino (D-Southfield), was treated as a main topic during a general session, the theme appeared throughout the entire conference. Many township officials were anxious to hear legislators' opinions about HB 4780 and why township government is being singled out for unnecessary changes that won't generate any cost savings for the state or locals when reforms directed at state government are more in order. The legislation would transfer tax collections, elections and assessing functions from townships to counties and require townships to pay the county to perform those functions.

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Mickie McClelland, supervisor, Big Rapids Charter Township (Mecosta Co.), talks with Rep. Matt Gillard during the Legislative Forum at Shanty Creek.

“Is HB 4780 the First Salvo in an Effort to Eliminate Townships?” was the title of the first general session. This panel session was made up of three state representatives: Darwin Booher (R-Osceola Twp.), Matt Gillard (D-Alpena) and Tom Pearce (R-Cannon Twp.) who gave their perspectives on the legislation. MTA especially appreciates the strong statements made by Reps. Booher and Pearce opposing HB 4780. Booher stated that in his opinion, “HB 4780 shouldn’t see the light of day.” Pearce said, “I fully oppose this legislation.” While not endorsing the legislation, Rep. Gillard, who serves as the Majority Whip in the Michigan House, said he didn’t support the bill as written, but supports the concepts. He also added that HB 4780 might evolve into some other type of reform idea.

Patrick Harrington, co-founder and partner in Muchmore-Harrington Smalley and Associates, took the podium as the luncheon speaker. Harrington, who has served for nearly 25 years as a Lansing lobbyist, was one of the youngest persons to be elected to the Michigan Legislature at 24 years of age. His remarks provided an insider’s view of Lansing. His comment, “Since it appears that Lansing is having a hard enough time cleaning their own house, they want to clean yours” received a loud reaction.

He further commented that the Legislature is using the current economic climate as the “perfect opportunity for change.” However, Harrington also reminded everyone about the real definition of reform. “Reform: A change for the better; an improvement.”

DISCUSSION ON REGIONALISM STIRRED EMOTIONS

A general session titled, “Regionalism: The Future of Local Government,” followed discussions on HB 4780 as MTA Executive Director Larry Merrill moderated a panel of three speakers. Bill Rustem, president and CEO of Public Sector Consultants; John Austin, nonresident senior fellow, Brookings Institute; and Amy Malmer of Southeast Michigan Council of Governments (SEMCOG) took part in the discussion. Rustem and Austin were quick

to use a few examples of regional success stories like Indianapolis, Ind., and Seattle, Wash., to illustrate how regionalism can work. However, some township officials in the audience commented that such regional success has come at the expense of the surrounding local governments. The role of counties versus townships in a regional form of government and how cooperation works in the southeastern part of Michigan were also key parts of the discussion.

LEGISLATIVE LEADERS OFFER INSIGHTS INTO BUDGET, OTHER ISSUES



Rep. Joel Sheltroun, left, and Sen. Alan Cropsey, right, speak with Pat White, supervisor, Pavilion Township (Kalamazoo, Co.), following the legislative report.

Friday kicked off with a Michigan leadership report, as both majority parties in the House and Senate were allowed to send a member of their caucus to speak about the legislative agenda in each chamber. As predicted, a status on the state budget was the main theme of the report.

State Sen. Alan Cropsey (R-Olive Twp.), who serves as the Majority Floor Leader in the upper chamber, and state Rep. Joel Sheltroun (D-Ogemaw Twp.), speaking on behalf of House Democrats, provided insights from their respective chambers. It was clear from their statements that on-going state budget negotiations being held between Senate Majority Leader Mike Bishop (R-Rochester) and Speaker Andy Dillon (D-Redford Twp.) are paramount to any budget resolution. The new state fiscal year begins on Oct. 1.

The ability of each of these new leaders to sell their agreement to members of their caucuses remains to be seen. No details of these closed-door meetings have been revealed. Cropsey said that he would not rule out the possibility of a continuation budget.

