



TO: Christopher Taylor, Mayor  
City Councilmembers  
CC: Howard Lazarus, City Administrator  
FROM: John Fournier, Assistant City Administrator  
RE: Quarterly Legislative Update  
DATE: July 26, 2019

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This memo provides an update on legislative and policy activity in Lansing that is relevant to the City of Ann Arbor. With the new legislature and a new governor in our capital, new opportunities and risks abound for local government.

You will notice that this report is rather light and there has not been much progress on many of the pieces of legislation that we are watching. The budget impasse has affected the legislature's agenda in this way, and I would anticipate that work will continue to be slow on all other issues until there is a budget resolution that passes both chambers of the legislature and is signed by the governor.

### **Legislative Update**

The following issues are already receiving attention in Lansing and will likely persist during this legislative session.

#### *Residential solar*

HB 4069 and 4465 passed the Michigan House on June 20<sup>th</sup> of this year and are awaiting a committee assignment in the Senate. These bills would alter the tax treatment of residential and commercial solar installations so that they are not valued as a permanent improvements on real property. These bills are expected to pass the Senate before the end of the session.

#### *Vegetation pre-emption*

There has been no movement on any kind of vegetation pre-emption legislation in this quarter.

#### *Dark stores*

There are four bills that have been introduced this session regarding so-called "dark stores," including HB 4025, HB 4047, SB 26 and SB 27. This legislation would ban the practice of assessing empty big-box retail stores at reduced values simply because they are vacant. Many large retailers strategically appeal their assessment over and over again to argue for lower assessed values, which allows them to speculate on the property. There has been no movement on this legislation since it was introduced earlier in the session.



### *Exempting telecom equipment from PPT*

Personal property is the personal, or tangible, assets of a business and is taxed at the local level. Two bills, SB 163 and HB 4268, propose to exempt telecom companies from paying the personal property tax on their telecom equipment. The bills have not moved out of committee yet, however we are monitoring them and intend to oppose the legislation.

### *Short-term rental zoning pre-emption*

HB 4046 was recently introduced in the legislature. This bill would pre-empt municipalities from prohibiting short-term rentals through the zoning code and the Council Policy Agenda document provides clear direction to oppose any legislation that represents a pre-emption of municipal authority. Therefore, we will oppose this legislation and monitor any progress it may make. This bill has not moved out of committee yet.

### *Sanctuary cities penalties*

Legislation has been re-introduced (HB 4083) that would provide penalties against elected or appointed officials who approve or implement so-called "Sanctuary cities" policies. Those penalties include fines ranging between \$2,500 and \$7,500. Last year Mayor Taylor testified in front of the legislature against this bill, and ultimately it was not adopted. However, it has been reintroduced and has gained some support. The Michigan Municipal League was able to have a hearing on this legislation cancelled in mid-March and the hearing has not been rescheduled at this point. This legislation will move forward shortly, however.

This bill passed the Military, Veterans, and Homeland Security committee and was assigned to the Committee on Ways and Means on April 9, 2019. This essentially means that it is awaiting a floor vote in the House. We will continue to monitor and report to the Council on any progress.

### *Local Plastic Bag Bans*

HB 4500 was recently introduced and referred to the Committee on Local Government. This bill would repeal the ban on local plastic bag bans (indeed, it is a ban on bans of local plastic bag bans) that was passed during the lame duck session in 2016 in response to a plastic bag ban that was adopted by Washtenaw County. The bill has bipartisan support, so we will monitor and intervene in support of the bill if we feel it would be valuable to its passage.

## **Upcoming Issues**

### *Michigan Budget*

All business has slowed in deference to the stalled Michigan budget process. Even Lansing insiders at this point are playing a guessing game as to how the budget impasse will be resolved. The House has passed a budget that provides significantly less road funding than Governor Whitmer's budget,



but critics argue that the budget does not balance and is unworkable. Governor Whitmer has indicated that she would veto it.

The Senate has not adopted a formal budget in response to the House's budget. Senator Curtis Hertel (D-East Lansing) recently predicted that Senate Majority Leader Mike Shirkey would pass a budget that included new net revenue for the state, but there is no other indication that this will occur.

A group of Democratic lawmakers have proposed a constitutional amendment that would create a graduated income tax, with a 4% tax rate on the first \$5,000 of income, a 4.25% tax rate on income from \$5,000 to \$75,000, and a third bracket of 8.4% for all income above that. Ninety-two percent of Michigan filers would receive a tax break under this plan, while high income earners would contribute an additional \$2.5 billion annually—enough to meet the needs of Governor Whitmer's budget proposal. The Governor has indicated that she may support this proposal if nothing else came out of the legislature. However, to get this initiative on the ballot the legislature would need to approve it or a ballot initiative would need to successfully place it on the 2020 ballot.

At this point, we all wait with bated breath for any news on the budget, and we will report any information on the topic to the Council when there is progress.