



WEEKLY LEGISLATIVE REPORT

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Please route to all interested parties in your township.

STATE BUDGET STREWN WITH CUTS: EXCEPT FOR REVENUE SHARING

Gov. Jennifer Granholm delivered her budget message to the members of both the House and Senate Appropriations Committee on Thursday. The message was clear: cut. However, despite a budget that saw many programs taking significant reductions, the governor's proposal calls for revenue sharing payments to be held harmless. This proposal comes despite the fact that state sales tax revenues are showing significant distress. It was announced this week that sales tax collections for January were down 16 percent compared to the prior year and sales tax collections are down more than 8 percent for the first four months of the state fiscal year compared to the prior year. The revenue sharing appropriation for the current year protects distributions even if sales tax revenues are down. The law currently requires statutory revenue sharing to make up for any loss of constitutional funds. The governor's proposal for the coming year is to follow the same concept.

On the down side, the governor proposed closing of the State Police crime lab in Marquette. While the governor outlined more than \$600 million in cuts to next year's budget, much of the proposed cuts will be covered by new revenue from the federal stimulus package currently being considered. As an example, the governor proposed a \$100 million cut in funding for the state's universities. There is speculation that universities will receive money from the federal stimulus package, but only if they agree to freeze tuition. It is safe to say that unlike most years, the presentation of the budget for fiscal year 2009-10 will not be complete until congress completes their work on the stimulus package.

STATE TREASURY DEPT. SHOWING NO LOVE RELATED TO PILT ON VALENTINE'S DAY

Language that was inserted into the 2009 general government budget last year requires the State of Michigan to make payments-in-lieu-of-taxes (PILT) to local governments by Feb. 14, if the local unit provided a correct PILT statement to the state by Jan. 15. State officials have dragged their feet in recent years in making PILT payments to local governments, often not providing payments until May or June when the traditional payment time-frame is late February. Unfortunately, MTA has just learned that the 2009 budget language changes that we supported, by working with Rep. Mike Lahti (D-Hancock) and Rep. Darwin Booher (R-Osceola Twp.), will not be recognized by the Treasury Department. State officials say that they asked for and received a letter from the attorney general's office stating that they do not need to make PILT payments by Feb. 14. Treasury officials are making their annual claim that they don't know if they have enough funding to cover their PILT obligations until all PILT statements are received even though PILT assessments have been frozen for the last five years. MTA is working to gain a quick resolution to the longstanding PILT payments delays.

CABLE LEGISLATION

The Senate Energy Policy and Public Utilities Committee began to address a noticeable flaw in the two-year-old Uniform Video Services Local Franchise Act (PA 480 of 2006) on Thursday. The committee heard testimony from Michigan Public Service Commission (MPSC) officials about the need for a dispute resolution process in the law for issues that arise between cable or video customers and providers, and those between local governments (franchising entities) and providers. The MPSC saw a significant increase in the number of complaints in its second year of handling such complaints. Prior to PA 480, local governments had oversight related to any such complaints. SB 190, sponsored by Sen. Buzz Thomas (D-Detroit), is designed to create a specific dispute resolution process in the cable law. Language in PA 480 called for the creation of a process by 2007 that would allow the MPSC to review and resolve disputes. The MPSC has been using an informal process today, but is unable to resolve all matters without authority. MTA supports the general concept of SB 190 and is working on amendments to clarify the process and to require the MPSC phone number on individual cable customer statements.

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