

Ottawa County
Current Legislative Priorities (October 2017)

1. Protect Against the Expansion of Property Tax Exemptions (i.e. HB 4068 and SB 45)

Many bills are again being introduced that would expand the number of properties that could become exempt from property taxes. As an example HB 4068 would provide exemptions to sportsmen's clubs, and other bills seek similar exemptions for other special groups of organizations or individuals. Such legislation further erodes the tax revenues of all local units of government, jeopardizes the basis of the property tax, and shifts more tax burden to the remaining citizens and businesses not exempt from property taxes. A recent substitute to SB 45, where the State would reimburse local units of government for losses from the disabled veteran's property tax exemption, would be an acceptable compromise where the State "pays for" the public policy they make instead of passing on the cost to local units.

Action Requested: Oppose legislation that expands property tax exemptions, unless the State pays for it.

2. Community Mental Health (CMH) Funding

The "298 Workgroup" process and report was fair and objective, ultimately proposing a series of recommendations that included steps to improve the coordination of the physical health and behavioral health systems. The budget supported multiple pilots to experiment with the integration of physical health with public behavioral health, which we supported.

The CMH system is experiencing other funding pressure, including cuts in CMH State General Fund revenue where Ottawa County has long experienced an inequitable funding formula resulting in fewer dollars and services for our residents. Opposition to addressing the General Fund inequity has already, and expectedly, met with opposition.

Action Requested: Support efforts to improve the coordination of the behavioral health system with the physical health system, and additionally focus on providing adequate and equitable funding for the behavioral health system.

3. Child Care Fund (CCF) - State Required Payments for Juvenile Services (SB 529 and 530)

The CCF has existed since 1955 and requires the State to reimburse counties for 50% of the cost of services provided for juveniles. For Ottawa County the CCF reimbursement is approximately \$4 million annually. The new MDHHS implemented a variety of changes in reimbursement practices and interpretation of administrative rules in the CCF Handbook that have dramatically and negatively impacted all counties. A workgroup of MDHHS and counties met to update the CCF Handbook, but serious concerns about how that will be implemented remain.

Senator MacGregor has been helpful to counties in this process, and proposed SB's 529 and 530 that contains both positive and concerning elements. Some of the major changes include changing the current reimbursement method to the "state pays first", setting a flat 10% rate for indirect cost, and codifying into legislation an approved list of reimbursable expenditures. Our County/Court staff, county lobbyist and MAC staff have been very involved with the details of this process and legislation. The Senate passed both bills, which have been assigned to the House Committee on Families, Children and Seniors.

Action Requested: Support legislation to protect historical and appropriate reimbursement levels and practices.

4. Indigent Defense Cost to County

PA 93 of 2013 created an Indigent Defense Commission (IDC) that was charged to create new standards for indigent defense services. The first four standards (education and training, initial client interviews, experts and investigators, and presence of counsel in front of a judge) have been approved and establish a November 20, 2017 deadline to file a compliance plan for these standards. The legislation mandates that new standards and compliance plans are not required to be implemented until the State provides funding to cover the increased cost.

Action Requested: Ensure the State appropriates and pays to counties all funds necessary to cover the increased cost of compliance plans to meet the new state standards for Indigent Defense.

5. Approach to Local Control (HB 4503/SB 329, HB 4999/SB 583, and SB 353)

Several pieces of legislation have been introduced, by members of both parties, which limit the historic local control by local units of government. While some deal with issues of immediate concern to local units (banning local ordinances regulating short term rentals), others anticipate issues that are not of immediate concern (local food taxes and interview questions). National and local surveys consistently indicate strong citizen support for local government and the ability to legislate locally depending on the needs and will of local citizens.

Action Requested: Ottawa County and our local units strongly support the concept of local control and oppose legislation that removes that right.

6. **Tax Valuation Methods in the Michigan Tax Tribunal (HB 4397, HB 4412, and SB 578)**

A primary legislative objective of local government associations (MAC, MML and MTA) continues to be problems with tax valuation methods in the Michigan Tax Tribunal (MTT). HB 4397 has been reintroduced in the House (sponsored by Rep. Victory) and would correct what has become known as the “Dark Stores” issue after not being passed in the last legislative session. Big box retailers have increasingly been successful in MTT cases to change traditional methods of valuing property, often including deed restricted and/or vacant parcels as comparable structures to significantly lower tax valuations. Legislation is needed that will block those Dark Store techniques to reestablish a fair, equitable system of property review. HB 4412, which passed in the House, creates additional standards and training for MTT members who hear these cases in an effort to increase their expertise and effectiveness.

SB 578 (Casperson) addresses a portion of the dark store issue, namely deed restricted properties not being used in setting values for other like properties. The local government associations are asking that this bill be taken up in the Senate Finance Committee.

Action Requested: Pass legislation to reestablish a fair and equitable system of property review.

7. **Special Police Agency Bills (SB 594 and 595)**

The Senate Government Operations Committee has heard testimony on these bills that would allow for special police agencies, or privatized police that could supplement or supplant police departments. The police associations are all united in opposition to the bills. The County has concerns as we could be negatively impacted as these agencies and their employees would have arrest powers that would involve our jails, prosecutors and courts.

Action Requested: Oppose SB 594 and 595, at least until clarification on the intent of the bills and/or improvements to the bills are made addressing County concerns.

