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Official Publication of the Michigan Townships Association

july 2009



A Legislative Update for Township Officials

Legislature slashes FY 2010 revenue sharing funding



The Michigan Legislature drastically slashed revenue sharing funding levels for local governments in the 2010 state budget, prior to departing for their Fourth of July break. Both the House and Senate worked on numerous

appropriations bills leading up to their break but because there is little agreement between the two bodies on the amount of overall cuts that are needed, the state budget process will likely take all summer. According to state economists, the state is facing a \$1.7 billion deficit in the FY 2010 budget.

The Senate's Revenue Sharing Proposal

On June 16, the Senate approved its proposal for revenue sharing for the 2010 fiscal year (FY 2010 begins on Oct. 1, 2009) in Senate Bill 245, the General Government Appropriations budget. The Senate cut over \$78 million from statutory revenue sharing compared to the amount being distributed this year. This is a cut of 20 percent of what is left in statutory revenue sharing for cities, villages and townships. If this appropriations bill becomes law, it would result in as much as a 12 percent reduction for affected townships in total statutory and constitutional revenue sharing payments for FY 2010 compared to the current year. However, only townships with a substantial amount of statutory revenue sharing will experience the full 12 percent reduction if this proposal is enacted into law. Other townships that receive relatively little statutory revenue sharing (statutory being less than 10 percent of the amount received in constitutional) would lose all of their remaining statutory revenue sharing and would experience an overall reduction in combined payments that would be in the range of a 4.9 percent to 12 percent reduction. Less than 70 townships would experience the full 12 percent overall reductions in state revenue sharing payments; approximately 150 townships would experience a reduction between 4.9 and 12 percent while approximately 1,000 townships would absorb a 4.9 percent reduction resulting from declining sales tax collections.

The House's Revenue Sharing Proposal

On June 23, the General Government Subcommittee in the House of Representatives addressed SB 245 and shocked many around the Capitol by cutting statutory revenue sharing payments to cities, villages and townships by 25 percent for FY 2010. Instead of softening the cuts made by the Senate as expected, the House subcommittee made cuts of roughly \$12 million deeper than the cuts approved by the Senate. The House subcommittee chose to hold county governments harmless from any revenue sharing cuts for FY 2010 by cutting an additional \$12 million more from cities, villages and townships as compared to the Senate appropriation. Assuming this action is approved by the full House, cities, villages and townships would receive \$90 million less in statutory revenue sharing in FY 2010 compared to the current year. However, townships currently receiving only constitutional revenue sharing are not impacted by cuts to statutory revenue sharing. Under the House plan, the impact on the 200-plus townships currently receiving statutory revenue sharing could amount to 13.5 percent less in total revenue sharing payments compared to their current amounts. Townships now receiving only constitutional revenue sharing would experience a projected 4.9 percent cut under the House plan—the same cut as proposed by the Senate.

Normally, the state Legislature tries to finish all appropriation issues before their Fourth of July break. Because the state's revenues are changing so quickly, budget debates are just beginning. Budget negotiations are expected to drag on throughout the summer as legislators look for the latest revenue numbers as they attempt to reach agreements. Leaders in the Legislature still have to iron out differences related to how much to cut and how much of a cut to apply to each of the individual budgets. Therefore, the fate of revenue sharing for next year is just beginning to take shape.

The largest portion of revenue sharing for most townships is the constitutional revenue sharing. The chief economists for the House and Senate along with the state treasurer concluded at a meeting in May that constitutional revenue sharing, as a result of anticipated sales tax revenue declines, will experience another 4.9 percent reduction in FY 2010. Constitutional revenue sharing is distributed based on future sales tax collections, and these are the best estimates at this time. If your township now receives only constitutional revenue sharing, this is the only information needed to estimate revenue sharing for your township budget

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that will be received from Oct. 1 to Sept. 30.

MTA asks that township officials contact their state senator (www.senate.michigan.gov) and state representative (www.house.mi.gov) about the serious impact these deep revenue sharing cuts will have on local services provided by your township. It is important that you maintain contact with them throughout the summer as the budget process progresses. ■

Legislation allows inspection of rented mobile homes

Legislation has begun moving through the Legislature that would specifically authorize local governments to inspect mobile homes that are being rented within licensed mobile homes parks. House Bill 4801, offered by Rep. Bob Constan (D-Dearborn Heights), amends the Mobile Home Commission Act to specifically allow for the local inspection of mobile homes that are being used as rental units. Inspections would occur in the same manner that communities are currently allowed to inspect other rental units, including apartments and homes. The legislation has been reported from the House Intergovernmental & Regional Affairs Committee on a unanimous vote despite concerns expressed by representatives of the manufactured housing industry. ■

MTA Summer Legislative Conference August 12-14, 2009 Bavarian Inn Lodge in Frankenmuth Register early and save!

