



WEEKLY LEGISLATIVE REPORT

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Please route to all interested parties in your township.

EARLY PROJECTIONS: CONSTITUTIONAL REVENUE SHARING DECLINING 3.2 PERCENT

Gov. Jennifer Granholm is preparing to issue an executive order to cut the state budget because of the declining economy's impact on state revenues. The University of Michigan released its latest projections for the state's economy and there is little good news. Of particular concern to local government are the projections for sales tax revenues. Earlier projections indicated that sales tax collections for the October 2008–September 2009 time period would remain unchanged compared to the prior year. The newest projections indicate a decline of 3.2 percent. Our state constitution requires 15 percent of the first four cents of state sales tax be distributed to all cities villages and townships in the state on a per capita basis. A real decline in sales tax collections creates a decline in revenue sharing payments for all townships in the state.

DECLINING PROPERTY VALUES MEAN BIG PROBLEMS FOR PAYING OFF BONDS

Declining property values can create major problems for local governments with bond debt. Legislation has been introduced to try and head off the problems. The problem does not lie with bonds that have the unlimited full faith and credit of the community (bonds that have been approved by the voters). If enough money is not raised because of declining property values, the millage rate for that form of bond can be raised by the local government to make up the difference; this increased rate does not go back to the voters. The real problems are developing with bonds that did not require voter approval. DDA, TIFA, LDFA, brownfield, sewer and water projects all fall into this category. The poor economy may mean declining property values or cause a halt to anticipated construction, which can disrupt the anticipated cash flow. Current law specifies that existing bonds can only be refinanced if a net overall savings is achieved. HBs 6736-6740 were introduced to suspend the net savings requirement until the end of 2012. This would allow local units to restructure certain parts of their debt by either extending the time period for repayment or delaying payment on the principal to a point in time when the economy is likely to provide more revenue.

SENATE APPROVES SEWAGE DISCHARGE BILL REQUIRING ANNUAL REPORT

Prior to adjourning for the Thanksgiving break, the Senate approved legislation to require that an annual report be submitted detailing any discharge of untreated sewage or partially treated sewage from a sewer system onto land or the waters of the state. Current law requires local units of government to immediately report such instances to the DEQ, local health departments and to a daily newspaper of general circulation in the county. SB 1063, introduced by Sen. Mickey Switalski (D-Roseville), would require the local health department to compile and post on its Web site or provide to the DEQ, general circulation newspaper and each municipality within the local health department's jurisdiction an annual report of the total amount of discharge reported during the previous calendar year. MTA worked with the sponsor of the legislation to change the entity responsible for the annual report away from local units of government. Representatives of local health departments have agreed to take on this responsibility if a funding source can be identified. The bill is now before the House Great Lakes & Environment Committee for consideration.

LEGISLATIVE ACTION COULD INCLUDE: TRUCK ROUTES AND PUBLIC ACCESS TV FEES

The House and Senate are planning on two-weeks of session in December with the possibility of a third week before the 2007-08 session is complete. While some of the major topics in lame duck will include addressing the state budget deficit, a light rail project in Detroit, and the expansion of Cobo Hall, there could be some big issues for townships. MTA asks that township officials contact legislators immediately about a threat emerging in the Senate that would negatively impact townships' authority related to truck routes and to request that legislators vote on legislation to correct a problem in the cable law. Visit www.michigantownships.org for more details. Voting could begin on Dec. 2.

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