



WEEKLY LEGISLATIVE REPORT

September 25, 2009

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Please route to all interested parties in your township.

STATE BUDGET UNRESOLVED WITH 5 DAYS LEFT; REVENUE SHARING A BIG ISSUE

The House and Senate were in session on Friday, but little progress was being made on the state budget with only five days left before the Oct. 1, deadline. The rare Friday session was held following a relatively short session on Thursday that ended at 5:30 p.m. Only a handful of budgets have been approved and it appears that even with the budget deadline just days away, the House and Senate aren't expected to reconvene until Tuesday, September 29. Monday is the Jewish holiday, Yom Kippur. Overall budget approval remains doubtful by Oct. 1. On Friday, the Senate started approving appropriations bills to allow for extending state budgets for another month but at reduced levels that meet the House and Senate leadership agreement.

For townships and other local governments, funding for revenue sharing and payments-in-lieu-of-taxes (PILT) for state-owned land is found in the controversial general government budget (SB 245). Conference committee meetings for SB 245 were posted four times this week between Wednesday and Friday, with no agreement. On Wednesday, there seemed to be some optimism because it appeared legislators were sympathetic that the leadership agreement related to revenue sharing cuts was too steep. Sen. John Pappageorge (R-Troy), co-chair of conference committee, explained that negotiations were continuing to take place. He also said that "revenue sharing funding was the issue holding things up" and "we are several millions of dollars apart and will continue to work to get an agreement." He also stated that the target agreement cuts reached between Senate and House leadership might be too steep. This appeared to be positive news and indicated that the Legislature was steering away from the more than \$90 million in revenue sharing cuts that were approved earlier in the summer by the Senate. However, at another very brief conference committee meeting held on Thursday, Pappageorge indicated that revenue sharing cuts might only be softened by about 1.5%. It became clear that talks had broken off by late Thursday as Rep. Fred Durhal, Jr. (D-Detroit), co-chair of conference committee, was unwilling to agree to such severe revenue sharing cuts.

ENHANCED REVENUE TO BALANCE THE STATE BUDGET?

As debate over the state budget proceeded this week, one question popped-up every now and then: Are there any plans to increase revenue at the state level? On Thursday, the House appropriations committee passed a supplemental appropriation bill; essentially a bill that amends the budget that is currently being debated that would have reinstated the college Promise Grant programs. These grants go to students who do very well on their high school MEAP tests and are used for their college education. It was discussed in the Appropriations Committee that the House Tax Committee would pass a bill to raise the needed funds to keep the promise of the Promise Grants. However, the Tax Policy Committee did not discuss any legislation to increase revenues. The Tax Policy Committee convened early Friday but recessed at the call of the chair, which means it could come together any time later today. As debate moves forward, some legislators will vote against spending cuts, some will vote against revenue increases, both sides can justify their position. The problem will be legislators who vote against spending cuts and tax increases because that offers no solution.

ENERGY GRANT REQUEST FOR PROPOSAL ANNOUNCED TODAY

This afternoon, Gov. Jennifer Granholm and MI Department of Energy, Labor and Economic Growth (DELEG) officials announced the Request For Proposal (RFP) for both the Energy Efficiency and Conservation Block Grant (EECBG) for non-entitlement communities (less than 35,000 in population) and the LED Demonstration grant for entitlement and non-entitlement communities. The grant funding is being made available because of the American Recovery and Reinvestment Act (ARRA) but will be distributed through competitive grants by DELEG. The RFP is now available on the DELEG Web site at www.michigan.gov/energyoffice. Grant requests are due within 30 days.

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