



WEEKLY LEGISLATIVE REPORT

September 11, 2009

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Please route to all interested parties in your township.

LITTLE PROGRESS ON BUDGET TALKS IN LANSING AS DEADLINE NEARS (19 DAYS AWAY)

The governor and legislative leaders have been in budget talks in Lansing; but is much headway being made on resolving the state budget scheduled to begin on Oct. 1? The budget news this week centered on Governor Granholm releasing details of her plan for revenue options and reactions by legislative leaders. By releasing her plan, the governor is attempting to show alternatives to the drastic cuts that have been proposed in the Senate and, to a lesser degree, in the House. The governor stated that her ideas for new revenue have been "on the table" since she provided them to Speaker Dillon (D-Redford Charter Twp.) and Sen. Majority Leader Bishop (R-Rochester) on August 6. Her action drew some criticism from the other negotiating parties, but was firmly defended by Lt. Gov. Cherry.

Her plan would generate almost \$685 million in new revenue in FY 2010 and \$663 million in FY 2011. Some items on the lengthy list include: closing numerous tax loopholes, applying sales tax to live entertainment, service contracts and products sold in vending machines. The Governor would raise cigarette taxes to \$2.25 per pack; charge a one-cent tax on bottled water sold in Michigan and reduce the earned income tax credit. The plan increases liquor license fees and increases liquor revenue by allowing bars to stay open until 3:00 a.m. with a special permit. She also calculated into her numbers a loss in state revenue with a three-year phase-out of the Michigan Business Tax (MBT) surcharge. Gov. Granholm is also advocating for \$862 million in cuts, including a \$74 million cut in revenue sharing payments to local governments. This amounts to a 15% cut. In comparison, the Senate approved a \$94 million (or 20%) cut in revenue sharing while the House approved a \$5 million cut.

Budget talks are expected to continue next week, and the House has tentatively scheduled a rare Friday session for Sept. 18. It is likely that the Legislature will begin to move some budget bills where there is agreement to show that progress is being made. There seems to be a retreat by leaders on the idea of approving a continuation budget to temporarily fund state government for three months beyond the Oct. 1 deadline to have more time to reach a resolution. Some local officials, who have a township budget cycle that begins on Jan. 1, have already expressed concerns about the state adopting a temporary extension because revenue sharing amounts would be unknown.

NEW NAME AND FOCUS FOR MI BUSINESS GROUP SEEKING BUSINESS TAX CUTS

A group of 70 businesses from across the state have formed a new organization called Business Leaders for Michigan (BLFM). The new organization, which replaces Detroit Renaissance, is headed by the CEO of Domino's Pizza. The group will put more focus on Michigan business issues statewide rather than just Detroit. BLFM released a document this week that presented a strategy to bring business to Michigan. Several of the objectives would impact township operations. One proposal was to cut the state sales tax rate and expand the tax to additional services. The extra money generated by the change in tax could then be used to cut the Michigan Business Tax. Unfortunately, this plan would also cut constitutional revenue sharing. The group also wants to eliminate personal property taxes. Finally, BLFM wants legislation passed that would require schools and local governments to share services. The new organization expects to become politically active in the next state election.

SECRETARY OF STATE ANNOUNCES DRIVER'S LICENSE NUMBERS TO BE PERMANENT

Effective Sept. 12, 2009, all existing and newly issued driver's license numbers (DLNs) will become permanent regardless of a future change of a name or correction to a date of birth, according to Michigan's Secretary of State. As a result, the letter that begins each DLN will not necessarily always match the first letter in the driver's last name. The same policy changes will also apply to personal identification cards (PIDs). In addition, all PID numbers will change from 11 characters to a 13-character format that parallels DLNs (one letter followed by 12 digits).

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