Topics to be discussed: government efficiency, federal report, Michigan's Constitution, recall & ethics, wind energy, road funding & transportation, and property tax structure.

Information is also available on the MTA Web site:
www.michigantownships.org/summerforum.asp



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Making sense of the state budget chaos

Under normal situations the Legislature would be wrapping up the finishing touches on next fall's state budget prior to heading home to walk in Fourth of July parades across the state. No one would ever claim that this year is anything near normal.

Statements on how to fix the budget and positions on what should be cut are changing on an almost hourly basis. This is happening before the two chambers even begin to settle differences between the Senate, which is controlled by the Republicans, and the House of Representatives controlled by the Democrats.

As of June 16, all parties have agreed that the governor's original budget recommendation will exceed state revenues by approximately \$1.7 billion for the next fiscal year. By June 23, the state treasurer was making preliminary statements that the proposed number may have been too optimistic based, on recent monthly revenue collection reports for the state.

The Senate on June 16 began passing budget bills with the intention to make \$1.2 billion in state budget cuts and only using \$500 million in federal stimulus money to fill budget holes. Many of the Senate budget bills passed prior to statements being made by the state treasurer.

Also on June 16, the House of Representatives took the position that they would balance the budget by cutting approximately \$500 million from state operations and use federal stimulus money to fill the other \$1.2 billion in next year's budget shortfall.

The Senate was very concerned that if the FY 2010 budget was loaded with federal stimulus money it would create a huge crash the following year when that money disappears. The House, on the other hand, was worried about cuts that are not necessary based on current resources and was not willing to make assumptions for a budget process that is still a year away.

By June 23, the House had become nearly as aggressive in budget cuts as the Senate. As noted in the revenue sharing story on page 1, the Senate cut 20 percent of the remaining statutory revenue sharing funds and the House cut almost \$12 million beyond the cuts made by the Senate.

State budget cuts go beyond just revenue sharing; the Senate is also proposing 20 percent cuts in various payments to local government. This includes payments-in-lieu-of-taxes payments that have been of concern for years, but it also includes a reduction in Swamp Tax and Commercial Forest Tax payments. These last two state programs have not been under recent scrutiny. The House has also cut these three programs, but they are instead proposing a 17 percent reduction. These programs are crucial in some areas of the state; in some townships, payments from these programs can exceed the amount received in state revenue sharing payments.

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Historically, the Legislature has taken a summer break between the Fourth of July and Labor Day. The Legislature has already announced that it will continue to meet during July, with an exception for the two weeks surrounding July 4. As budget issues are changing at the drop of a hat, it is all the more import for township officials to keep in close contact with the legislators and make sure that your concerns are understood and addressed. ■

House committee reports two voter registration bills



On June 24, the House Ethics and Elections Committee reported to the full House two bills to make the voter registration process and the registration by mail identification requirement more convenient for voters.

Budget bills call for combination of DEQ and DNR

In mid-June, both the House and Senate moved forward budget bills to consolidate the Department of Environmental Quality (DEQ) and the Department of Natural Resources (DNR). The House version (House Bill 4446) would create the Department of Natural Resources and Environmental Protection, while the Senate version (Senate Bill 251) would create the Department of Conservation. Even though Gov. Jennifer Granholm had tapped Lt. Gov. John Cherry to lead an effort to evaluate the overall operation of state government, which is expected to eventually result in the consolidation of various departments, the efforts by the House and Senate come as a bit of surprise.

Under SB 251, cost savings of \$800,000 is anticipated from the consolidation of the two departments through the elimination of several unclassified positions. Unclassified positions are those five or six positions within each department that are appointed by the governor. With the consolidation, the Senate is anticipating that those positions can be cut in half. Overall, the DEQ General Fund portion of the budget is cut by \$6 million or 18 percent. In addition, the Senate is cutting \$2.1 million in general fund appropriations for the wetlands protection program and recommends that the responsibility for regulating wetlands be turned over to the Army Corps of Engineers. However, the Senate did include a \$100 "placeholder" for the program, which means that discussions over the future of the wetlands programs will continue long into the budget process.

HB 4446 also creates the intent to combine the two departments, but is a little less prescriptive. Rather, the bill calls for a review of regulatory functions, programs and duties of a combined department and allows for stakeholder and administration input to implement future cost savings. The bill anticipates that administrative efficiencies, program accountability, regulatory consistency, and state office rent savings are possible under a consolidation. It further relies on the governor issuing an executive order to facilitate the consolidation of the two departments.

