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## A Legislative Update for Township Officials

### Property taxes look to be a major issue in 2009

Democrats and Republicans alike are pointing at property taxes as a major issue over the next few months. The core of the debate is the problem caused by Proposal A where many homeowners are seeing their assessed values declining, but their taxable values rising. Making the situation even more problematic—is the highest inflationary increase in property taxes since the inception of Proposal A. The notices that contain the 4.4 percent increase in taxable value will be mailed out to property owners by the first of March, and the likely reaction will cause local boards of review to be very busy later in the month.



As the House confirmed its decision to retain Andy Dillon (D-Redford Ctr. Twp.) as speaker, the property tax issue was already taking center stage. Last session, the issue began with the passage of HJR III, a resolution to prohibit any increase in the taxable value of a piece of property whenever its assessed value declines, just before the House recessed to campaign for elections. While the proposal died with the end of the session on Dec. 31, the issue itself lives on.

In addressing the members of the House that had just elected him speaker, Andy Dillon talked about the need to cut property taxes and reform the entire tax system of the state to make Michigan more competitive in job creation. Speaker Dillon singled out the unfair nature of our tax system where the value of the home can go down while the taxes go up. To his credit, Speaker Dillon noted that local governments needed to be reimbursed for lost revenue under any proposed change.

Not to be out done, Rep. Brian Calley (R-Portland) was preparing to introduce a new resolution to amend the state constitution to stop taxable values from increasing in years that assessed values were declining. Rep. Calley showed less concern for the impacts on local operational revenue and offered no solution to the potential loss of revenue.

In the coming weeks, the impact of the housing market on property tax collections will become much clearer. There are areas of the state where property tax collections will decline for the first time in memory. In other areas of the state, the housing market has seen greater stability and those areas are likely to still see some growth in property tax revenue for the coming year. Further, agricultural land across the state has continued to increase in value or remain stable. Careful examination of taxable values on a community by community basis is required to understand the impact on an individual township basis. ■

### New township truck route law addresses border roads

During the final weeks of the 2007-08 session of the Michigan Legislature, there was a significant threat of adverse legislation related to current township authority related to truck ordinances. The threat primarily came from an amendment to a House bill in the Senate that would have allowed a neighboring community to void a neighboring township's truck route ordinance if they had concerns.

An issue between two townships and the operators of a gravel pit in Kalamazoo County caused the pit owners to bring the matter to Lansing. After several weeks of significant lobbying by MTA (with the help of township officials across Michigan) against interests of aggregate haulers, the Senate approved House Bill 4839. The final version of the bill included a truck route amendment relevant to townships during its final session day on Dec. 18. The amendment approved, however, was modified significantly from earlier versions and gained a neutral stance from MTA as the scope of the amendment was narrowed. The House quickly concurred in the changes to HB 4839. The governor signed the measure into law on Jan. 12, 2009, and it became PA 539 of 2008.

The new law now sets up a complaint process on border county primary roads, between two townships only. These are roads that technically both townships could have a related truck route ordinance. If a township has a concern with a truck route in the neighboring township, due to truck traffic being diverted onto the border county

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primary road, they must submit a written complaint to the township with the truck route ordinance and to the county road commission.

The road commission is then required to investigate the complaint and serves as the mediator to try and resolve the issue. If 60 days pass (from the time of the complaint) and there is no resolution, the road commission can either vote to uphold the truck route or void the portion of the truck route that is impacting the border road.

The following changes to the amendment helped MTA arrive at a neutral position: narrowed to border roads; complaints are to be made in writing; sets up an investigative process; and action by the county road commission to either uphold or void only the portion of the ordinance in question. Previous versions of the amendment would have essentially worded state law to allow a neighboring township to make a complaint and the law would have eventually voided the entire truck route ordinance without any action by anyone at the local or state level.

MTA greatly appreciates the efforts of Sens. Patty Birkholz (R-Saugatuck Twp.) and Tom George (R-Texas Charter Twp.) for their efforts.

MTA also thanks the countless township officials who made contact with legislators regarding this issue. ■

## Public Acts of interest to townships for 2008

Here is a summary of Public Acts for 2008 that relate to township government. This list does not include all the Public Acts that were signed into law for 2008. Public Acts of interest include:



PA 2 Storm Water Discharge Fees (Sen. Jansen). Codifies court decision exempting certain townships from paying storm water discharge fees.

PA 5 Mobile Home Taxes (Sen. Jelinek). Creates penalty for the late payment of the \$3 per month mobile home trailer tax.

