

# MME 2022 Summer Workshop



Michigan  
Municipal  
Executives

## **Legislative Update**

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# State Budget Highlights

**Largest Budget in History (\$76B)**

**Record School Aid Budget (\$19.6B)**

**Significant Investment in Revenue Sharing (\$16M)**

**Addresses Unfunded Pension Liability (\$750M)**

**Billions in Funding Remains**

- \$3.8B General Fund, \$3.2B School Aid, \$1B ARP



# Revenue Sharing

## Statutory

- 5% ongoing and 1% one-time revenue sharing increase
- One of the largest increases in the last two decades - \$16M

## Constitutional

- \$1.036B Projected for FY 22/23
  - \$124M Projected Increase over FY21/22





# Municipal Pension Principal Payment Grant Program

## \$750 Million to Address Pension Liability

- Targeted to communities with a funded ration of less than 60%
- Approximately 125 communities

# Municipal Pension Principal Payment Grant Program

- **Grant Conditions**
  - Make in full, all actuarially determined contributions
  - Shall not provide contractual benefit enhancements unless the contractual benefit enhancement is 100% prefunded
    - This does not include wage and salary increases
  - The assumed rate of return must be no high than 7%
  - Must adopt the most recent mortality tables
  - Shall be subject to corrective action plan monitoring for 5 years
  - Shall comply with the uniform actuarial assumptions of retirement systems
    - Exceptions (Rate of Return, Amortization Schedule)

# Municipal Pension Principal Payment Grant Program

- **Grant Awards are Capped at \$170M**
- **Timeline:**
  - Treasury must develop guidance by April 15, 2023
  - Applications accepted from April 15 - June 15, 2023
  - Grants distributed no later than August 30, 2023

# State Budget Highlights

**\$48M to provide lead line replacement grants for technical, managerial, and financial assistance to communities**

**\$12M for rail grade separation**

**\$110M for workforce development**

- \$55M apiece for Michigan Reconnect and Going Pro programs

**\$3M to fund the Office of Rural Development to help rural communities meet workforce, education, infrastructure, and connectivity needs**

# **State Budget Highlights**

**\$94M Local Federal Aid for Road and Bridge Construction**

**\$87M for Local Roads**

- 56 Million for Counties
- 31 Million for Cities and Villages

**\$25M Technical Assistance, Planning, and Infrastructure Investment and Jobs Acts Matching Grants**

**\$75M for Blight Elimination Grants**



# **State Budget Highlights**

**\$50M for Non-Profit Relief Grants**

**\$75M for Michigan Community Development Financial Institution (CDFI) Grants**

**\$130M for Public Safety**

**\$30M for Environmental Cleanup and Redevelopment – Legacy Cleanups**

**\$13M for Arts and Culture Grants**

# What's Next?

## Budget Supplemental (Fall)

- Housing
- Workforce Development
- Economic Development

## Tax Cuts and Tax Relief Debate

- Income Tax Cut, Gas Tax Holiday, Earned Income Tax Credit Expansion, Pension Tax Elimination, Child Tax Credit Expansion, Direct Resources to Working Families (\$500)

**Oh yeah, and it's an election year!**

# Key Legislative Issues

## Revenue Sharing Trust Fund

- HB 6133 (Ellison) Establishes the Trust Fund
- HB 6134 (Tisdell) Dedicates General Sales Tax Revenue into the Fund

## Personal Property Tax

- Small Taxpayer Exemption Fix
  - SB 1060/1061/1062

## Disabled Veteran Property Tax Credit

- SB 1084 (Bumstead)

# Key Legislative Issues

## Preemption

- Short-Term Rentals (HB 4722)
  - HB 5465/5466 alternative proposal
- Gravel Mining (SB 429/430/431)
  - HB 4875 alternative proposal
- Qualified Residential Treatment Programs (HB 5981)

## Solar PILT

- SB 1106 and SB 1107

## Early Warning System

- SB 780 and HB 6296

# **Key Legislative Issues**

**Open Meetings Act (HB 6283)**

**Freedom of Information Act (HB 5921-5925)**

**Public Notice Reform (HB 6062)**

**Marijuana Charter Amendment Petitions (HB 6336/6337)**

**Cannabis Safety Act**



# **Other Issues**

**Boards of Review (PA 141 of 2022)**

**Home-Based Child Care (PA 106 of 2022)**

**State Revolving Loan Fund (PA 132/133/134 of 2022)**

# Questions