



MICHIGAN TOWNSHIPS ASSOCIATION

WEEKLY LEGISLATIVE REPORT

October 3, 2008

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Please route to all interested parties in your township.

NO FURTHER ACTION ON PROPERTY TAX CONSTITUTIONAL AMENDMENT (HJR I-I-I)

The Michigan Senate did not act on HJR III on Thursday, which is likely to be their only session day during the month of October. HJR III is a constitutional amendment that was approved by the House in a surprise move on Thursday, Sept. 25. The joint resolution would amend Proposal A to state that in any year the State Equalized Value (SEV) of a piece of property goes down in value, the Taxable Value (TV) of that parcel may not increase. It also states that if the SEV increases by less than the rate of inflation, then the TV may not increase by more than that percentage. Technically, HJR III has not yet been transmitted from the House clerk to the Senate and is therefore not eligible to be acted on by the Senate. In a very rare procedural move, Speaker of the House Andy Dillon (D-Redford Chtr. Twp.) has requested that the proposal be held in the House clerk's office. Word around the Capitol is that the speaker is attempting to bring other possible tax restructuring ideas into the discussion, like amending the new Michigan Business Tax. MTA is hopeful that the original threat of immediate action by the Senate on HJR III has subsided due to the negative financial impact it would have on local governments and schools. The Michigan Department of Treasury (Treasury) released its fiscal estimates related to HJR III on Wednesday. The Treasury numbers are based on a 2009 implementation date being advocated by Senate Majority Leader Mike Bishop (R-Rochester). In FY 2009, the impact would be a \$146.7 million reduction in local property tax revenue going to local governments. This would include a \$32.9 million reduction in the State Education Tax (SET) and a \$32.9 million reduction in the School Aid Fund (SAF). In FY 2010, the total revenue reduction for local governments would rise to an estimated \$237.5 million. These numbers reflect even greater revenue reductions than MTA first estimated, and would come at a time when assessing officials from around the state are indicating that many communities will have SEV decreases of approximately 10 percent in the coming year. It is estimated that real declines in total property tax collections for next year will be in the area of 4 percent statewide. MTA took the lead on this local government revenue threat by pulling together a meeting of local government associations and school groups to assess the impact and plan strategy. The meeting produced a joint letter to legislators about the overall impact of HJR III to schools and local governments. MTA asks that townships officials continue to communicate with Senators about the real financial cuts this proposal would have back home in their districts. The Senate has tentative session days scheduled on Oct. 15 and 29, so the threat of Senate action remains.

SENATE MOVING TRUCK WEIGHT PACKAGE; EXEMPTS UTILITIES AND SEPTAGE HAULERS

Legislation introduced in mid-September to exempt utility trucks from road weight restrictions applied during frost periods and require local road agencies to post seasonal weight restrictions on their Web sites is quickly moving through the Michigan Senate. SBs 1524 and 1525, sponsored by Sen. Jud Gilbert (R-Clay Twp.), gained approval by a Senate committee on Sept. 25, and on general orders on the floor of the Senate on Oct. 2. Another related bill (SB 491), sponsored by Sen. McManus (R-Leland Twp.), that would exempt septage haulers from seasonal (frost period) road weight restrictions is moving alongside SBs 1524 and 1525. Currently under the Michigan vehicle code, only vehicles used in hauling agricultural commodities and utility trucks operating in emergency situations are exempt from general weight limitations on roads (including frost limitations) if they notify the local road agency. SB 1524 would expand the current "frost period" exemption to public utility subcontractors, while SB 491 would grant the same exemption to septage haulers. The vehicle code generally allows for reduced seasonal truck weights during the months of March, April and May when roads are most vulnerable to weight due to changing weather. The MDOT and local road agencies are allowed to make minor modifications related to this seasonal time-frame. SB 1525 will require MDOT and each local road authority using seasonal weight restrictions to post on their Web site the effective dates of the seasonal restrictions and the roads that are impacted.

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