

# Michigan Township voice

A LEGISLATIVE UPDATE FOR TOWNSHIP OFFICIALS | JUNE 2016



## ‘Dark store’ issue moves to Senate—your help is still needed

Efforts to ensure property tax assessment appeal cases are determined in a fair and equitable manner before the Michigan Tax Tribunal (MTT) for all taxpayers took a step forward this month.

By an overwhelming, bipartisan majority, the House passed **House Bill 5578**, sponsored by Rep. David Maturen (R-Brady Twp.). The bill is an effort to stop the “dark store” assessing theory by putting sound appraisal standards into law. HB 5578 is meant to end the practice of valuing big box retailers solely based on a comparable sales approach—an ineffective method due to the lack of comparable properties and the extensive use of deed restrictions to limit competition. As a result of this approach, property values are undervalued compared to other similarly sized structures—that are vacant, abandoned, have not been used for years and that have anti-competitive deed restrictions precluding almost all commercial uses of the properties. This has resulted in some big box retailers seeing their valuations and taxes slashed by as much as 70 percent. HB 5578 would close this loophole by requiring the Michigan Tax Tribunal to consider all nationally accepted valuation approaches—sales, cost and income—to determine a property’s “highest and best use.”

MTA has worked extensively with legislators on this issue and will continue to work for its passage to ensure property values are based on the highest and best use of the property.

The Association thanks all MTA members who contacted their **state representative** in support of HB 5578, and we encourage you to thank them if he or she supported the legislation. Your advocacy is still critical as the bill moves to the Senate for consideration.

During the summer, please take every opportunity to speak directly with your **state senator** about the importance of this legislation, and urge them to support HB 5578 and its swift consideration in the Senate. **Talking points** and **additional information** are available on MTA’s website.

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## TIF reform measures proposed

A recently introduced bill would make several changes to tax increment finance (TIF) authorities, establishing transparency, reporting and penalty requirements as well as consolidating several existing statutes under one act.

**SB 1026**, sponsored by Sen. Ken Horn (R-Frankenmuth), would recodify existing tax increment financing authority acts, and eliminate three TIFs that are believed to be unused. No changes would be made to the brownfield authority act. This legislation is the first step in TIF reform, an issue at the forefront for both state House and Senate and the governor's office. The House also has draft legislation that is likely to be introduced in the fall. In addition, the governor's office has four separate workgroups that have been meeting since April—with expected legislative changes as well.

Under the Senate bill, six TIF acts would be consolidated into one statute—without making any changes to the programs. The statute language would simply be “cut and pasted” word for word into one act—each having its own section under the proposed act. These six include:

- Downtown Development Authority
- Tax Increment Finance Authority
- Local Development Financing Act
- Nonprofit Street Railway
- Corridor Improvement Authority
- Water Resource Improvement TIF Authority

The three unused TIF acts to be eliminated by SB 1026 are the Historic Neighborhood TIF Authority, the Neighborhood Improvement Authority and the Private Investment Infrastructure Funding Act, as it is believed no such authorities currently exist in the state. However, if your township has or is considering creating a TIF under one of these acts, please contact **MTA Government Relations**.

While current law requires state reporting, there is no specific form or deadline in which authorities must file. SB 1026 outlines a filing date and required information to be reported, as well as penalties for failing to do so. In addition to state reporting, authorities would be required to report to municipalities and taxing jurisdictions from which revenue is captured.

As outlined in the bill, the information to be reported to the State Tax Commission (STC), other municipalities and taxing jurisdictions include:

- Amount and source of revenue in the account, including a breakdown of the TIF portion of what is being captured from each taxing jurisdiction

- Amount in any bond reserve account
- Amount and purpose of expenditures from the account
- Amount of principal and interest on any outstanding bonded indebtedness
- Initial assessed value of the development area or authority district by property class
- Captured assessed value retained by the authority by property class
- Tax increment revenue received
- Authority name
- Date formed
- Date when the authority began capturing TIF
- Current base year taxable value of the TIF district
- Unrestricted fund balance for the immediately preceding fiscal year
- Restricted fund balance for the immediately preceding fiscal year

This information would be reported on a form to be created by STC and in conjunction with the local municipality's F-65 audit report. Additionally, TIF plans would be required to be submitted to the STC.

