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A Legislative Update for Township Officials

Revenue sharing levels contained in state budget

The state budget for the 2010 fiscal year was finally approved on Oct. 30, when the governor signed the remaining six and some of the most controversial budgets. While there was a significant and lengthy game of "budget chicken" that took place throughout much of September and October, which had the governor threatening (and making) some line-item vetoes, revenue sharing amounts were approved with deep cuts. The governor was posturing that she would make veto cuts in budget areas where she felt the Legislature had cut too deep, while the Senate was using a procedural move to hold up presentation of the bills for her consideration. Ultimately, the bills were presented and there were numerous line-item vetoes made by the governor, the most notable involving \$7.1 million for the operation of the State Fair.

The general government budget, which includes funding for revenue sharing, was one of the bills signed by the governor. Approval of the appropriation bill means total revenue sharing is cut by \$101 million or roughly 10 percent when compared to the prior year. Statutory revenue sharing is cut by 19 percent, while the constitutional revenue sharing was reduced by roughly 5 percent. Statewide, townships were cut by more than \$20 million. The cuts also mean that there are now roughly 70 townships that will receive any statutory revenue sharing in FY 2010, totaling \$7.4 million. The Michigan Department of Treasury updated its estimated revenue sharing payment schedules for local governments on Nov. 4. Please use the following link to determine what the estimated payment will be for your township, http://www.michigan.gov/documents/treasury/FY09FY10RevenueSharing_FY2010PA128_20091104_299668_7.pdf. The October revenue sharing payment made to townships in late October reflected a level of cut that was approved last month in the state continuation budget bill. For townships that receive some statutory revenue sharing, this payment was slightly lower than the amount that was approved for the remainder of the 2010 state fiscal year. It is expected that the state will make up this difference in the December revenue sharing payment.

Other budget impacts on local governments include a 12 percent cut to payments-in-lieu-of-taxes (PILT) program and new reporting requirements for local governments that receive fire protection grants under P.A. 289 of 1977. The budget approved for the Department of Energy, Labor and Economic Growth (DELEG) contains boilerplate language (sec. 301a) in the appropriations bill (P.A. 130 of 2009) requiring cities, villages and townships that provide fire protection to state facilities (i.e. universities, colleges and prisons) to submit a report to DELEG "detailing expenditures made by the local unit from fire protection grant funds related to activities of the local unit's police and fire departments on state property and the costs of such activities." Local units shall provide the report no later than Jan. 1, 2010, covering the state fiscal years ending Sept. 30, 2008 and Sept. 30, 2009, and a report no later than Jan. 1, 2011 covering the state fiscal year ending Sept. 30, 2010.

The state budget was approved with no tax increases, but many of the deep cuts and continued debate about whether the K-12 Education budget contains enough funding to cover expenses will keep the debate going at the state capitol about the need for revenue increases and supplemental budget bills. ■

MTA Capitol Conference

April 21, 2010

Radisson Hotel - Downtown Lansing

Mark your calendars!

***Seasons Greetings
from all of us
at MTA!***

Senate blocks cooperative services

The common mantra coming from every elected office in Lansing is that local units of government should be cooperating on providing services. Given this fact, it is interesting to note that the one piece of legislation that has moved through the legislative process that expands the ability to form cooperative ventures to provide governmental services has stalled on the very last step of the legislative process. The legislation has the full support of local government organizations, but it is receiving considerable pushback from some members of the Legislature.

Senate Bill 222 is offered by Sen. John Gleason (D-Flushing). The legislation amends the Recreational Authority Act to allow school districts to partner with municipalities or other school districts to provide recreational services. Currently, the law only allows cities, villages and townships to band together to provide these services. Proponents of the legislation point out that school districts could be a critical factor in the success of these types of programs. School districts have athletic fields, gyms and class rooms—things critical to recreation programs. Currently, law does not allow school districts to partner with municipalities when it comes to governance of these authorities. SB 222 simply amends the law to add school districts to the list of governments that can partner in these authorities.

The legislation has passed both the Senate and House, but the Senate must still vote on giving the legislation immediate effect. This legislation has been sitting on the Senate calendar since last May awaiting this final procedural matter before being sent to the governor for her consideration. For certain bills, this is a very important issue; a budget bill has no value if it doesn't go into effect until after the end of the fiscal year, but in this case it really means very little.

