



December 14, 2012

Lame Duck is Over!

The Lame Duck session of the legislature ended this morning at 4:30 am. It was a 20 hour day for the legislators and a historical week for the people of the State of Michigan.

Right to Work legislation passed on Tuesday and received a great deal of publicity and national media attention. It was passed by the Legislature and signed by Governor later that day.

By Wednesday and Thursday the protesters had gone home and the legislators had the time to bring up other issues including education, wolf hunting, a new facility for the Red Wings, new regulations for recall of elected officials, regulating abortion clinics, medical marijuana, and of course Personal Property Tax Reform.

GVMC has been part of a West Michigan Work Group that has been quietly working on the details of Personal Property Tax Reform for many months. The group has been providing analysis, information, specific implementation detail and costs, impact analysis and feedback.

Few people could deny the inevitability of PPT reform occurring either in the lame duck session or the early part of next year. PPT reform was going to happen in some form. Our goal was to insure replacement and long-term

consistency of funding for local government.

Several months ago, the Michigan Senate passed a series of bills that reformed the personal property tax. Those bills while passed by the Senate were not taken up by the House until the final days of the legislative session. Implementation of the Senate bills would have had a huge negative impact on local government.

Yesterday, was a very busy day for our work group, our legislators and our partner organizations. Lt. Governor Calley had developed a plan which phased out the industrial portion of the PPT and had a mechanism to reimburse local government.

The Calley Plan would include replacement of 80 percent of the PPT general fund losses for those local governments that would lose at least 2.3% of their property tax revenue. Funding for the replacement would come by diverting a portion of the state use tax from their general fund to a new authority that would pass the funds on to local government. It also has provisions for local governments to collect up to 100% of PPT losses through special assessment for "essential services" like police, fire, ambulance and jails. Finally it has provisions to insure local bond debt obligations are met.

During the day, the plan developed by the Lt. Governor came close to failing as legislators questioned the complexity of the plan and lack of full reimbursement.

In the early afternoon, a new plan was being discussed and began to gain support. This plan exempted from PPT all new industrial property purchased after January 1, 2013. It would have created a phase out of PPT as new industrial property is eventually taken out of service or is depreciated. There were NO provisions for replacement. .

About 6:30, last evening, local government including MML, MTA and our Work Group, along business groups were given one hour to gain support for the Calley plan or face approval of the no reimbursement alternative. It took 3 hours to gather the votes to pass PPT reform including partial replacement of lost revenues. At 10:30 last night, the House approved the Calley plan assuring opportunity for partial reimbursement. Al Vanderberg, of Ottawa County and a member of our Work Group, stated, "The West Michigan Team worked continuously through the process to the point where we have helped make significant improvement to the legislation. We will stay involved as final technical issues are resolved."