

Ottawa County
Current Legislative Priorities (January 2019)

1. Community Mental Health (CMH) Funding

The CMH System continues to experience major budget and funding issues. The Lakeshore Regional Entity (LRE), of which Ottawa County CMH is a member, ended FY 2018 with expenditures exceeding revenues by \$11.5 million. Transfers from the Internal Service Fund (ISF) and other local contributions totaling \$8.5 million will reduce the budget deficit to \$3 million. This budget deficit is not the result of overspending; rather, it is from a significant reduction in revenues from the State. Three other regions in Michigan are experiencing the same funding issues. The State also acknowledged Medicaid enrollment problems (DABS, TANF, etc.), which it had not been willing to do previously, that have resulted in lower reimbursement rates to CMH. The State is threatening to terminate its contract with LRE unless we come up with a plan to eliminate the budget deficit. If this occurs, it is possible that the State could enter into a contract with a private for-profit entity to provide services currently provided by the region and the CMHs. The State appropriated \$3.5 million to close the FY 2018 budget deficit. This will provide time for the State and region to work out a solution for the expected funding shortfall in FY 2019 and beyond. It should be noted that the State delayed establishing the Medicaid funding rates for FY 2019, which started on October 1, 2018. We have now been told that the FY 2019 rates will remain the same as the FY 2018 rates due to issues with the accuracy of data. Without accurate information related to costs and rates, the State and region cannot develop a plan to resolve the funding issue.

Action Requested: Continue to work toward full and equitable CMH funding through Legislative means and the Administration where appropriate.

2. Statewide Sanitary Code

HB 5752 of 2017 and HB 5753 of 2017, which was re-referred from the Committee on Natural Resources to the Committee on Local Government, would create a statewide sanitary code. Michigan is the only state without such a code. Concerns are many and significant. The legislation would eliminate the right of local jurisdictions to have a real estate transfer evaluation program, such as the very successful Ottawa County program. The legislation would also require regular inspection of most septic systems every five years instead of at point of sale which the Ottawa program accomplishes. The Public Health Department would need significantly more staff to fulfill such a mandate. A significant amount of property would become undevelopable. The legislation would likely be viewed as an intrusion on private property rights and definitely would be an erosion of local control and authority of the Board of Commissioners. The House did not pass these bills at the end of the 2018 legislative session. It is possible that these bills will be reintroduced in 2019.

Action Requested: Do not support legislation that would negatively impact the Ottawa County Sewer Inspection Ordinance.

3. Personal Property Tax

SB 1031 would allow utility personal property to be reclassified to industrial, which would exempt it from the personal property tax. This would have major implications for property tax revenue of Ottawa County, Ottawa ISD, Grand Haven Public School District and Port Sheldon Township. This was specifically and intentionally left out of the legislation that approved the Personal Property Tax Reform a few years ago. To our knowledge, Consumers Energy is the only entity pushing this. The Senate did not pass this bill at the end of the 2018 legislative session. It is possible that this bill will be reintroduced in 2019.

Action Requested: Do not support legislation that would allow reclassification of utility personal property to industrial class.

4. **Drug Crimes: Civil Action Forfeiture (HB 4158)**

This bill, which was passed by the House, would amend the Public Health Code to prohibit civil asset forfeitures for crimes involving controlled substances unless there is a conviction or plea agreement, no one claims the property, or the property owner relinquishes the property that was seized. Limit the bill's seizures of \$50,000 or less. This is anticipated to have a negative impact on police agencies such as WEMET that fight illegal narcotics sales daily. The House passed this bill during the 2018 legislative session, but the Senate did not take up the bill.

Action Requested: Oppose legislation that limits forfeiture collections in this manner.

5. **Throwing Bodily Material on Correction Officers (HB 6312 & HB 6313)**

These bills would make it a felony punishable by up to four years in prison and up to \$2,000 in fines if a detainee or prisoner in a juvenile facility throws or attempts to throw any bodily material on any corrections officer or causes the corrections officer to come into contact with any bodily material, such as urine or feces. The House did not pass this bill during the 2018 legislative session.

Action Requested: Support legislation that punishes detainees or prisoners that throw bodily material at corrections officers.

