MICHIGAN ASSOCIATION OF COUNTIES

935 North Washington Avenue
Lansing, MI 48906
517/372-5374 Fax 517/482-4599
www.micounties.org

TIMOTHY K. McGUIRE, Executive Director

Michigan Association of Counties 2009-2010 Legislative Priorities

1) **Revenue Sharing**- The governor and legislature made a promise to fund county revenue sharing as counties exhaust the reserve accounts established when they gave up revenue sharing temporarily to help the state with its current budget problem. This began with restoration of revenue sharing payments for Tuscola County in fiscal year 2008. *MAC urges the legislature and governor to continue to live up to this important promise and continue providing revenue sharing payments to the next slate of counties in fiscal years 2010 and 2011.*

2) **Department of Human Services/Children's Rights Lawsuit Settlement**- The Department of Human Services (DHS) entered into a lawsuit settlement with a group called Children's Rights regarding the department's handling of foster care. As a result, the department has promised county money without county consent in at least one measureable area, relative placement. Currently, DHS places children with relatives in unlicensed settings which are paid for by the state only, no county money is involved. As a result of the lawsuit settlement, those placements must be licensed and therefore be half the fiscal responsibility of the county Child Care Fund. County commissions could be on the hook to the tune of more than $32 million statewide, becoming the funding solution to a policy problem they did not create. MAC has identified the money to hold counties harmless from this lawsuit settlement, and is working with legislators to bring this issue to the fore in the DHS budget process. *Since we were not invited to be at the table for the settlement, counties should not be held financially responsible for the department's obligations. Funds should be provided to hold the county-side of the department's settlement agreement and rectification harmless.*

3) **Sentencing Guidelines**- As the state's attempts to save dollars through the corrections system, counties' jails face overcrowding, with over 80% at or over capacity. Many counties have laid off deputy sheriffs which provide secondary road patrol in favor of using those funds to meet their constitutional obligation to operate their jail. *Shifting the sentencing guidelines in a manner which results in more offenders heading to county jail or other local sentencing is a major concern for counties and can exacerbate an already difficult situation. MAC does not support this policy, without being held harmless with regards to funding.*

4) **Economic Development Tools**- Currently counties are at the whim of cities, townships and villages (CTVs) with regards to the implementation of economic development tools. While counties have opt-out provisions for DDAs, TIFAs, and LDFAs that have been created after 1994, capture districts implemented before that continue to capture county revenue, with no consent by the county. These tools can be extended, essentially forever, with no county input. Additionally, some renaissance zones, enterprise zones and other assorted economic development tools are created by CTVs. and only allow public comment period for counties. Even over a county's objection in these comment periods, the CTV can abate county property taxes. *MAC believes that counties should be able to offer economic development incentives without waiting for CTVs, and conversely, counties should be able to opt out of revenue capture or exemption independently of them.*

5) **Property Tax Caps**- Counties and other local units of government have been subject to property tax limitations since 1978. These units cannot increase property taxes above the rate of inflation (or 5%, whichever is less) from one year to the next. Since 1994, any growth, community-wide, above the rate of inflation, triggers a property tax rollback. These protections have treated Michigan's citizens very well for the past 30 years. Currently, while property values have been falling, it is important for the Legislature to realize the cost of providing essential services increases annually. *Any proposed change to our current property tax structure (for example. "Supercap ") needs to carefully consider the impact on providing critical services. It is important to hold local units of government harmless.*

6) **Increase in Private Foster Care Daily Rate**- The governor has recommended increasing the daily payment to private foster care agencies by roughly a third. The daily rate for an agency supervising a foster care case (not the home itself) is $27 per day. The governor recommends an increase of $10 per day, citing the Department of Human Services lawsuit settlement with Children's Rights as the reason. Unfortunately, no numbers have been available on how many private vs. state workers need to be hired. MAC opposes this very unscientific attempt to increase costs on both counties and the state with no apparent proven effect to the benefit of children in Michigan. *As the state wrestles with a budget deficit, an increase to private foster care agencies remains unwise in both FY2009 and FY2010.*