Instead, withholding the vote for immediate effect would seem to be out of concern that school districts could divest recreational programs into a cooperative arrangement that could be funded by an independent

millage if approved by the citizens. Of course, one of the prerequisites of cooperative services is actually funding the service in question. The legislation simply recognizes that cooperation may be required to offer a service that does not currently exist, which means better services, not necessarily lower costs. Cooperation is the tool to provide a service that could not otherwise be provided due to cost. So in this case, the Legislature is the obstacle that must be overcome in order to create cooperative services. ■

Testimony on public employee health insurance

On November 5, Bill Anderson, Michigan Townships Association legislative liaison, testified before the House Public Employee Health Care Reform Committee regarding House Bill 5345, which would require all public employees to receive their health care through a state run insurance program. The following are excerpts from that testimony:

"Health care costs impact different townships in significantly different ways. According to our survey of the 1,240 townships in Michigan, we estimate that townships employ approximately 7,500 individuals on a full-time basis and approximately 20,000 people on a part-time basis. Most of the part-time employees are protecting 90 percent of the land mass of this state from fires.

"In some cases, the chief concern of the township is dealing with police and fire unions and their impact on township operations due to the binding arbitration issues contained in Public Act 312. In many more cases, local townships struggle to find insurance plans that offer reasonable coverage at reasonable prices in much the same manner as any other small business.

"I encounter repeated references to creating a single state plan. From the bill and public statements, the single state plan will be offered through multiple forms of insurance including: HMOs, PPOs and other forms. The single state plan is likely to be offered by multiple providers to maintain health care competition in the state and it might have differential rates to accommodate regional differences. Add in the issue of premium cost sharing and locally determined copayments and deductibles and now we have just as many plans under this one state plan as we have today. We already know the state employee plan is actually 15 different choices, so is this system likely to be significantly different? If savings are accrued from having one plan, how does this concept of multiple plans impact those assumed cost savings?

"The one issue that really stands out to townships on this plan is the mandate associated with its implementation. Why is there concern? Township officials are being directed to do business with an organization that does not exist at this point; they have no ability to leave the plan if it does not meet expectations for service or cost and there is no guarantee of cost savings. The challenges of identifying all local employees, educating them regarding the change and insuring that

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they don't get 'lost in the system' is going to be a major undertaking, especially as resources at the state level dwindle. This plan asks for a lot of trust to be given to the state. Trust is a rare commodity these days.

"I represent a group of governments that will flock to a well-run plan that offers competitive prices. We have no emotional ties that bind us to a particular health plan. The state currently controls the health care plans for 250,000 families and probably over half a million citizens. The state doesn't need to mandate local governments to participate in this program to successfully implement the plan as I have heard it described. State government receives no direct benefit from the mandate. If this plan is as good as advertised, local township employees will be knocking on your door to join." ■

House passes three bills to assist military and overseas voters

In early November, the House passed legislation that would make it easier for military and overseas voters to participate in the election process.

The key bill in the military and overseas voter package would allow clerks to send these particular voters electronic voter registration applications and absentee voter (AV) ballot applications and ballots. House Bill 5279, introduced by Rep. Vincent Gregory (D-Southfield), would allow a county, city, village or township clerk to transmit a voter registration or AV ballot application and ballot to an applicant's electronic mail address upon request. Under the bill, an AV ballot would have to be transmitted by the county, city, village or township clerk 45 days or more before an election. The voter would then return the AV ballot by U.S. mail to the appropriate clerk.

HB 5279 comes after similar legislation was recently passed by Congress at the federal level as part of the Department of Defense appropriations bill. The new federal procedure for transmitting voter registration and AV applications and ballots will be applied to all federal offices and goes into effect for the November 2010 General Election. Under the federal legislation, a voter would need to designate how they want to receive their blank ballot—by mail or electronically. The federal legislation also requires each state to set up a free tracking service to allow the voter to determine whether his/her ballot was received by the election official.

Both the state and federal legislation is an effort to address the timeliness of military and overseas AV ballots being returned to clerks on or before Election Day. HB 5279 would make state and local elections consistent with the new federal law.

Also to assist the timeliness of receiving returned AV ballots, two additional bills were passed at the state level. HB 5530 would require

that AV ballots be delivered to the county clerk at least 47 days before any election or primary election. Currently, this stipulation only applies to a November general election and the proceeding primary. In addition, HB 5530, introduced by Rep. Jennifer Haase (D-Richmond), would require county clerks to deliver AV ballots to each city and township clerk at least 45 days before any election or primary election.

Finally, the House passed HB 5560, introduced by Rep. Dian Slavens (D-Canton Chtr. Twp.). The bill would standardize the filing deadline in local elections to the twelfth Tuesday before the primary and general elections. Some municipal charters currently allow for different filing deadlines for local elections and in most cases this reduces the timeframe between the filing deadline and the actual election. Specifically, the bill would change the candidate or certification deadline to the twelfth Tuesday before the odd-year general election if a charter provides for the nomination by caucus or by filing a petition or affidavit. The bill also specifies the twelfth Tuesday before the primary as the filing deadline if a charter provides for the election at the primary of a candidate who receives more than 50 percent of the votes cast for that office.