EDUCATIONAL SESSIONS ROUND OUT THE FORUM

Concurrent sessions addressing planning and zoning consolidation, solid waste issues and transportation funding concluded the two days of issue discussions.

Planning/Zoning Consolidation

Legislation approved by the Senate that is awaiting House action (SB 206) is designed to consolidate the three current planning acts into a single new act called the Michigan Planning Enabling Act. Historical differences between townships and cities provide a challenge in making the proposed changes workable for all local governments. Those participating in the planning panel included: Rep. Kevin Elsenheimer (R-Custer Twp.); Andrea Brown, executive director, Michigan Association of Planning; and Richard Norton, assistant professor of urban planning, University of Michigan.



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Gary Cramer, left, supervisor, Kalamazoo Charter Township (Kalamazoo Co.), and Denny Olson, center, supervisor, Breitung Charter Township (Dickinson Co.), talk with Rep. Darwin Booher, right, about how different legislative issues impact townships.

Solid Waste Issues

A dramatic increase in landfill tipping fees and curtailing the flow of out-of-state waste into Michigan's landfills were the main topics of the panel addressing solid waste issues. Legislation approved by the Michigan House, HB 4221, would impose a tipping fee increase of \$7.50 per ton on all trash disposed in Michigan landfills. Discussion about how townships are impacted by the new surcharge and the impact of a landfill moratorium received the most attention. The solid waste issues panel included: Reps. Terry Brown (D-Windsor Twp.), Marty Griffin (D-Jackson), Dave Robertson (R-Grand Blanc Twp.); and Frank Ruswick, special assistant to the director, Department of Environmental Quality.

Transportation Funding and Structure

A proposed increase in Michigan's gas tax was a hot topic in the transportation funding and structure panel session. The "Drive Michigan" proposal that increases Michigan's gas tax by nine cents a gallon over a three-year period and increases vehicle registration fees by 50 percent was thoroughly examined. MTA has not taken a position to support or oppose the plan. Sen. Jud Gilbert (R-Clay Twp.) and Rep. Hoon-Yung Hoppood (D-Taylor) chairs of the Senate and House Transportation Committees took part on the panel. The panel also included John Niemela, director, County Road Association of Michigan (CRAM) and Keith Ledbetter, director of legislative affairs, Michigan Infrastructure and Transportation Association (MITA). Both MITA and CRAM are calling for a gas tax increase.

GOLF OUTING A SUCCESS

Perfect golf weather, mixed with good camaraderie and a challenging Schuss Mountain Golf Course was provided to MTA Summer Legislative Forum attendees who took part in the MTA golf outing on Wednesday, Aug. 8. The afternoon of golf served as the unofficial kick-off to the Forum.



It may look like a NASCAR race, but it was just the beginning of the MTA golf outing.

State Tax Commission Changes Assessing Practice

The State Tax Commission has made two changes to the way property is assessed that will have a significant impact on assessment notices that will be generated in March 2008.

The first change that occurred this month was the decision that foreclosure sales will no longer be excluded from sales studies used for determining State Equalized Value. In the past, a sale at foreclosure was not considered a market sale and as such, was not included in studies used to set the value of other property in the community.

Tax Commission Bulletin No. 6 outlines the situations when foreclosure sales are to be considered. The most important factor that must be evaluated is whether or not the final sale was an open market process. The bank buying the property to protect its interest is not a market sale. The Commission also requires that the property be inspected to ensure that the property was not distressed due to neglect. The condition of the property must match the assumed condition of the assessment.

The second decision made by the Tax Commission was that the sales studies in a declining market would only include one year of sales instead of the traditional two year study. This issue was brought into focus last March when many assessments were going up despite the fact that the housing slump was being seen across the state. Again, the commission has outlined the criteria for making this decision in Bulletin No. 5. The single year study would consist of sales that take place from Oct. 1 to Sep. 30. Indicators of a declining market include: a higher ratio of listings to sales, more foreclosures, loss of a major employer or a single year study ratio that is higher than a two year ratio combined with the previous indicators. Generally speaking, single year studies will be encouraged this year so long as there have been enough sales to do a proper evaluation.