HB 4446 also anticipates the elimination of funding for the wetlands program, saving \$2.1 million in general fund revenue. However, the bill also leaves open the possibility of funding the program at a later

House Bill 4993 would allow an individual to register to vote at any county, city or township clerk's office. The bill has been introduced by Rep. Tim Melton (D-Auburn Hills). Currently, a person must either register to vote at a secretary of state office, with their own local or county clerk, or at a designated voter registration agency.

Under HB 4993, a clerk taking the voter registration of an individual from outside their geographical area would need to forward the registration to the appropriate local clerk within seven days. If the voter registration was taken within seven days of the close of registration for a federal election, the registration would have to be transmitted to the appropriate local clerk within one business day. Should the bill become law, it is likely that the transfers would be handled through the Qualified Voter File (QVF).

The Ethics and Elections Committee also reported HB 4383 to the full House. The bill would permit a person who registers to vote by mail to satisfy the identification requirement, and thus the requirement that he or she vote in person if a first-time voter, by going to any county, city or township clerk in the state and presenting a valid form of identification. Valid forms of identification would include an appropriate photo I.D., or a copy of a current utility bill, bank statement, government check, paycheck, or other type of government document that shows the voter's name and address.

Under HB 4383, a clerk who views the proper identification would then transfer to the voter's local clerk a notice that the voter had met the identification requirement. This transfer would take place in a manner prescribed by the secretary of state but would likely also be accomplished through the QVF. The voter's local clerk would then complete the updated information on the QVF.

HB 4383 has been introduced by Rep. Tom Pearce (R-Cannon Twp.) and is tie-barred to HB 4993, which means both bills must pass in order to be enacted into law. HB 4383 is primarily intended to address situations where a student may be away from home attending college by allowing that student to visit the "college town" clerk, show proper identification and then be able to apply for an absentee voter ballot application to vote back home.

The full House will likely take action on both bills in the near future. ■



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Report identifies state regions with best wind energy

The Wind Energy Resource Zone Board has issued its proposed report, identifying the four regions in Michigan with the highest level of wind energy harvest potential. The proposed report, which looked only at commercial or utility-scale wind energy on land, was submitted to local units of government in the affected areas for their comments. These regions include 81 townships in portions of 11 counties. The 11-member board was appointed by the Michigan Public Service Commission (MPSC) on Dec. 4, 2008, as required by Public Act 295 of 2008, also known as the Clean, Renewable and Efficient Energy Act.

The four regions identified in the report, released on June 2, 2009, are all in the Lower Peninsula, one in the Thumb and three along the western side of the state. Region 1 includes parts of Allegan County; Region 2 includes parts of Antrim and Charlevoix counties; Region 3 includes parts of Benzie, Leelanau and Manistee counties; and Region 4 includes parts of Huron, Sanilac, Tuscola, Bay and Saginaw counties.

The Wind Energy Resource Zone Board sent copies of the report directly to local units of government identified within the wind zones. All local governments in the affected areas have until 3 p.m. on Tuesday, Aug. 4, to submit their comments on the proposed report. After the end of the comment period for local governments, the board will hold two public hearings:

- 11 a.m. on Monday, Aug. 24, at the Huron County Expo Center, located at 170 West Soper Rd., in Bad Axe.
- 11 a.m. on Monday, Aug. 31, in the auditorium in the administrative and conference building of West Shore Community College, located at 3000 N. Stiles Rd., in Scottville.

The public, including other local government officials, may also submit comments on the proposed report here. MTA would like to caution township officials that being identified as part of a wind zone does not necessarily mean wind development will occur in your township. Further, it does mean that extra financial resources are available to assist with wind development in your township. Inclusion within a wind zone, however, does mean that an expedited process will be used to help site high voltage transmission lines to connect the wind farms to the electrical grid.

No later than 45 days after the last public hearing, the board is required to issue its final report. The MPSC, which was granted the ultimate authority under PA 295 to identify the wind zones, will consider the findings in the board's final report and other information before designating one or more areas as a "wind energy resource zone." ■

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date by including language which anticipates funding through a supplemental appropriation act if the Legislature fails to enact legislation repealing part 303 of the Natural Resources and Environmental Protection Act. This action indicates that if the Wetlands Protection Program statute (part 303) is not repealed, they will find funding to support the program. However, whether additional funding remains realistic with the continued downturn in state revenues remains to be seen.

The likely scenario is that the House and Senate will send the funding bills to a conference committee to iron out differences between the two versions. It is anticipated that most if not all of the various budget bills will wind up in conference committees to work on differences over the summer. ■