8. **Limit Local Election Dates for Millages (HB 4814 and 4815)**

These bills would restrict all local units of government (including schools) to placing millage requests on only general elections, namely November elections in even numbered years. This would apply not only to new millage questions, but also renewals of existing millages. One of the bills is sponsored by Representative Lilly, although in conversations he has said he is willing to change the bill to allow for such elections every year in November. The ability to raise revenue for services is limited to property taxes in Michigan, as the State does not allow most local units from raising revenue in other forms (income tax, sales tax, etc.).

Action Requested: Oppose HB’s 4814 and 4815 and other legislation that further restricts local units of government ability to raise revenue for services.

9. **Fiscal Notes Required in State Legislation (HB 4679)**

Representative Lilly has introduced HB 4679 that would require fiscal notes to be prepared for any bill considered by a standing committee in the House or Senate. MAC supported legislation in the last session that would require fiscal notes, i.e. require that any legislation contain a financial analysis that would show how much the legislation would cost and who would pay the cost. Business Leaders for Michigan supports the same improvement, suggesting it would improve government fiscal stability.

Action Requested: Support HB 4679 or similar legislation that would require fiscal notes in any piece of legislation.

10. **Protect Natural Trust Fund Board and Process (SB 280)**

Ottawa County Parks has greatly benefitted from the Michigan Natural Resources Trust Fund (MNRTF) Board and the source of dedicated funding for property acquisition and development. SB 280 has passed the Senate and sent to the House, and would interfere and politicize the current functions of the MNRTF and their annual recommendations. The Parks and Recreation Commission is actively opposing this bill.

Action Requested: Oppose SB 280 and any interference with the MNRTF.

11. **Tax Capture Districts - Tax Increment Financing (TIF) Revisions (SB 393)**

Legislation is needed to provide some reform to the oversight of TIFs. Legislation should ensure that counties have, at minimum, the option on whether to have millage dollars captured by TIF districts, the length of time of that capture and the ability to partner with the authorities by having a seat at the table. A complete report, with a set of recommendations, was adopted by the County Board of Commissioners. SB 393 (Horn) has been introduced as a first step to deal with the various forms of TIF, which is a good foundation to continue reform discussions.

Action Requested: Support legislation to reform TIFs and increase transparency.

12. Raise the Age Moving 17 Year-Olds to Juvenile Court (Bill Package by Kosowski)

A 16-bill package, similar to a 20-bill package that was never passed last legislative session, would place most 17 year-old offenders in the juvenile criminal justice system instead of the adult system. A state-ordered “study” has been approved to analyze and predict (but not fund) increased cost for counties. The annual cost increase to Ottawa County is estimated at \$627,000. This package of bills is not supposed to be taken up until after the study has been released, but would have the State responsible for any increased cost.

Action Requested: Ottawa County supports this concept, but opposes legislation without addressing uncertainties including the amount and commitment for State funding of cost increases.

13. Support Efforts to Control and/or Eradicate Invasive Species – Hemlock Woolly Adelgid

Ottawa County has been a leader in work to control and/or eradicate a variety of invasive species, particularly through the work of the Parks and Recreation Department. The county recently approved a continuing partnership in the Cooperative Invasive Species Management Area (CISMA) to battle invasive species in the region. The Hemlock Woolly Adelgid is the most recent threat that could devastate hemlock trees in the county, region and state in the coming years. Local, regional, state and federal assistance is critical to support this work, as invasive species know no legal boundaries and fighting their spread requires coordinated effort.

Action Requested: Support efforts to control and/or eradicate invasive species.

14. Drastic Cuts in State Revenue (SB 4)

Early in 2017 the House, along with two legislators from Ottawa County, voted against legislation to eliminate the state income tax as it was not matched with proposed cuts in the budget or services. SB 4 proposes large cuts to the state income tax. Legislation that causes drastic cuts to revenue in the State budget will inevitably reduce funding for local government. This will negatively revenue sharing, further exacerbate unfunded mandates, and increase pressure on local governments dealing with unfunded liabilities.

Action Requested: Oppose drastic cuts to state revenue that will negatively impact revenue sharing and other forms of support for County services.

15. Unfunded Mandates

In 2009, the Legislative Commission on Unfunded Mandates determined that more than \$2.5 billion in services that can be measured, and billions more that cannot be measured, are provided by local units of government (LUG’s) for free to the State of Michigan through unfunded mandates. As an example, since 1997 Michigan has not followed the state public health code (Public Act 368 of 1978, Section 2475) which requires the State to pay its share (50%) of certain allowable health program costs. Ottawa County currently receives only 21%.

Action Requested: Support legislation that would eliminate LUG’s requirement to follow any state imposed mandates that are not funded by the State.

16. Soil Conservation Districts

Soil Conservation Districts are under the purview of the State. However, funding has continually diminished over the years and it has been difficult for Districts to remain solvent. Because state statute does not allow the Districts to be combined with other organizations like the Office of the Water Resource Commissioner, the State has the responsibility to properly fund these Districts.

Action Requested: Ensure that the State provide adequate funding to sustain these organizations and change the statute to allow the Soil Conservation District to combine with other organizations to enhance their operations.

17. Infrastructure Funding

In November 2016, the 21st Century Infrastructure Commission reported that Michigan needs to invest an additional \$4 billion each year to meet our infrastructure needs. Increased federal funding and a sustainable funding model is needed to invest in a 21st century infrastructure system. West Michigan is a pilot region to develop a set of recommendations and lessons learned for use as a framework in the development of a statewide asset management system.

Action Requested: Increase funding at the federal and state level to meet infrastructure needs, including the protection and expansion of tax exempt municipal bonds and low-interest grants and loans to be as efficient as possible in meeting infrastructure needs.