



110 W. Michigan Ave., Suite 200  
Lansing, MI 48933  
517-372-5374 Fax 517-482-4599  
www.micounties.org  
Stephan W. Currie, Executive Director

May 8, 2018

Chair Laura Cox and Members of the House Appropriations Committee  
124 N. Capitol Ave.  
Lansing, MI 48933

Dear Chair Cox and Members of the Committee,

The Michigan Association of Counties, representing the state's 83 county governments, wishes to explain its views on House Bill 5908 by Rep. Rob VerHeulen (R-Kent) which would alter Personal Property Tax (PPT) reimbursements to local units of government.

Since 2014, when MAC joined state and local government leaders in convincing Michigan voters to phase out the PPT, we have worked together to develop a system by which to ensure PPT reimbursements are distributed in line with the letter and intent of Proposal A of 2014. MAC recognizes that the current distribution model does not compensate for lost growth and MAC agrees that a new distribution model is appropriate. However, we remain concerned that changes in the distribution models as proposed could create significant winners and losers among our member counties.

Our primary concern has always been that local units of government be able to receive actual reimbursements for losses incurred. Tier 3 funds exist due to the inability of local units to realize growth without it adversely impacting their reimbursements under the current formula. Communities seeing any PPT growth are penalized by the current formula by requiring offsetting reimbursements from the state on their PPT losses. For example, Tuscola County receives no reimbursement under any tier because of numerous new wind turbines added there since 2015. As you are aware, Tuscola is a small county with a small General Fund and this dynamic has effectively produced stagnant revenue growth when combined with other tax policy growth limitations.

MAC is highly appreciative of Rep. VerHeulen's diligence and collegiality in developing this legislation and working to fix a long outstanding concern of MAC. Because of the concerns outlined above, though, MAC will continue to stay engaged in the process and with Rep. VerHeulen, but is presently taking a neutral stance on the legislation.

We appreciate the administration's and the House's commitment to continue to dedicate this revenue to local governments.

Respectfully,

Deena Bosworth  
Director of Governmental Affairs

DB/drm