PA 12 Michigan Zoning Enabling Act (Rep. Byrum). Makes general amendments to the Michigan Zoning Enabling Act.

PA 13 & 14 Agriculture, Fertilizer (Reps. Sheltroun & Mayes). Prohibits local procedures for using agricultural fertilizer.

PA 33 Michigan Planning Enabling Act (Sen. Birkholz). Creates the Michigan Planning Enabling Act to replace the Township Planning Act.

PA 52 Telecommunications (Rep. Frank Accavitti). Eliminates the sunset on the Telecommunications Act.

PA 84 Township Property, Movies (Rep. Miller). Allows local governments to make property owned by the government available to film productions at no cost.

PA 93 Billboards (Sen. Gilbert). Allows counties to establish billboard ordinances if not covered by local ordinance.

PA 94 Lake Development (Sen. Allen). Creates tax increment financing system for lake water improvement including sewers and aquatic nuisance abatement programs.

PA 96 Property Taxes, Principal Residence Exemption (Rep. Gaffney). Allows additional principal residence exemption for up to 3 years when trying to sell prior home.

PA 104 & 105 Economic Development (Sen. Richardville & Rep. Simpson). Expands the number of certified technology parks.

PA 108 & 110 Economic Development (Sens. Stamas & Clarke). General revisions to update eligibility criteria for Michigan Economic Growth Authority.

PA 116 Economic Development (Rep. Sak). Modifies eligibility criteria for renaissance zones.

PA 117 Agriculture, Economic Development (Sen. Kahn). Modifies eligibility criteria for agriculture renaissance zones.

**SAVE THE DATE!!**

The Summer Legislative Conference is taking place Aug. 12-14, at the Bavarian Inn Lodge in Frankenmuth.

The annual MTA-PAC golf outing and early-bird check in will take place on Wednesday, Aug. 12.

More details coming this spring!



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PA 122 Boards of Review (Sen. Jelinek). Allows alternate dates for July or December Boards of Review.

PA 125-129 (Reps. Bieda, Young, Sheen, Melton and Calley). Amends operational procedures for the Michigan Tax Tribunal to increase efficiency.

PA 130 METRO Act (Sen. Basham). Revises date for municipalities to opt into METRO funds.

PA 134 Joint Planning Commissions (Sen. Birkholz). Provides for the phased in transfer of powers and duties to a joint planning commission.

PA 154-157 Economic Development, Tax Capture (Reps. Bieda, Wenke, Dean, R. Jones). Allows school property taxes to be captured by certain economic development programs if the recent cut in business personal property tax rates impacted economic development program revenues.

PA 171 Parking Enforcement (Rep. Green). Modifies requirements for the use of volunteers to enforce handicapped parking laws.

PA 172 Sewage Plants, Notice Requirement (Rep. Pearce). Allows summary of rules and regulations for the operation of a sewage treatment plant to be published.

PA 179-190 Great Lakes Compact (various legislators). Legislation enacting water withdrawal and water diversion requirements to come into conformance with the Great Lakes Compact.

PA 198 Principal Residence Exemptions Audits (Sen. Brown). Extends ability of county to audit principal residence exemptions.

PA 225-226 DDAs Business Development (Sens. Allen & Hunter). Allows Downtown Development Authorities to fund retail business incubators and provide low interest loans to rehabilitate buildings in DDA districts.

PA 240 Off-Road Vehicles (Rep. Sheltroun). Allows operation of off-road vehicles (ORVs) on road shoulder with local approval.

PA 243 Property Taxes, Military Personnel (Sen. Gilbert). Allows active duty military personnel to maintain principal residence status on their home even if rented during their tour of duty.

PA 261 PILT (Rep. Cheeks). Transfers administration of PILT payments from DNR to Dept. of Treasury.

PA 288 Ethics (Rep. Bieda). Requires disclosure of contributions to legal defense funds.

PA 286, 287, 295 Alternative Energy (Sen. Birkholz & Rep. Frank Accavitti). Amends state law to promote alternative energy including the creation of wind zones.

PA 299 Commercial Forest Taxes (Rep. Lahti). Modifies the penalty for withdrawing land from the commercial forest program.

PA 308 Investing, Certificates of Deposit (Sen. Stamas). Expands the types of certificates of deposit that local governments may purchase for investment.

PA 334 Property Taxes, Biomass (Rep. McDowell). Exempts equipment used to harvest grain and biomass from personal property taxes.

PA 336-338 Property Taxes, Maple Syrup (Reps. Palsrok, Elsenheimer & Walker). Defines maple syrup as an agricultural product and amends property tax act for purposes of agricultural exemptions.

