NEW EMERGENCY MANAGER LAW: Voters repealed PA 4 of 2011 through a referendum in November, and then the Legislature and the Snyder administration moved swiftly to replace it with Act 436 of 2012 (SB0865). Most of the old PA 4 remains in the legislation, however, the big change is to allow the local government or school district in a financial emergency to choose how to handle it. Troubled governments could opt for a consent agreement with the state, mediation, a state-appointed emergency manager or Chapter 9 bankruptcy with permission from the governor. Unlike PA 4, the new law includes funding (to pay for the emergency managers’ salaries and benefits), so PA 436 cannot be subject to referendum.

PERSONAL PROPERTY TAX OVERHAULED: By 2021, the hated personal property tax will no longer exist for businesses that have industrial personal property. And starting in 2014, businesses with a total of $40,000 in commercial and industrial personal property in any one jurisdiction will no longer have to pay the PPT on it to that jurisdiction. But all that would be scuttled if voters in August 2014 reject the linchpin of the proposal to divert a portion of use tax revenues to offset 80 percent of the lost revenue for those local governments whose losses were equal to 2.3 percent or more of their total property tax revenues. Schools were generally held harmless under the legislation, but one major unknown is how the redirection of one-sixth to one-quarter of use tax revenues will affect programs dependent on the general fund. But all that would be scuttled if voters in August 2014 reject the linchpin of the proposal to divert a portion of use tax revenues to offset 80 percent of the lost revenue for those local governments whose losses were equal to 2.3 percent or more of their total property tax revenues. Schools were generally held harmless under the legislation, but one major unknown is how the redirection of one-sixth to one-quarter of use tax revenues will affect programs dependent on the general fund. The legislation ends a long-loathed tax among the state’s manufacturers, which said it served as a disincentive to buying new equipment (PAs 397-408; SB1065, SB1066, SB1067, SB1068, SB1069, SB1070, SB1071, HB6022, HB6023, HB6024, HB6025, HB6026). Utilities and larger commercial businesses will continue to pay the tax, however.

ROAD AGENCIES BEST PRACTICES: Local governments’ receipt of their road funds from the state would be contingent on them following certain best practices, namely limiting how much they spend on employee benefits. (HB5301, HB5302, HB5313 - PA466, PA 506 and PA 507).

SB0409, PA 597 PENSION TAX (Hansen) Exempts from the income tax retirement or pension benefits from employment with a governmental agency not covered by the federal Social Security Act.
SB0802, PA 536 STATE TRANSPARENCY (Colbeck) Creates financial reporting website for state departments.
SB1021, PA 603 PAYMENT IN LIEU OF TAXES (Casperson) Increases payment in lieu of taxes on certain state-owned land and prohibits prorated payments.
SB1022, PA 604 PAYMENT IN LIEU OF TAXES (Booher) Revises payment in lieu of taxes on certain state-owned land.
SB1337, PA 573 SALES TAX EXEMPTIONS (Jansen) Clarify exemptions for fund-raising by nonprofits and charities.
SB0972, PA 482 PAST DUE PROPERTY TAXES (Hildenbrand) Requires property tax bills to include past due amounts owed.
SB1148, PA 490 TAX ABATEMENTS (Caswell) Provide an exception for plant rehabilitation tax abatements for certain local governmental units.
HB4753, PA 497 PROPERTY CAP (Pettalia) Retains assessment cap on property if transferred to immediate family member and use does not change.
HB5557, PA 510 DOWNTOWN DEVELOPMENT AUTHORITIES (O’Brien) Modify capture of certain taxes of downtown development authorities.
HB4446, PA 524 PRINCIPAL RESIDENCE (O’Brien) Provides for filing deadline and proration exemption for principal residence.
SB0021, PA 535 STATE EXPENDITURES (Schuitemaker) Requires creation of online, searchable database of state expenditures.
SB1281, PA 440 PAYROLL DEBIT CARD (Booher) Revise the definition of payroll debit card permitted issuers.
HB5196, PA 423 PUBLIC EMPLOYEE COMPENSATION PACKAGES (McMillin) Require posting of details of compensation package and severance payment agreements for highly compensated employees.
HB5839, PA 431 DELINQUENT PROPERTY TAX (Knollenberg) Eliminates county treasurer’s collection of a commission on delinquent property taxes.
HB5047, PA 461 PROPERTY TAX (Haugh) Allow county treasurers use of computerized database as tax roll.
HB5220, PA 463 PROPERTY TAX SETTLEMENT CONFERENCE (Knollenberg) Require informal settlement conference if requested by petitioner.