For many property owners the acceleration of recognizing lost property value will not impact the amount of taxes that are paid. The gap between the Taxable Value and State Equalized Value is simply too great. However, with the changes, more properties are likely to see the SEV fall below Taxable Value and thus see a tax savings. This would especially be true for property that has sold in the last few years. This could mean situations where total Taxable Value is increasing below the rate of inflation. This will impact both local governments and the state school aid fund.

The one year sales study will create issues as well. The number of home sales is already down significantly due to the poor market. By cutting off one year of sales from the study, a local assessor may be using only 1/3 of the number of sales compared to past years. By using a much smaller group of sales, any unusual sales, such as a foreclosed property will have an even greater impact on equalization factors. The Commission warns that there must be sufficient sales to justify the results when limiting the time of the study.

Property taxes are going to start seeing some of the instability that we have experienced in other taxes over the past few years.



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Have You Ever Thought About Running For State Representative?

It's not too early to start planning!

Monday, Dec. 3, 2007, MTA will conduct a FREE day-long campaign session for township officials considering a run for state representative at the MTA office in Lansing.

If you're interested, mark your calendar TODAY and contact MTA at 517-321-6467 or tom@michigantownships.org.

More details coming soon.

Budget Actions Don't Reflect Final Deal; Few Details and Gaping Holes Remain

Both the Michigan House and Senate spent long hours in full sessions on Aug. 22-23 moving budget bills with the new fiscal year, beginning Oct. 1, looming very close. The Senate spent 12 hours in session on Aug. 22, while the House began at 1:00 p.m. on Aug. 22 but didn't finish their work until after 5:00 a.m. on Aug. 23. It was the first all-night session for the House in nearly three years.

The actions by either chamber, however, don't reflect any on-going budget talks or agreements between legislative leaders and the governor and appear to be efforts to put each party in the best political position. The 10 budgets approved by the Senate call for \$163 million less than Governor Granholm's budget recommendations made way back in February, but don't specifically outline how departments are suppose

to make cuts. Further, the Senate showed little of their hand in relation to possible reforms to save money. Most departments were cut by 1.2 percent and included hiring freezes through all of the next budget year.

House approved budgets amazingly called for almost \$500 million more than the governor's budget recommendations, largely coming in the way of increases in education funding. The irony is that more recent revenue projections (conducted after the governor's budget recommendations) demonstrate that the state will take in less money in fiscal year 2008 than originally anticipated.

Revenue sharing amounts for local governments (contained in general government budget) in fiscal year 2008 also received attention during the lengthy Senate session. While more than \$400 million was approved in total statutory revenue sharing amounts, an amendment that gained approval to strip \$5 million out was later replaced by earmarking \$5 million from advertising funding to promote the Michigan Lottery. The actions may mean little in the final outcome as revenue sharing coming from constitutional (sales tax collections) is now projected at \$12 million lower than originally expected.

There have been reports that budget negotiations in recent weeks between Senate Majority Leader Mike Bishop (R-Rochester) and House Speaker Andy Dillon (D-Redford Twp.) have produced some agreements between the two new leaders. However, no details have been made public. There are indications that recommendations coming from Speaker Dillon involve a mixed bag of revenues, cuts and reforms while Bishop is holding tight on cuts and reforms. One scenario says that a proposed income tax increase is on the table (increasing to 4 percent or more) and a 6 percent sales tax on services and entertainment, along with increases in liquor taxes are being considered. Discussions of gambling at horse racetracks (Racinos) have also taken place including the idea of placing the measure on the 2008 ballot.

Advice from MTA to townships: Hold on because nothing has been settled.