



MICHIGAN TOWNSHIPS ASSOCIATION

## WEEKLY LEGISLATIVE REPORT

February 8, 2008

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Please route to all interested parties in your township.

### **ANNEXATION REFORM PACKAGE GETTING ATTENTION IN SENATE**

A six bill annexation-detachment reform package was introduced in the Michigan Senate on Tuesday, Feb. 5 and received a hearing in the Senate Natural Resources & Environment Committee on Wednesday, Feb. 6. Senate Bills 1078-1083 are reintroductions of a compromise package of bills that reflected an agreement between the Michigan Municipal League (MML) and MTA. In 2003, that package gained Senate approval by a 37-1 vote but was never addressed in the House. Sen. Patty Birkholz (R-Saugatuck Twp.) was instrumental in forging the original compromise package and is the primary sponsor of the package. Other sponsors include: Sen. Bruce Patterson (R-Canton Twp.), Sen. Ray Basham (D-Taylor), Sen. Mike Prusi (D-Ishpeming), and Sen. Jud Gilbert (R-Clay Twp.). Several township officials, city mayors, MML and MTA all testified before the Senate committee. Unfortunately, MML has reversed their position and is now opposing the bills, stating that annexation is an important tool for the economic development of cities. MTA testified in support of the package and township officials pressed the committee for annexation reform. A letter outlining details of the package and background about the original agreement was also submitted to the committee by MTA. Please use the following link to see the MTA letter <http://www.michigantownships.org>. MTA asks that township officials contact their State Senator in support of SBs 1078-1083 and annexation reform. A committee vote could come as early as Feb. 13.

### **GOVERNOR'S BUDGET INCLUDES 4% INCREASE IN REVENUE SHARING FOR SOME**

Gov. Jennifer Granholm released her proposed fiscal year 2008-09 budget this week. Her plan recommends a 4 percent increase in statutory revenue sharing amounts. While this proposal directs all revenue sharing increases to those communities receiving statutory revenue sharing funds, and would tend to generally favor cities, it at least protects all communities from revenue sharing cuts. It is estimated that roughly 300 townships (or one in four) continue to receive any statutory revenue sharing funds. In fact, the level of statutory revenue sharing directed to townships in the current fiscal year is less than \$16 million. Revenue projections for the 2008-09 budget indicate a reduction of roughly 1 percent in constitutional revenue (sales tax revenue). This is based on expectations that actual purchase of taxable items will decline next year by that same percentage. Under the governor's proposal, every community will receive an amount of statutory revenue sharing to assure that they will not experience a cut next year (due to reductions in constitutional revenue sharing) compared to their current level of revenue sharing payments. This means that for the first time in years all townships in the state will receive at least some amount of statutory revenue sharing.

### **SUPREME COURT RULES ON ASSESSING INFRASTRUCTURE**

The Michigan Supreme Court rendered a ruling this week in the *Toll Brothers v Northville Township* case. At question was the issue of how to assess the value of public improvements. In this case a development company was building a new subdivision. The company installed roads, sewers and other utility lines within the development prior to building homes. The assessor added the value of the improvements to the individual lots as an addition and thus increased the taxable value (TV). The court ruled that since the improvement was added within the public right of way and not on the lot, it could not be considered an addition. The SEV could be increased based on the added value, but not the TV. The additional taxes would not materialize until the property is sold and the Proposal A cap is released. The law describing public improvements being an addition was declared unconstitutional.

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