All three bills should help assure that military and overseas voters have their AV ballots received, voted and returned to the local clerk in time to have their votes counted for all elections, whether federal, state or local in nature.

The three-bill package has moved over to the Senate and has been assigned to the Senate Campaign and Election Oversight Committee for further consideration. ■

Governor disbands State Assessors Board

On Oct. 29, Governor Jennifer Granholm issued Executive Order 51, which would eliminate the State Assessors Board and reassign all duties to a newly reorganized State Tax Commission.

Under current law, the State Assessors Board is responsible for establishing all qualifications to be certified as an assessor for tax purposes in this state. They determine at what points communities must upgrade their assessing in order to accommodate more sophisticated development patterns, with level one through four assessors being assigned to each community. The assessors board is also responsible for the training of all assessors, including the approval of all educational materials. The assessors board heard all complaints regarding existing assessors.

Under the executive order, the existing State Tax Commission will cease to exist on Dec. 28 and a New State Tax Commission will take its place. The commission will consist of three individuals with no more than two from any one political party. At least one of the commission members must be at least a level three assessor and that person may not be actively engaged in the assessing process to avoid conflicts of interest. The commission is allowed to create advisor committees and hire staff as necessary to fulfill its duties. ■



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House committee considers landfill surcharge legislation

In November, the House Great Lakes and Environment Committee held hearings on three bills that would increase the tipping fee surcharge on solid waste going into Michigan landfills, provide for a constitutional amendment to assure that revenue from the surcharge goes for its intended use and provide for a distribution formula to re-distribute the majority of the revenue back to local units of government.

The first bill in the package is House Bill 5558, introduced by Rep. Dan Scripps (D-Leland Twp.). The bill would increase the solid waste tipping fee to \$7.50 a ton for all solid waste deposited into Michigan landfills, including waste from outside our state. Out-of-state and out-of-country waste currently accounts for approximately 30 percent of all waste deposited in Michigan landfills. The increased tipping fee is an effort to curtail the amount of out-of-state and out-of-country waste coming into Michigan landfills by making our rates more in line with surrounding states. HB 5558 was reported out of committee and as of press time is sitting on the House floor for action.

The second bill in the package is House Joint Resolution MM, which is an effort to specify in the state constitution that revenue from the increased tipping fee is to be used for specific purposes related to recycling, grants to local units of government, and the administration of the state solid waste laws and the grant program. HJR MM has been introduced by Rep. Deb Kennedy (D-Brownstown Chtr. Twp.) and would require a two-thirds vote of both bodies of the Legislature to put it before the voters in next year's election. If approved by the voters, the constitutional amendment would assure that revenue from the increased tipping fee could not be siphoned off by a future Legislature and governor to fill holes in the state budget. HJR MM also sits on the House floor awaiting action.

The final bill in the package is HB 5559, the key bill in the package as it would distribute funds from the increased tipping fee to local units of government. HB 5559, as introduced by Rep. Sarah Roberts (D-St. Clair Shores), would distribute revenue from the surcharge back to local units of government for recycling and other health, safety and welfare purposes on a per capita basis. MTA has long supported a tipping fee surcharge as long as revenues are distributed back to local units based on a per capita formula. Although the sluggish economy has resulted in an overall decrease in solid waste going into our landfills, it is still anticipated that the tipping fee surcharge would bring in around \$120 million per year to the state.

However, since the introduction of HB 5559, efforts by House leadership are underway to use approximately one-third of the revenue generated from the surcharge to help fund the restoration of recent cuts to revenue sharing and to make other changes to the distribution formula. While MTA certainly supports the restoration of the cuts made to revenue sharing, this proposal is not the way to go about restoring those funds. It would unequally favor communities still receiving statutory revenue sharing at the expense of those only receiving constitutional revenue sharing. ■

Invite your legislator to sit with you!

Invitation letters are going out to all state senators and representative during the first week in December inviting them to attend our MTA Networking Dinner (Banquet) on Thursday, Jan. 28, 2010, at our Annual Educational Conference. If you are attending the conference and want your legislator to sit with you at the dinner, please contact your state representative/senator and invite them join you at the dinner. Also, please remind your legislator when you contact them (if they accept your invitation) that they still need to also RSVP to MTA to let us know that they are coming and are planning to sit with you. It would also be advised that once township officials have received confirmation that a legislator is planning to sit with them, that they contact the MTA offices. When exchanging your ticket at the Ticket Xchange for an assigned table, please let the MTA staff know that you contacted your legislator and he/she are planning to sit with you.