6. **Public Safety Officers Benefit Act (SB 1079)**

This bill would increase the benefit that the State pays to the family of a public safety officer who dies or is permanently disabled while in the line of duty from \$25,000 to \$50,000. The Senate did not pass this bill during the 2018 legislative session.

Action Requested: Support legislation that increases the benefit that the State pays to the family of a public safety officer who dies or is permanently disabled while in the line of duty.

7. **Raise the Age Moving 17 Year-Olds to Juvenile Court (Bill Package by Kosowski)**

A multi-bill package, similar to a 20-bill package that was never passed in the last legislative session, would place most 17-year-old offenders in the juvenile justice system instead of the adult system effective January 1, 2021. Various reports and studies estimated that the increased cost statewide could approach approximately \$89 million due to the additional caseload experienced by the transfer of 17-year-olds to the juvenile justice system. The cost estimates vary significantly based on the number of 17-year-olds who would enter the juvenile justice system and the level of services that each of them would require. Our best estimate is that these bills would result in an increase in costs to Ottawa County of approximately \$1.75 million.

Currently, the State is required to reimburse counties for 50% of eligible expenses incurred by county Child Care Funds to provide juvenile justice services. HB 6396 would require counties to choose between two choices for reimbursement by the State for the costs of juvenile justice services. Option 1 is that in addition to the currently required 50% reimbursement to counties for eligible expenses, the State would pay 100% of the cost of juvenile justice services for 17-year-olds, who are under the Circuit Court's Family Division's jurisdiction. Assuming that the State reimburses the County for the increased costs associated with being required to use a bifurcated fiscal and case-management data-tracking system that will increase the County's workload, this would result in little or no additional costs to counties.

Option 2 is that instead of the currently required 50% reimbursement to counties by the State, the State would pay 68% of the cost to provide juvenile justice services for all eligible juveniles, including 17-year-olds. Assuming that the other "Raise the Age" bills are enacted, it is difficult to determine the fiscal impact to Ottawa County of this option, as it is difficult to predict the number of 17-year-olds who would enter the juvenile justice system and the type of services that they would require.

The House did not pass these bills at the end of the 2018 legislative session. It is possible that these bills will be reintroduced in 2019.

Action Requested: Ottawa County supports this concept, but opposes legislation without addressing uncertainties including the amount and commitment for State funding to cover all of the County's cost increases.

8. Infrastructure Funding

In November 2016, the 21st Century Infrastructure Commission reported that Michigan needs to invest an additional \$4 billion each year to meet our infrastructure needs. Increased federal funding and a sustainable funding model is needed to invest in a 21st century infrastructure system. West Michigan is a pilot region to develop a set of recommendations and lessons learned for use as a framework in the development of a statewide asset management system. The legislature approved the blueprint and creation of the permanent commission.

Action Requested: Increase funding at the federal and state level to meet infrastructure needs, including the protection and expansion of tax-exempt municipal bonds and low-interest grants and loans to be as efficient as possible in meeting infrastructure needs.

9. Support Efforts to Control and/or Eradicate Invasive Species – Hemlock Woolly Adelgid

Ottawa County has been a leader in work to control and/or eradicate a variety of invasive species, particularly through the work of the Parks and Recreation Department. The county recently approved a continuing partnership in the Cooperative Invasive Species Management Area (CISMA) to battle invasive species in the region. The Hemlock Woolly Adelgid is the most recent threat that could devastate hemlock trees in the county, region and state in the coming years. Local, regional, state and federal assistance is critical to support this work, as invasive species know no legal boundaries and fighting their spread requires coordinated effort.

Action Requested: Support efforts to control and/or eradicate invasive species.

10. Tax Valuation Methods in the Michigan Tax Tribunal (HB 4397 and SB 578)

A primary legislative objective of local government associations (MAC, MML and MTA) continues to be problems with tax valuation methods in the Michigan Tax Tribunal (MTT). The "Dark Stores" issue references big box retailers that have increasingly been successful in MTT cases to change traditional methods of valuing property, often including deed restricted and/or vacant parcels as comparable structures to significantly lower tax valuations. Legislation is needed that will block those Dark Store techniques to reestablish a fair, equitable system of property review.

