



## WEEKLY LEGISLATIVE REPORT

December 3, 2010

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Please route to all interested parties in your township.

### **LEGISLATURE'S FINAL HURRAH: ONE HORRIBLE PROPERTY TAX CHANGE**

The Legislature finished its work for the year in the wee hours of Friday morning and keeping true to the concept of nothing good occurs after midnight, it passed legislation that will create an administrative nightmare for treasurers across the state. The House of Representatives modified SB 77, which deals with taxation of homes going through bank foreclosure. The legislation, which moved after midnight, focused on foreclosed property, which generally loses its principal residence exemption during the foreclosure process. However, the solution contained in SB 77 creates numerous problems for every community in the state. Under the legislation that passed this morning, the lender will be allowed to file a form with the assessor that would keep the Principal Residence Exemption (PRE) in effect. However, the legislation states that a payment must be made to the treasurer that is equal to the amount of the exempted 18 mills, which will be sent to the state, not the school district. An administration fee can still be charged on this amount, but the legislation requires the township to forward half of this administration fee to the state. Once the property is sold, the PRE is in place for the new owner. If the sale takes place after the "amount" has been paid by the financial institution for that year, the local treasurer must pro-rate and refund a portion of the "amount" paid.

The legislation has negative impacts on local governments and private homeowners. The legislation diverts property tax administrative fees that have always been local revenue and sends part of that money to the state. This happens while it imposes significant additional administrative problems. The legislation also changes the current housing market conditions to benefit the sale of foreclosed properties at the expense of homes that are for sale by owner. The only alternative for private owners to compete with this change is to once again cut the price on their home.

MTA urges township officials to contact the governor and urge her to veto this legislation because it significantly increases local government administrative costs, confiscates revenues that have always been retained by local governments and creates a government-created market force that benefits bank-owned foreclosed homes and hurts citizens who are struggling to sell their own homes. Contact Governor Granholm by calling 517-335-7858 or by faxing 517-335-6863.

### **PA 312 BINDING ARBITRATION RISES AND FALLS ON THE LAST NIGHT**

Attempts were made at the very end of the legislative session to pass SB 1072, which would have amended the laws related to binding arbitration for police and firefighters. The House was looking to strip language that would have brought miscellaneous entities such as airport authorities into the act. However, the proposed legislation still created concern from the township perspective as it would have extended binding arbitration to fire authorities. This bill, which was one motion away from being sent to the governor yesterday, died early today as the final gavel came down at sunrise this morning.

### **U.S. SENATE FAILS TO REMOVE 1099 REPORTING REQUIREMENT**

On Monday, the U.S. Senate fell short of the 2/3rds vote needed on both the Johanns and Baucus amendments to the food safety bill to repeal the new 1099 reporting requirements. The amendments were attempts to repeal Section 9006 of the earlier-passed health care reform bill that requires all business, charities, associations, and state and local governments to file 1099 forms if they purchase \$600 or more in goods from individuals or corporations during a calendar year—creating a huge administrative burden on local units of government and others. Of Michigan's two U.S. senators, Sen. Debbie Stabenow supported the amendments to repeal the section. Thanks to those who responded to the *Legislative Alert* on this issue. MTA and NATaT will continue efforts in 2011 to repeal Section 9006 before it is scheduled to go into effect for the 2012 calendar year.

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