



MICHIGAN TOWNSHIPS ASSOCIATION

## WEEKLY LEGISLATIVE REPORT

October 10, 2008

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Please route to all interested parties in your township.

### **SENATE TAKES ACTION TO ELIMINATE MICHIGAN BUSINESS TAX SURCHARGE**

Last week, the Michigan Senate approved SB 1242, legislation to phase out the Michigan Business Tax (MBT) surcharge over the next three years. The bill passed on a vote of 26-12 with all Republicans and a handful of Democrats in support. If enacted, the bill would assist many businesses hurt by the MBT surcharge, but could place a big revenue hole in the state budget. The nearly 22 percent surcharge was added last year to replace the more than \$700 million in revenue lost from the service-tax repeal, which was originally enacted along with the income tax increase to help balance the state budget. The Senate Fiscal Agency indicates that the surcharge phase out would reduce state revenue by \$119.5 million in Fiscal Year (FY) 2009, \$333.3 million in FY 2010, \$555.8 million in FY 2011, and \$660.2 million in FY 2012. It remains to be seen what will happen to the bill in the House. Speaker Andy Dillon (D-Redford Chtr. Twp.) has expressed the need to eliminate the surcharge as part of a more comprehensive tax reform restructuring package. That package might include HJR III, the House passed constitutional amendment to eliminate property tax increases when assessment values are falling and limit tax increases when the State Equalized Value increases less than the rate of inflation. MTA will continue to monitor these important state and local revenue bills when the Legislature finishes out the session, likely following the Nov. 4 general election.

### **PRESIDENT BUSH SIGNS GREAT LAKES COMPACT INTO LAW**

President George W. Bush has signed the Great Lakes Compact into law. This was the final step in a long legislative process at both the state and federal levels to protect the Great Lakes from new and increased large water diversions and preserve the Great Lakes for future generations. The federal effort was preceded by each of the eight Great Lakes states passing legislation to enact the Great Lakes Compact at the state level and to implement water management programs for new or increased large quantity water withdrawals. With the signing of Senate Joint Resolution 45, introduced by U.S. Sens. Carl Levin (D-MI) and George Voinovich (R-OH), the Compact will keep control of the Great Lakes in the hands of the eight Great Lakes states (and neighboring two Canadian provinces) rather than risk a future Congress from allowing water to be diverted to other parts of the country. The Compact will also provide for better water management and conservation measures while enhancing economic development through sustainable use and a predictable decision making process to make water withdrawal decisions.

### **GOVERNOR GRANHOLM SIGNS ENERGY BILLS**

Earlier this week, Gov. Jennifer Granholm signed the two energy bills into law. The bills, HB 5524 and SB 213 (now Public Acts 286 and 295 of 2008), create a Renewable Portfolio Standard (RPS) and limit electrical customer choice to no greater than a 10 percent total statewide. The RPS requires 10 percent of electric energy generated in Michigan by 2015 come from renewable energy sources. An earlier effort to restrict local zoning with respect to the siting of wind energy systems was removed from the final legislation. However, the legislation does create a commission to identify areas best suited for wind generation and will create "wind energy resource zones" around the state. Within these zones, transmission companies can apply for an expedited process for locating high-voltage lines via the Michigan Public Service Commission. Both pieces of legislation have immediate effect.

### **GOVERNOR SIGNS LEGAL DEFENSE FUND LEGISLATION**

On Monday, Gov. Granholm signed into law HB 4001, to require quarterly reporting of contributions and expenditures of legal defense funds. The legislation, introduced by Rep. Steve Bieda (D-Warren), saw movement as the dilemma over former Detroit Mayor Kwame Kilpatrick was gaining attention. HB 4001, now PA 288 of 2008, will require the disclosure of those contributing to legal defense funds and how those contributions are expended. The legislation has immediate effect.

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