



BOARD OF COMMISSIONERS

1 S. Main St., 9th Floor
Mount Clemens, Michigan 48043
586.469.5125 ~ Fax: 586.469.5993
www.macombBOC.com

GOVERNMENT OPERATIONS COMMITTEE

MONDAY, JANUARY 13, 2014, 12 P.M.

FINAL AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Adoption of Agenda
4. Approval of Minutes dated December 9, 2013 (previously distributed)
5. Public Participation (five minutes maximum per speaker, or longer at the discretion of the Chairperson related only to issues contained on the agenda)
6. State Legislative Update/Governmental Consultant Services, Inc. (page 1) (attached)
7. Update on 2014 Selfridge Air Show/Major Brian Wyrzykowski, Air Show Director
8. Corporation Counsel Monthly Report
9. New Business
10. Public Participation (five minutes maximum per speaker or longer at the discretion of the Chairperson)
11. Adjournment

MEMBERS: Tocco-Chair, Flynn-Vice-Chair, Boyle, Brown, Carabelli, Klinefelt, Mijac, Miller, Mocer, Sabatini, Sauger, Smith and Vosburg.

MACOMB COUNTY BOARD OF COMMISSIONERS

David J. Flynn – Board Chair
District 4

Kathy Tocco – Vice Chair
District 11

Mike Boyle – Sergeant-At-Arms
District 10

Toni Mocer – District 1
Don Brown – District 7

Marvin Sauger – District 2
Kathy Vosburg – District 8

Veronica Klinefelt – District 3
Fred Miller – District 9

Robert Mijac - District 5
Bob Smith – District 12

James Carabelli – District 6
Joe Sabatini – District 13



Governmental Consultant Services, Inc.
 120 N. Washington Square, Lansing, Michigan 48933
 GCSI Phone: 517-484-6216 Fax: 517-484-0140

MEMORANDUM

TO: Office of Macomb County Executive

FROM: Kirk Profit, Gary E. Owen and Barb Farrah

DATE: December 17th, 2013

RE: State Government Update

Legislative Session Schedule – The 97th Michigan Legislature is on recess for the remainder of 2013. Members will return on Wednesday, January 8th, 2014. Because 2014 is an election year for all members of the legislature and the Governor, legislative activity will slow down considerably the closer we get to the election.

Personal Property Tax Update:

It is our understanding that the Snyder administration is working with leadership in the House and Senate on a package of bills that will alter the Personal Property Tax relief package that was passed by the legislature and signed by the Governor in 2012. GCSI is working to secure copies of the draft bills, which we anticipate will be introduced in mid-January and will include, among other pieces, new ballot language, replacing the ballot language included in the 2012 package which is copied below.

As you are aware, in 2012 the Governor signed a package of bills that provide tax relief for manufactures (industrial personal property tax) and small businesses (commercial personal property tax). In 2014 the small business exemption for commercial personal property tax goes into effect. In 2016 the relief for manufacturers begins.

Part of the package of bills, and in order for the 2012 law to go into effect, voters will need to support an August 2014 ballot question that allows revenues to be directed to local governments.

If the ballot question fails, personal property elimination will not occur in 2015. The ballot language is below.

Enacting section 1. This amendatory act does not take effect unless approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014. This amendatory act shall be submitted to the qualified electors of this state at that election as provided by the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992. When submitted to the qualified electors of this state, this amendatory act shall be presented with the following question: “APPROVAL OR DISAPPROVAL OF THE AMENDATORY ACT DEDICATING A PORTION OF USE TAX REVENUE TO BENEFIT METROPOLITAN AREAS THROUGHOUT THIS STATE

The amendatory act adopted by the Legislature would:

1. Dedicate a portion of the existing state use tax as a local tax levied by a new metropolitan areas authority.
2. Distribute revenue from that local tax throughout the state for local purposes, including police and fire protection.
3. Increase that portion of the state use tax currently dedicated for aid to schools.
4. Prohibit the total use tax rate from exceeding the constitutional limit of 6%.

Should this amendatory act be approved?

YES []

NO []”.

Enacting section 2. If approved by the qualified electors of this state as provided in enacting section 2, this amendatory act takes effect January 1, 2015

The Michigan Chamber of Commerce and Michigan Manufacturers Association will be leading the charge in the upcoming 2014 August election for passage of the ballot proposal.

