



WEEKLY LEGISLATIVE REPORT

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Please route to all interested parties in your township

LEGISLATURE LOOKS TO DIVERT REVENUE SHARING TO PURE MICHIGAN ADS

When the axe started falling on existing state programs, one of the victims was the Pure Michigan ad campaign that is run Michigan as well as in other states. HB 5089 was introduced by Rep. Gary McDowell (D-Rudyard Twp.) to find an alternative funding source for the ongoing operation of the tourism campaign. The legislation would dedicate a portion of the state sales tax revenue that is related to the tourism industry to fund the ongoing operation of tourism ads. When the bill came up for testimony, committee members were surprised to learn that the money in question is already dedicated under law to statutory revenue sharing that is paid to all cities, villages, townships and counties in the state. The Department of Treasury supported the concept of promising the same dollars to two programs, noting that there was no intention of the state to fully funding revenue sharing as dedicated under current law. If enacted, HB 5089 would further drain this revenue source and create an even greater pressure to cut statutory revenue sharing in the future. It will also mean that statutory revenue sharing can never be fully funded unless the Legislature decides to break the promise made to the Pure Michigan campaign instead of the promise made to local governments. The legislation is still expected to pass into law.

FEDERAL STIMULUS BROADBAND GRANT INFO & APPLICATION AVAILABLE ON-LINE

The National Telecommunications and Information Administration (NTIA) and the Department of Agriculture's Rural Utilities Service (RUS) will soon begin soliciting applications for their respective stimulus-funded broadband initiatives under the American Recovery and Reinvestment Act. A total of \$4.7 billion for broadband grants is available through NTIA's Broadband Technology Program, while an additional \$2.5 billion will be awarded by RUS's Broadband Initiatives Program as grants and loans. Local governments, nonprofit organizations and private companies are all eligible to apply for funding from both programs. At least 75 percent of any project funded under the RUS program must serve a rural area. Applications for both programs will be accepted from July 14, 2009 until Aug. 14, 2009. Additional information is available at www.michigantownships.org/stimulus.asp or <http://broadbandusa.sc.egov.usda.gov/>.

NEW TAX PLANS COULD IMPACT TOWNSHIPS

Closed-door meetings have been taking place with local business groups out of the Detroit area along with some local chambers of commerce to discuss reforming Michigan's tax structure. The coalition is talking about several different plans for reshaping the way Michigan raises tax revenue. At least two variations would have a significant impact on the operation of townships. One plan would lower the state sales tax rate from 6 percent to 5 percent and expand the use tax to include many more services. From the township perspective, this proposal would reduce constitutional revenue sharing by 25 percent because of the reduction in rate, but none of the new tax revenues would be funneled to revenue sharing without changes to the constitution. A recent EPIC/MRA poll indicated the public supported this proposal 52 percent to 39 percent as a possible way to help solve the state fiscal crisis. A slightly larger majority supported switching to a graduated income tax, where those earning more would pay a higher tax rate than those who earned less. Business leaders were looking to reduce business taxes at the same time the tax structure was changed, but polling did not show much sympathy from the general population for this switch in tax burden. One plan that was discussed was to implement the change in the sales tax and use the proceeds to eliminate all business personal property taxes. Those polled showed little support for this concept with only 19 percent favoring the idea and 68 percent opposed. Of course, this proposal would not only impact constitutional revenue sharing but would also have widely varying impacts on all local governments with the loss of property tax revenue. None of the concepts have been formally introduced in the Legislature but conversations are taking place around every corner regarding the possibilities.

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