Local units won a victory in the State Court of Appeals, reversing the *Menards v. Escanaba* ruling that greatly limits the negative impacts of dark stores. The State Supreme Court upheld the Appeals Court decision and sent its ruling to the Michigan Tax Tribunal with requirement that the Tax Tribunal must take Court rulings into account when making a decision. We believe that the State Legislative should still adopt bills to reestablish a fair and equitable system of property review. Neither the House nor the Senate passed its respective bills during the 2018 legislative session.

Action Requested: Pass legislation to reestablish a fair and equitable system of property review.

11. Revenue Sharing as Component of Pension and OPEB Legislation (HB 5314-5316)

As part of the discussion surrounding passage of the municipal pension and OPEB bills, HB's 5314-5316 were introduced by Rep. Ver Heulen addressing revenue sharing as an important component of local government addressing unfunded liabilities. While the pension/OPEB bills were approved, the revenue-sharing bills have yet to be taken up. We believe the legislation would protect existing revenue sharing from cuts and also ensure annual increases. The House did not pass any of these bills during the 2018 legislative session.

Action Requested: Support legislation that would increase the security of existing revenue sharing payments and increase future revenue sharing.

12. Approach to Local Control (HB 4503/SB 329)

Several pieces of legislation have been introduced, by members of both parties, which limit the historic local control by local units of government. While some deal with issues of immediate concern to local units (banning local ordinances regulating short term rentals, as in HB 4503 and SB 329), others anticipate issues that are not of immediate concern (local food taxes and interview questions). National and local surveys consistently indicate strong citizen support for local government and the ability to legislate locally depending on the needs and will of local citizens. Neither the House nor the Senate passed its respective bills during the 2018 legislative session.

Action Requested: Ottawa County and our local units strongly support the concept of local control and oppose legislation that removes that right.

13. Protect Against the Expansion of Property Tax Exemptions (i.e. HB 4068 and SB 45/723)

Many bills are again being introduced that would expand the number of properties that could become exempt from property taxes. As an example, HB 4068 would provide exemptions to sportsmen's clubs. Such legislation further erodes the tax revenues of all local units of government, jeopardizes the basis of the property tax, and shifts more tax burden to the remaining citizens and businesses not exempt from property taxes. SB 723, which amends SB 45, requires the State to reimburse local units of government for losses from the disabled veteran's property tax exemption as an acceptable compromise where the State "pays for" their public policy instead of passing the cost to locals. Neither the House nor the Senate passed its respective bills during the 2018 legislative session.

Action Requested: Oppose legislation that expands property tax exemptions, unless the State pays for it.

14. Limit Local Election Dates for Millages (HB 4814, 4815, 5242)

These bills would restrict all local units of government (including schools) to placing millage requests on only August and November elections. This would apply not only to new millage questions, but also renewals of existing millages. One of the bills is sponsored by Representative Lilly, and has been altered from an initial position of elections only in November of even-numbered years. The ability to raise revenue for services is limited to property taxes in Michigan, as the State does not allow most local units from raising revenue in other forms (income tax, sales tax, etc.). The House did not pass these bills during the 2018 legislative session.

Action Requested: Oppose HB's 4814, 4815, and 5242 and other legislation that further restricts local units of governments' ability to raise revenue for services.

15. Soil Conservation Districts

Soil Conservation Districts are under the purview of the State. However, funding has continually diminished over the years, and it has been difficult for Districts to remain solvent. Because state statute does not allow the Districts to be combined with other organizations like the Office of the Water Resource Commissioner, the State has the responsibility to properly fund these Districts.

Action Requested: Ensure that the State provide adequate funding to sustain these organizations and change the statute to allow the Soil Conservation District to combine with other organizations to enhance their operations.

16. Unfunded Mandates (SB 411)

In 2009, the Legislative Commission on Unfunded Mandates determined that more than \$2.5 billion in services that can be measured, and billions more that cannot be measured, are provided by local units of government (LUGs) for free to the State of Michigan through unfunded mandates. As an example, since 1997, Michigan has not followed the state public health code (Public Act 368 of 1978, Section 2475), which requires the State to pay its share (50%) of certain allowable health program costs. Ottawa County currently receives only 21%.

Current examples include SB 411, which would amend the Public Health Code to require local health departments to perform several additional functions in addition to child vision screenings in an effort to require parents to follow-up with an eye care professional. The Senate did not pass this bill during the 2018 legislative session.

Action Requested: Support legislation that would eliminate LUGs requirement to follow any state-imposed mandates that are not funded by the State.