Special Message on Energy

Over the past several months the Michigan Public Service Commission has been tasked by the Governor to produce several reports on Michigan’s energy policies that include energy efficiency, renewable energy, and electric choice among other subjects. These reports will be used to educate the Governor and guide his Special Message on Energy, scheduled for December 20th. It is anticipated the Special Message will mostly summarize the reports provided by the Public Service Commission, and will be delivered in a town hall format.

The report is heavily anticipated as it will most likely guide a further discussion anticipated in the legislature in 2014. Legislative stakeholders, including the Chairs of the Energy and Technology Committees in the House and Senate, have had committee hearings covering several of the subjects that were also covered in the reports and have signaled that they will wait to hear the Governor’s Special Message before moving forward with any legislation, particularly regarding electric choice.

SB 661 Senator Meekhof (R- West Olive)

This bill, introduced by Senate Majority Floor Leader Arlan Meekhof (R- West Olive) would double the campaign finance contribution limits for all state elected offices, thereby doubling the current limits for all local offices. Under the bill, both personal and Political Action Committee (PAC) contributions are doubled and indexed for inflation every four years to the nearest \$25.00. For example, an individual is currently limited to contributing \$500.00 to a candidate for State Representative, will increase to \$1,000.00. The contributions limits for an independent PAC are set at ten times the personal limit, so their limit would increase to \$10,000.00 under the legislation. Additionally, the bill requires two additional filings for candidates in the years that they are not on the ballot. The more controversial part of the bill requires some additional disclosures for otherwise exempted political communications. For example, political communications, such as issue advocacy, will be required to include a disclosure statement of the group paying for the advertisement, even though the group may be exempt from filing a campaign finance statement disclosing donors. The disclosure requirement applies to all forms of political communication appearing within 60 days of a general election (30 days before a primary election) which includes a mention of a candidate by name or a ballot issue. This bill passed the House and Senate. If signed, the bill will take immediate effect in 2013.

Budget Development

State Departments continue to work through the process of developing budgets to be reviewed by the State Budget Office and the Executive Office as the Administration identifies its budget priorities moving towards the February 2014, Executive Budget Recommendation. The Governor has narrowed the dates to that presentation to February 6th, 7th, or 8th. Local governments move into this budget process from a place of strength as the Governor, and several legislators head into an election year that will include a Personal Property Tax ballot question in August that asks voters to partially restore revenues lost by elimination of the tax. The administration will seek support from local governments on the ballot initiative.

According to projections made by economic forecasters at the University of Michigan Research Seminar in Quantitative Economics (RSQE), the State is projected to have \$1 billion in increased revenue through Fiscal Year (FY) 2015.

These numbers are based on forecasts used in the January Consensus Revenue Conference, attended by the House Fiscal Agency, Senate Fiscal Agency and Michigan Department of Treasury. The Governor will utilize projections made at the Consensus Revenue Conference to present his Executive Budget Recommendation in February.

Much of the increase in revenue follows Senate Fiscal's report on over \$440 million in state tax receipts over and above what was projected in May. This comes as a major relief for legislative leadership, as it was anticipated that the Legislature would need to fill a hole of about \$200 million in the current FY '14 budget that came from delayed implementation of Medicaid expansion (around \$70 million), and \$120 million in the Health Insurance Claims Assessment (HICA tax).

Revenues are expected to be \$109.6 million higher in FY 2013 for the School Aid Fund, \$143.9 million higher in FY 2014 and \$183.3 million higher in FY 2015 -- for a total of \$436.8 million. Combined, that number is \$1.080 billion. According to the RSQE forecast, General Fund (GF) revenues are expected to be \$192.8 million higher in FY 2013, \$211.8 million higher in FY 2014, and \$238.8 million higher in FY 2015 - for a total of \$643.4 million.

This increase in revenue will give the Snyder Administration and legislative leadership a unique opportunity to address several issues that require funding and have been delayed over the past few years. The most obvious among them being transportation infrastructure. GCSI and County officials will advocate thoroughly for an increase in revenue sharing payments, economic development grant opportunities from the Michigan Economic Development Corporation, and dollars for Macomb's leadership in the State's Defense Program and manufacturing infrastructure. It will be interesting to see this situation develop leading up to and following the Governor's Executive Budget Recommendation in early February when the Legislature begins regular work on the state budget.

As always, it is honor to be Macomb County's State Government advocacy team and we appreciate the opportunity to submit this report!

Best Regards,

Gary, Barb, and Kirk