



WEEKLY LEGISLATIVE REPORT

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Please route to all interested parties in your township.

ACTION ON NEXT YEAR'S BUDGET STALLED BY REVENUE SLUMPS

Legislative activity ground to a virtual halt this week on the 2009-10 budget after last Friday's revenue estimating conference determined the state is facing a \$1.7 billion deficit for the fiscal year that begins on Oct. 1, 2009. Following the news, the governor stated a need to cut an additional 8 percent from her proposed budget, and Senate Republicans met on Monday and Tuesday to consider cuts ranging in the 10 to 15 percent range. Senate Republicans have virtually closed the door on most revenue enhancement ideas with the closing of some "tax loopholes" contained within the state tax code remaining a remote possibility. Meanwhile, revenue figures released this week continue to be discouraging with April revenue amounts down an overall 13 percent from last year. Sales tax revenue was down 7.6 percent last month, which is the same percentage it is down for the fiscal year.

HOUSE LOOKS AT PROPERTY TAX ISSUE

The House Tax Policy Committee reported a bill this week that patches a hole in assessing commercial rental property. The legislation would resolve the problem created under the *WPW Acquisitions v City of Troy* case where the courts found that changes in occupancy could not be considered additions for the purpose of calculating taxable values. Property tax law had required assessors to consider changes in occupancy and additions or losses when calculating taxable value. The court decision only addressed the issue of additions, and created a problem where losses would be recognized but not additions. HB 4456, offered by Rep. Vincent Gregory (D-Southfield), would amend the law so that changes in occupancy would not be considered a loss after this year. Changes in occupancy would still impact SEV but would no longer create automatic changes to Taxable Value.

SENATE APPROVES "SHOT CLOCK" FOR CAMPAIGN FINANCE VIOLATION COMPLAINTS

The Senate unanimously passed legislation earlier this week to set time limits on investigating campaign finance law violation complaints. Currently, state law does not set a deadline to resolve such complaints. SB 113, introduced by Sen. Michelle McManus (R-Leland Twp.), would set specific deadlines for the secretary of state (SOS) to investigate complaints and to post information. Under the bill, after receiving a rebuttal statement, the SOS would have to post on the Internet within 60 business days whether there is reason to believe a violation had occurred. If a complaint could not be resolved after 30 business days, the SOS would need to conduct a formal hearing or refer the issue to the attorney general. The bill also mandates that the SOS impose fines for improper contributions and expenditures that amount to triple that of the illegal amount of the contribution or expenditure. The bill now moves over to the House for consideration.

TRANSPORTATION FUNDING PLAN INTRODUCED IN HOUSE

A 13-bill package has been introduced in the House of Representatives, based on recommendations of the Transportation Funding Task Force, in an effort to increase revenue for Michigan's transportation infrastructure. Key among the recommendations is a proposal to convert from the current 19-cents-per-gallon gas tax to a fuel tax that would be based on the wholesale price of gasoline along with an effort to increase vehicle registration fees. The increases would essentially double current revenue over a five-to seven-year period. The package would also allow locals the ability to impose fees and taxes through tax increment financing and require MDOT to open discussions on establishing some toll roads and bridges throughout the state. The House Transportation Committee will be holding hearings on the package over the next several weeks. Another transportation item receiving renewed discussion is HB 4848, introduced by Rep. Joel Sheltrown (D-Ogemaw Twp.), which would increase from 30 percent to 50 percent the percentage of money that county road commissions could expend on local roads.

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