

MLA Advocacy - October 27, 2016



October has been relatively quiet at the Capitol. The House remained on break while the Senate was in session last week. Both chambers return after the election on November 9 and 10. Then they are off for two weeks and resume November 29 and 30 and again for seven days in December.

Tax Capture Bills Sit in House Tax Policy Committee

Seven MLA supported bills SB 579 and SB 619-624 allowing libraries to keep their millage dollars safe from tax capture await a hearing in the House Tax Policy Committee. Committee Chair Jeff Farrington (R-Utica) has committed to giving the bills a hearing this year. We remain optimistic they could be voted out of committee and onto the House floor. Watch for a call to action once they are in the House.

New Bill Would Impact Local Taxes

A new Senate Bill 960 would give a tax break to select companies reducing both State School Aid Fund revenue and local property tax revenue. SB 960 was reported out of the Senate Finance Committee to the Senate Floor last week. It is likely the House will not take up this legislation this year. Michigan Treasury along with local government organizations and school organizations oppose the legislation. The potential cost of this bill to communities could be severe. Not only will it have an immediate impact, but the prevailing thought is that many companies will switch to a 501(c)3 to take advantage of the tax break, which could have an even larger impact.

Penal Fines Bill Passes Senate

Earlier this year MLA and GCSI met with bill sponsors of HB 4651 which amended the motor vehicle code making it a misdemeanor to drive a motorcycle without an endorsement. As a result, the section of the bill that would have funneled a portion of the penal fines to purposes other than library support was removed. We explained how important it was that those fines remain dedicated to libraries.

This bill increases the maximum fine from \$100 to \$500 for a first violation and up to \$1,000 for

repeat violations. Any associated increase in fine revenue would be dedicated to public libraries. The bill passed the Senate and is headed for the governor's signature.

This bill was the first of three recent attempts to divert penal fines. MLA and GCSI are watching carefully for these assaults on library funding.

Tax Tribunal and Big Box Store Legislation Stuck in Senate Committee

HB 5578 sponsored by Sen. Dave Maturen (R-Portage) would impact highest and best use and restrictive covenants, two of the most controversial and potentially harmful features in the tax tribunal's practice of lowering assessments for big box stores and utilities across the state. The Michigan Tax Tribunal continues to reduce tax obligations allowing thriving big box stores to be taxed at the same rate as closed-down, abandoned stores.

Some libraries have been forced to pay back thousands of dollars in tax revenue causing extensive hardship for a number of libraries. Northern Michigan University students produced a documentary on the issue. It can be viewed at <http://wnmuvideo.nmu.edu/video/2365831820>

The bill passed the House and is now in Senate Finance Committee.

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