MME 2022 Summer Workshop

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 ratio 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 (Tisdel) 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