7) **County Jail Reimbursement Program**- MAC has worked to assist the Department of Corrections for over ten years in diverting felons from prison by housing them in county jails for a fee. This fee is considerably less than it costs to house prisoners in state facilities. *MAC believes this program is working well and wishes to continue its progress in helping the state save resources while maintaining current eligibility requirements.*

8) **Court Funding**- While the court system in Michigan is one that is state based, it is largely county funded, with little, if any say by counties in court operations. A study of 27 counties in 2006 showed that while those counties were required to spend over $183 million in court funding costs, the state reimbursed only 52%, or $95 million (including salaries for judges). The numbers would be a much larger scale for all 83 counties. *MAC urges the legislature and governor to begin the process of bringing Michigan 's system of Court Funding back to the state.*

9) **Payment in Lieu of Taxes (PILT)**- Counties with large tracts of DNR owned property rely on PILT to help fund essential services. This funding source for locals has been targeted for cuts in years past, and it needs to be protected. Counties should also have the option of vetoing state land purchases in their jurisdiction. *If property is coming off the tax rolls and the state cannot adequately pay its property taxes, locals should have the right to refuse these purchases.*

10) **Out of State Placement of Juveniles**- Last session, bills were introduced that would have discontinued state funding for court placements of juvenile justice wards out-of-state, leaving the county on the hook for the entire cost. Of about 15,000 total juvenile justice wards, only about 350 are placed out-of-state. Judges are mandated to place children "in the child's best interest," but the bills attempted to make in-state placements more financially attractive by eliminating the state funding for those children placed out-of-state. In short, the bills would have shifted an estimated $5.6 million (the state half of a total $11 million) to counties, while actually incentivizing judges to eliminate placement options which may be in the best interest of the children they serve. *MAC expects the issue to reappear this session and will continue to oppose it.*

11) **Creation of Road Commission Districts**- Currently county road commissioners are selected via appointment or election, but all represent the county at large. In many cases all three or five road commissioners reside in the same geographic location in the county. *Allowing for the county to*

create road commission districts would ensure that every part of the county would receive the proper representation and attention to the care of their roads.

12) **Protection of Liquor Tax Revenue**- In past budget cycles, there have been attempts to "raid" the convention facilities fund, or liquor tax revenue. *Counties rely on this source of revenue for substance abuse programs, among other sources, and would oppose utilizing this method to balance the budget.*

13) **Greater Discretion in Setting County Fees**- Most fees for county programs are set in state statute even though the state does nothing *to* manage the programs. *MAC believes that fees for county programs and services should be set by county boards of commissioners, not to exceed the cost of doing business.*

14) **E-911 funding**- Counties achieved parity for providers and stability for counties in regard to 911 fees in the last session. *We need to make sure the projected revenues match up with actual revenues for* 911 *services.* Early indications show some trouble in some counties with regards to revenues set by the Michigan Public Service Commission. *MAC will continue to monitor this situation and will work to correct any unintended revenue shortfalls.*

15) **Transportation Funding**- Last year, the Transportation Funding Task force made several recommendations to maintain and improve Michigan's infrastructure. These critical recommendations are targeting economic development opportunities and safety issues for this state, through revisions to the various funding mechanisms for all modes of transportation. *MAC supports the recommendations made in this report and encourages its implementation.*

16) **Four Year Terms for County Commissioners**- This issue has been part of MAC's platform for years and could be a cost savings for taxpayers by reducing election costs. Other county officers serve 4 year terms of office, and this proposal is consistent with that. Provisions to protect conflict with the two year term of office for State Representatives could be addressed. *For better consistency in representation, and saving on election cost, MAC supports* 4 *year terms for county commissioners.*

17) **Ad Valorem Taxation of Manufactured Housing**- Currently manufactured houses in parks only pay $3 per month in lieu of property taxes. *MAC encourages the legislature to make a move to place these homes on the ad valorem tax rolls.*