

**GRAND VALLEY METROPOLITAN COUNCIL  
LEGISLATIVE COMMITTEE MEETING**

**November 12, 2008**

**8:30 a.m.**

GVMC Offices  
Grand Rapids, MI 49503

**MINUTES**

**1. Call To Order**

Chair Rick Root called the meeting to order at 8:40 a.m.

**2. Roll Call**

Present:

Haris Alibasic	City of Grand Rapids
Sam Bolt	City of Wyoming
Jim Buck	City of Grandville
Mike DeVries	Grand Rapids Township
Don Hilton	Gaines Township
Denny Hoemke	Algoma Township
Abed Itani	Grand Valley Metro Council
Ralf Hugger	Grand Valley State University
Bob May	City of Hastings
Jim Miedema	Jamestown Township
Gayle McCrath	Grand Valley Metro Council
Rick Root	City of Kentwood
Ken Snow	City of Greenville
Barb Snow	City of Greenville
Don Stypula	Grand Valley Metro Council

**3. Approval of Minutes from October, 2008**

The minutes of the GVMC October 2008, Legislative Committee meeting were

accepted with correction into record.

#### **4. Transportation Funding**

Don Stypula reported on the findings of the Transportation Funding Task Force.

Among the revenue options the report proposed:

- Increasing registration fees by either an ad valorem basis or by a flat rate.
- Eliminate current reductions allowed in registration fees.
- Eliminate registration discounts for specific industry groups.
- Collect increased registration fees when a plate is transferred to a new vehicle.
- Either boost the current 19-cents a gallon gas tax by a flat rate (which would raise an estimated \$46 million for each penny of increase) or tax fuel on a percentage of the cost instead of by the gallon (which, assuming a per gallon price of \$2.30 for gasoline, would raise \$103 million for each one percentage point).
- Equalize diesel and gasoline tax rates (diesel fuel is now taxed at 15-cents a gallon) which would raise an estimated \$10 million for each one-cent. Equalizing the tax rates has been an issue for many legislators for many years.
- Increase the state's sales and use taxes by one percentage point, and dedicate that to transportation. Such an action would require voter approval, but would raise \$1.3 billion for transportation.
- Dedicate the sales tax charged on fuel to transportation, which would raise \$800 million. Michigan is one only a few states that charges both the sales tax and a specific tax on motor fuels. Such a proposal has been made before, but opposed by education groups in as much as the sales tax is a basic funding source for K-12 schools.
- Redirect all or some of the Natural Resources Trust Fund to transportation. In part, task force members said, this proposal was aimed at looking at every possible revenue source, and mostly the group was looking at possibly using a portion of the increased monies the fund would get.

Don Stypula asked the committee to comment on what their opinions were of these options.

Andy Johnston stated if the funding issue moved in the lame duck session, it could be tied to another issue. Being able to respond quickly is very important. The registration fee increase and motor fuel tax is low hanging fruit.

Abed Itani stated that a local option tax could be a two edged sword. If you get the option, the State might restrict their funds more and ask use to fund more on our own. You wouldn't want to create another layer of bureaucracy. We would need to

make sure it doesn't infringe on our ability to make decisions.

Rick Root said the State determined local taxes were not a good idea and created revenue sharing as a result. This is counter intuitive now to consider a local option tax.

Denny Hoemke stated he agreed with Abed. It would result in shifting the decision to the locals with no matching funds.

Andy Bowman reported part of this history is the Oakland Round Table and L. Brooks Patterson.

Bob May added a local tax would harm our economy. People would by-pass us if they had to pay additional taxes here.

Abed Itani stated he was not totally against a local option tax if it was structured in the right way. We would just have to make sure it wasn't used against us.

Bob May said he did not believe we could trust the State with what has happened to revenue sharing.

Ken Snow stated he wouldn't want to leave it up to the county, the State would be better. A sales tax would be good, but needs to be tied to inflation and also address change in fuel efficiency.

Don Hilton added the major part of this focus is on the individual driving the car or truck. Roads serve everyone. However, there would be problems if they try to include a diesel tax in the package. We need to take a look at all citizens participating and not just a few.

Denny Hoemke stated the sales tax needs to be voted on. We can't wait that long. Something needs to be done in the meantime. We have to urge them to do something now.

Rick Root stated with the instability of the price of gas lately, a penny or two per gallon is not going to be noticed. We already have a local option through our roads and local milages.

Haris Alibasic added a local option tax seems like a great topic for a lame duck session. Does anyone know MDOT's intentions?

Don Stypula stated that the MDOT Director stated the diesel parity and increase of registration fees would be looked at for the short run. They are looking at something

relatively simple to do.

Root reported it appears we have no strong recommendations.

Don Stypula asked if the committee would approve giving him the authority to bring these thoughts to the legislature. I have a clear picture of the problem with the local option.

Jim Buck added the Kent County Commission has a lot of new people on it who need a lot of education. They couldn't take on something like a local option tax at this time. We previously heard there was going to be little or no lame duck session. Does it look like this will happen?

Andy Johnston agreed with this probable scenario.

Jim Buck asked if they were looking for a good or better option.

Don Stypula stated they were looking for the good option.

Jim Buck reminded the group of the changes in the SBT and the problems the replacement tax created.

Don Stypula asked Abed Itani about the possible federal stimulus package. Are we prepared to fund some of the TIP if there is a local match required?

Abed Itani stated we are pushing for federal funds with no match. The Federal Highway Administration understands that. Yes, we are ready. We have 251 projects that could go fast.

Haris Alibasic stated the US Conference of Mayors is listing the projects they would like and are pushing for 100% federal funds.

Don Stypula said he will work with the Grand Rapids Chamber of Commerce, the Michigan Chamber of Commerce, MTA, MML, MAC and Road Builders and will communicate to all GVMC members via e-mail.

It was agreed this would be a green light issue for the Executive Director.

Don Hilton asked what level are we as a donor state in transportation funding.

Don Stypula stated he has talked to Senators and Congressmen, and they all understand how important it is for us to increase that percentage. It should be addressed in the next version of SafeTLU.

Don Hilton asked were we were on that.

Abed Itani reported 83% -95%.

## **5. Legislative Breakfast**

The Legislative Breakfast will be held on December 15<sup>th</sup>.

The format will include three members each outlining one of our legislative priorities.

1. Welcome and thanks to legislators – Jim Buck
2. Transportation funding – Regional – Peter Varga / Abed
  - Multi modal
  - TF2 Report
3. Revenue Sharing – Part of a broader plan – Township Representative
  - Stay out of our revenue stream
  - History of Revenue Sharing
  - Lansing actions have major impact on communities and essential services.
  - Quality of life issues
4. Intergovernmental Cooperation – Curtis Holt
  - Ask legislators how we can help them achieve these goals.
5. Closing – Kurt Kimball

## **6. Other**

Don Stypula asked Haris Alibasic if he had heard anything on HRIII.

Haris Alibasic stated it is still on the House Clerk's desk, but if it moves it could be devastating.

Rick Root reported he has heard HRIII will not move.

## **7. Adjourn – 9:45**