The enforcement or penalty provision would permit STC to institute proceedings to compel the TIF to comply with the measures. If a TIF failed to do so, the authority would be prohibited from capturing any TIF revenue in excess of what is necessary to pay bonded indebtedness or other obligations while in noncompliance. If the authority fails to report for the two years, the authority would indefinitely be barred from capturing further TIF, except what is needed to pay any bonds or other obligations.

If your township has a TIF, please contact [legislation@michigantownships.org](mailto:legislation@michigantownships.org) to learn more about the impact the reform measures being proposed may have. Meetings over the summer are anticipated on SB 1026, in addition to other legislation that is expected to be introduced when the Legislature resumes session in September.

## Senate bill offers yet another property tax exemption

Townships could take yet another hit to their already dwindling budgets if the Legislature passes a bill exempting sportsmen's clubs from property taxes.

**Senate Bill 570**, sponsored by Sen. Peter MacGregor (R-Cannon Twp.), was recently reported by the Senate Finance Committee despite MTA's opposition. While the bill is narrowed from previous versions and requires sportsmen's clubs to meet six specific requirements, MTA argued that many of these are too broad, easy to meet and provide a property tax exemption for only limited public benefit. The result would be the continued erosion of revenue for local units of government.

For example, one of six criteria would require the sportsmen's club to offer education to the public without charge or at reduced rates. Language in the bill clearly states that could include providing free educational material to a public school for distribution—regardless of whether the material is utilized or simply discarded. Another example was presented in testimony by a sportsmen's club member urging action on the bill. The individual provided testimony in support of SB 570 stating the club of which he is a member is open seven days a week but only available to the public one day a week, the fee charged for a member of the public is higher than for a member, and the public is restricted to 30 percent of the facility/property while members can access 100 percent. These are simply two examples where a 100 percent property tax exemption would be provided under the legislation while little or no public benefit is provided.

SB 570 would exempt from property taxes any property owned and occupied by a qualified sportsmen's club and used for the club's primary, original purpose. To be considered a qualified sportsmen's club, an entity must meet all of the following conditions:

- Is a 501(c)(3) tax-exempt organization or is an affiliate of a tax-exempt statewide conservation organization
- Its primary purpose is educating the public in conservation and in hunting, fishing, archery or shooting sports and firearms safety
- Makes its property available to the public for uses consistent with its primary purpose
- Offers public education consistent with its primary purpose, without charge or at reduced rates
- Makes its property available to at least one governmental entity for uses consistent with its primary purpose
- Offers membership for free or at a reduced rate based on a prospective member's financial status

Should the Legislature further consider SB 570, MTA believes the requirements are too vague and provide little or no public benefit—at the cost of local services or increased taxes to local residents and businesses. MTA will continue to work to address concerns with the bill and urges members to share any local impact with their state legislators.

## Township input retained in speed limit package before Senate



**M**TA successfully negotiated an amendment retaining township input in setting speed limits, in a package of bills that permits speeds of up to 75 miles per hour (mph) on some rural state freeways. [HBs 4423, 4424, 4425, 4426](#) and [4427](#) were passed by the House recently after floor amendments allowed for certain areas to request lower speed limits and the proposed maximum possible speed limit on rural state freeways was reduced from 80 to 75 mph. As introduced, HB 4425

would have eliminated both townships' ability to request a speed study and township input with the county road commission and Michigan State Police to set the speed limit following the study. MTA negotiated an amendment retaining the original statutory language, and took a neutral position on the bills.

The current package allows for a 75 mph speed limit on state rural freeways and 60 mph on trunk line highways, both of which hinge upon a safety and engineering study. The House-passed package also includes more options for lowering speed limits in a highway hospital zone, if requested by a hospital located within the zone. Unless otherwise specified, gravel or unpaved roads would have 55 mph speed limits. However, in counties with more than one million residents, the gravel road speed limit would be 45 mph. Municipalities in those counties could request that the speed limit be reduced to 35 mph; the requesting municipalities would be required to pay any applicable signage costs.

The bills now move to the Senate and have been assigned to the Senate Transportation Committee for consideration.