PA 352 Property Tax Collection (Rep. Bieda). Specifies that the last day for township treasurers to collect taxes before turning the roll over to the county treasurer may not fall on a weekend or holiday.

PA 373 Building Inspectors (Rep. Johnson). Increases licensing fee for building inspectors.

PA 379 911 (Rep. Mayes). Modifies funding for 911 service.

PA 408 Housing Inspections (Sen. Garcia). Allows local units to extend time period between inspections of rental housing and take into account inspections done by state assistance programs. Requires cost of inspection to be justified.

PA 418-420 Creating Cities (Sen. Barcia). Extends time period for a village to organize as a city to three years.

PA 428-432 Regulating Scrap Metal (Reps. Brown, Meisner & Sens. Sanborn, Thomas). Increases the penalties for the theft of scrap metal and requires scrap metal dealers to be licensed.

PA 448 Historic Preservation (Rep. Brown). Provides business tax credit for certain historic preservations.

PA 455-456 Property Taxes, Supportive Housing (Reps. Hune, Stakoe). Provides certification of supportive housing and exempts such property from school operating millage.

PA 478 Cemeteries (Sen. Gilbert). Revises oversight authority for cemeteries.

PA 496 Township Parks (Sen. Jelinek). Creates procedure to dissolve a township park commission.

PA 505 Summer Camps (Rep. Bauer). Expands tax exempt status for property owned by YMCA, YWCA, Boy Scouts, Girl Scouts, Campfire Girls and 4-H organizations.

PA 509 Drains (Rep. Nitz). Increases the amount county drain commissioner may assess to maintain drains and modifies how the amount is calculated.

PA 539 Truck Routes (Rep. Farrah). Creates a complaint process for certain township created truck route ordinances.

PA 573 Personal Property Taxes (Sen. Brown). Allows townships, cities and villages in border counties, including St. Clair, Wayne and Chippewa, to exempt certain personal property from taxation.

Further details on these laws can be found by visiting the Michigan Legislature's Web site at [www.legislature.mi.gov](http://www.legislature.mi.gov). ■



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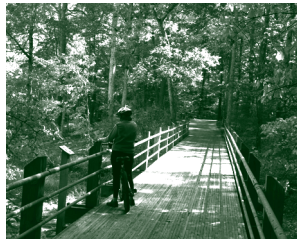
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## New law clarifies issue of dissolving township park commissions

In 2006, residents of a township in southwest Michigan (Lincoln Charter Township, Berrien County) voted to dissolve their township park commission during a general election. Even though the township residents brought the issue to a vote through the petition process, the township board was in support of dissolving the park commission and allowing the assets of the park commission to revert to the township.



The action was later challenged in court because it was argued there is no specific language in state statute (PA 157 of 1905) that establishes a process by which a township can dissolve such a commission. The assumption was made that since state law clearly establishes a process by which townships can create a park (or parks & recreation) commission by a vote of the people, that the same process could be used to dissolve such a commission.

Legislation (SB 1487) was introduced by Sen. Ron Jelinek (R-Three Oaks Twp.), to resolve the matter and create a process to dissolve township park commissions in the future by the voters. The bill gained quick House approval during the lame-duck session and prior approval from the Senate. It was signed by the governor on Jan. 12 and became PA 496 of 2008. ■

## Special assessments for drain maintenance increased

The Senate amended the state's drain code on the last day of session in December, after the legislation had languished for well over a year. As a result, PA 509 was created to increase the amount that the drain commission could assess for drain maintenance without the requirement for public hearings for the property owners. Townships are impacted by this law as they are often assessed by the drain office for portions of maintenance costs.

Under prior law, any time a maintenance project exceeded \$2,500 per mile or fraction of a mile in one year, the drain commissioner was required to seek a petition and hold public hearings on the proposed assessment. Under PA 509, the drain commissioner may expend twice that amount without having to involve the public. The legislation also specifies that this limit does not include inspection and engineering fees or publication and mailing costs. These costs could be charged on top of the new higher limit.

Another key part of the law unties the limit to any one particular section of the drain. If the drain is ten miles in length, the legislation specifies that the drain commissioner may take the resulting \$50,000 in assessments and use it anywhere within the drainage district. This could result in the \$50,000 being expended in one spot in any given year or it could be used to clear debris along the entire length of the drain.

The new law further states that the drain commissioner may now assess property owners any time the drainage district reserve fund falls below \$5,000 per mile. The trigger amount in the past was \$2,500.

Legislation that would have created greater accountability for situations where drainage projects exceed their budget was not addressed by the Legislature before they adjourned for the session. ■