CITY OF Springfield

June 7, 2021

The Honorable Representative Matt Hall, Chair and
Members of the House Tax Policy Committee
P.O. Box 30014
Lansing, MI 48909-7514

Dear Chairman Hall,

The City of Springfield has been made aware of House Bill 4513 that is before your committee. If this bill is passed it will eliminate the ability of municipalities such as Springfield to levy a local income tax for **non-residents** who work within our municipal borders but reside elsewhere. Please accept this correspondence as justification for Springfield's **objection** to HB 4513.

The City of Springfield receives nearly $400,000 annually in non-resident income tax revenue. This $400,000 loss is equivalent to 40% of Springfield's total income tax revenue. At the local level, non-resident income taxes are levied to reduce the tax burden on residents by having non-residents that work in the city and regularly use city services (infrastructure, public safety, infrastructure maintenance) to pay for those services that they benefit from. Local municipalities in Michigan are already struggling from restrictive property tax growth limitations from the State coupled with continued aftermath from the 2008 housing crash, rising pension and OPEB costs, impacts from COVID-19 lockdowns, and significant reductions in state shared revenue over the last two decades.

One more elimination of local governments' ability to collect revenue in Michigan would be devastating to hundreds of thousands of Michigan residents whose communities rely on this revenue stream to provide basic services and necessary infrastructure improvements. If the bill becomes law, it will be one more nail in the coffin for local governments in Michigan.

If you have any questions, I can be reached by e-mail at vdavis@springfieldmich.com, or by calling (269) 441-9271.

Sincerely,

Vester Davis, Jr.
City Manager

CC: The Honorable Members of the House Tax Policy Committee
        The Honorable Representative Jim Haadsma
        The Honorable Senator John Bizon
        Committee Clerk Taylor Thrush