## Seeking member input for 2017 MTA legislative platform

MTA member officials play an important role in shaping the Association's legislative policy—both by voting on the MTA Legislative Policy Platform at the MTA Annual Meeting each year, and also by offering suggestions and input for consideration by MTA legislative policy committees.

For many years, the deadline for member township officials, township boards and MTA County Chapters to submit input has been in the late summer, due to our January Annual Conference. However, as MTA transitions to a spring conference, beginning in 2017, the deadline for submissions has also shifted.

The deadline for submissions for consideration for MTA's 2017 Legislative Policy Platform by the MTA Legislative Policy and Resolutions Committee is Nov. 14. The policy platform will be presented for approval by the membership at the 2017 MTA Annual Meeting, which will be held Thursday, April 13, in conjunction with the 64th Annual MTA Educational Conference & Expo in Lansing.

You can view MTA's 2016 Policy Platform on MTA's website, [www.michigantownships.org](http://www.michigantownships.org), under the "Advocacy" tab.

Under the rules adopted by MTA's Board of Directors, **proposed policies must be submitted to MTA 150 days prior to the Annual Meeting—by Monday, Nov. 14, 2016.** Proposed policies are reviewed by the committee for word selection and legality, and to ensure they conform with the Association's overall goals and objectives. The proposed policies will be printed in the March/April 2017 issue of *Township Focus* and will also be available at Conference.

Amendments at the Annual Meeting are permitted, provided the purpose and substance of the original resolution remain unaltered.

Proposed policies may also be submitted from the floor at the Conference if they are first submitted to MTA Conference Headquarters by noon on Wednesday, April 12, 2017, the day before the Annual Meeting.

For additional information, contact the MTA Government Relations Department at (517) 321-6467 or email [legislation@michigantownships.org](mailto:legislation@michigantownships.org)

## Are you receiving your legislators' newsletters?

Many members of the Michigan House and Senate provide legislative newsletters for their constituents. These newsletters are a great way to receive the latest information on issues that legislators are sponsoring or working to change or enact, as well as events they may be holding in their district.

Stay connected with the latest information from your legislators and sign up today! (Most are e-newsletters, though you may also be able to receive a print newsletter in the mail.)

Simply find your [state representative's](#) or [senator's](#) Web page, and follow the instructions to subscribe. Contact the lawmaker's office should you have any questions.



## Information

*when you need it.*

Connect with the  
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MTA is now on Facebook! "Like" our page for updates on legislation, educational opportunities, MTA news and resources, and more—all on your Facebook timeline!

Check it out at [www.facebook.com/mitownships](http://www.facebook.com/mitownships), or access from [www.michigantownships.org](http://www.michigantownships.org). You can also follow @MiTownships on Twitter and connect with fellow officials on our members-only social networking site, *Community Connection*.



## Water liens enforcement period could be extended

Townships could have the enforceable period extended for a lien on municipal water or sewer lines from the current limit of three years to five years if a bill recently passed by the House becomes law.

**House Bill 5113**, sponsored by Rep. Laura Cox (R-Livonia), recently passed the House and would amend Public Act 178 of 1939, which addresses all municipal water liens. A lien is an interest against property that can be secured as a debt by a creditor from a person who owns the property and owes a creditor money.

Under current law, a township's water distribution or sewage system that provides services to a property has a secured interest against payment for water and/or sewer services. The lien can be applied against the property immediately upon providing the services and can be seized or placed on a property to ensure payment.

Townships will maintain their ability to establish a security interest for the collection of water or sewage system rates, any assessments, charges, rentals due or to become due, or for the property or house for which the sewage or water was supplied. The bill simply extends the period for which the lien is enforceable to five years. This would help ensure that townships and other municipalities have a better opportunity to collect user fees for services that they provide.

The MTA-supported legislation next moves to the Senate where it awaits further action in the Senate Local Government Committee. If enacted, the bill would become effective 90 days after it is enacted.

MTA will continue to provide updates as this bill moves through the legislative process.

**Township Insights**, MTA's weekly e-newsletter, offers timely information and updates about legislative happenings, as well as news, programs and resources that can help you better serve your community. Look for the latest on what's happening in Lansing, grant opportunities—and more! Not receiving *Township Insights* in your email? Contact [legislation@michigantownships.org](mailto:legislation@michigantownships.org).

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