



WEEKLY LEGISLATIVE REPORT

July 24, 2009

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POSTURING FOR A BUDGET AGREEMENT

Activity in Lansing has hit a summer lull. Most committee meetings have ceased and negotiations over the budget have moved out of the public eye. Meetings between legislative leadership and the governor are taking place on a regular basis behind closed doors. Some glimpse of the negotiations is exposed in other ways. Last week, the Speaker of the House announced his plan to move all public employees into a new state-administered health care plan. This is viewed by many as the speaker trying to reform government, not just adjust the size of an appropriation. This week, the governor has started hinting at the possibility of closing some business tax "loopholes" in order to generate enough revenue to eliminate the Michigan Business Tax surcharge, which the business community wants to see disappear. This plan would increase the tax liability for a select group of business activities while lowering the liability for a majority of businesses in the state.

The most comprehensive proposal was offered by the House Republicans this week. Because of their minority position, they are unable to express their viewpoints with budget bills. Instead, the caucus presented a multi-page document outlining their proposed solution to the budget deficit. House Republicans would not increase taxes. They would divert federal stimulus money into both state and local road programs and look to leverage that money into more federal road funding. The caucus also supported amendments to PA 312, binding arbitration for police and firefighters, in order to control local costs. The plan would also designate additional money to the attorney general to root out Medicaid abuse. On the other hand, the proposal would delay further implementation of the Earned Income Tax Credit and make significant cuts to mental health, welfare payments, day care provider payments, cut financial aid and delay the roll out of Promise grants. Final budget decisions and details are not expected until late September.

SENATE COMMITTEE REPORTS AQUATIC PLANT BILL

Last week, the Senate Natural Resources and Environmental Affairs Committee reported legislation that would require the removal of aquatic plants from boats, boating equipment and boat trailers before entering a lake. Under HB 4199, introduced by Rep. Michael Lahti (D-Hancock), a law enforcement officer could require the owner or operator of a boat, or related equipment, to remove any aquatic plants before entering a water body and the owner or operator would have to obey the request. A person who violated the request could be cited with a civil infraction and ordered to pay a civil fine up to \$100 for the offense. The bill also requires the DNR to prepare a notice to boaters containing a summary of the bill's provisions and to provide copies of the notice to owners of public boating access sites. Owners of a public access site would need to post and maintain the notice.

BAY HARBOR RESORT PROPERTY OWNERS SUE TO GET OUT OF CITY

Six property owners within the Bay Harbor Resort in Petoskey are suing the city and Resort Township, claiming that the property taxes that they pay to the city are disproportionate to the services that they receive. The Bay Harbor Resort is located on land that is covered by a PA 425 agreement between Resort Twp. and the City of Petoskey. The agreement was established before the development was begun in order to provide sewer and water services to the large-scale development. Under the agreement, the township retains zoning and planning jurisdiction but all other services are provided by the city. Property owners of Bay Harbor are subject to the city tax rate of 13.9 mills and of that amount the city sends 2.5 mills to the township during the duration of the agreement. It is reported that over 100 property owners have contributed to the legal fund to try to overturn the agreement between the city and township. Suit was filed at the Circuit Court level, asking the agreement be revoked and requiring a refund of taxes paid. The court rejected the petition, concluding it was a Tax Tribunal issue. That decision is being appealed to the Court of Appeals.

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