



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bills 6022, 6024, 6025, and 6026 (as passed by the House)
Sponsor: Representative Jud Gilbert, II
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 12-11-12

CONTENT

House Bill 6022 would amend the Metropolitan Extension Telecommunications Rights-of-Way Oversight (METRO) Act to transfer responsibilities of the METRO Authority to the Metropolitan Areas Metropolitan Authority (proposed by House Bill 6025). The bill also would amend the Act's definition of "provider" to include an internet service provider that provides a telecommunication service.

House Bill 6024 would enact the "Local Unit of Government Essential Services Special Assessment Act" to allow a local unit's legislative body to propose that a portion of the cost of essential services be defrayed by a special assessment on industrial real property.

House Bill 6025 would enact the "Michigan Metropolitan Areas Metropolitan Authority Act" to create that Authority as a metropolitan government; create the Metropolitan Areas Council to exercise the powers of the Authority; specify the purposes of the Act and allow the Authority to do all things necessary to implement the Act; and allow the Authority to exercise its powers throughout the State.

House Bill 6026 would amend the Use Tax Act, which levies the use tax at a rate equal to 6% of the price of the property or services specified in the Act, to refer to the "total" rate.

A more detailed description of all of the bills, except House Bill 6026, follows.

House Bill 6022

The Metropolitan Extension Telecommunications Rights-of-Way Oversight Authority was established within the Department of Licensing and Regulatory Affairs to coordinate public right-of-way matters with municipalities and assess fees required under the METRO Act. The Authority has the exclusive power to assess fees on telecommunications providers owning facilities in public rights-of-way within a municipality in a metropolitan area to recover the costs of the providers' use of the rights-of-way. Providers must pay maintenance fees to the Authority, and municipalities may receive fee-sharing payments if they comply with the Act. "Metropolitan area" means one or more municipalities (cities, villages, or townships) located, in whole or in part, within a county having a population of 10,000 or more, or a municipality that enacts an ordinance or resolution electing to be classified as part of a metropolitan area.

The bill would delete provisions of the Act establishing the METRO Authority, and would abolish that Authority on October 1, 2013. On that date, the powers, duties, functions, and responsibilities of the METRO Authority would be transferred to the proposed Metropolitan Areas Metropolitan Authority. All records, property, grants, and unspent balances of appropriations, allocations, and other funds of the METRO Authority also would be transferred to the Metropolitan Areas Metropolitan Authority. The Department Director would have to provide executive direction and supervision for the implementation of these transfers.

The Department Director also would have to coordinate with the executive director of the METRO Authority to facilitate the transfers, as well as develop and issue a memorandum of record identifying any pending settlements, issues of compliance with applicable Federal and State laws and regulations, or other obligations resolved by the METRO Authority before the transfers.

Any suit, action, or other proceeding lawfully commenced by, against, or before any entity affected by the transfers would not abate due to the transfers. Any suit, action, or other proceeding could be maintained by, against, or before the appropriate successor of any entity affected by the transfers.

All rules, regulations, orders, contracts, and agreements relating to the METRO Authority or the transferred powers, duties, functions, and responsibilities lawfully adopted before October 1, 2013, would continue in effect until revised, amended, repealed, or rescinded by the Metropolitan Areas Metropolitan Authority unless prohibited by law.

House Bill 6024

The bill would allow the legislative body of a local unit of government, by resolution, to propose that a portion of the cost for provision of essential services be defrayed by a special assessment levied on certain industrial real property in the local unit, which property was especially benefited by the provision of the essential services.

"Local unit of government" would mean a county, township, or city.

"Essential services" would mean all of the following:

- Ambulance services.
- Fire services.
- Police services.

"Industrial real property" would mean real property classified as industrial real property under the General Property Tax Act.

House Bill 6025

Purpose

The stated purpose of the proposed Michigan Metropolitan Areas Metropolitan Authority Act would be to do all of the following:

- Provide broad and flexible authorization for the establishment of new forms of government for metropolitan areas throughout the State.
- Facilitate the provision of vital local governmental services in metropolitan areas throughout the State, including police and fire protection services.
- Encourage the introduction of new forms of metropolitan government.
- Improve the opportunities for more effective and efficient provision of governmental services.
- Establish an authority to perform multipurpose functions.

- Promote the public health, safety, welfare, convenience, and prosperity of the State and its metropolitan areas.

Creation of Authority

The Metropolitan Areas Metropolitan Authority would be established as a metropolitan government under Article VII, Section 27 of the State Constitution. (That section permits the Legislature to establish in metropolitan areas additional forms of government or authorities with powers, duties, and jurisdictions as the Legislature provides.)

The Authority would be a public body corporate and a special authority. It would not be an agency or instrumentality of State government.

Property of the Authority and its income, activities, and operations would be exempt from all taxes and special assessments of the State or a political subdivision of the State.

The validity of the Authority's creation would be presumed unless questioned in an original action filed in the Court of Appeals within 60 days after the Authority was created. The Court would have original jurisdiction to hear the action, and would have to hear it in an expedited manner.

Creation of Council

The Metropolitan Areas Council would be established within the Authority and would be vested with the powers, duties, functions, and responsibilities of the Authority. The Council would consist of five residents of the State appointed by the Governor. At least three of the members would have to be residents of separate metropolitan areas within the State. An officer or employee of the State could not serve as a member.

Except as provided for initial appointments, Council members would be appointed for six-year terms. Members would serve without compensation but could be reimbursed by the Authority for necessary travel and expenses to the extent not prohibited by law and consistent with a reimbursement policy adopted by the Council.

Council members would be public servants subject to Public Act 317 of 1968 (which governs contracts between public servants and public entities), and any other applicable law with respect to conflicts of interest.

The Council would have to comply with the Open Meetings Act, adopt a schedule of regular meetings, and keep a record of each meeting. The Council also would have to do the following:

- Provide for a system of accounts for the Authority and obtain an annual audit of the Authority.
- Prepare and adopt a budget for the Authority.
- Adopt a procurement policy.

Authority Powers

Except as otherwise provided, the Authority could do all things necessary or convenient to implement the purposes, objectives, and provisions of the proposed Act and the purposes, objectives, and jurisdictions vested in the Authority by the Act or other law.

Among other things, the Authority could do the following:

- Enter into contracts, agreements, or instruments necessary, incidental, or convenient to the performance of its duties and exercise of its powers, with any person or entity.
- Apply for and receive loans, grants, guarantees, or other financial assistance from any source.

- Incur indebtedness as authorized by law.
- Invest money of the Authority.
- Collect data regarding intergovernmental cooperation and shared governmental services activities.
- Study the feasibility of intergovernmental cooperation activities.
- Promote joint endeavors, joint undertakings, cooperative agreements, municipal partnerships, or other forms of intergovernmental cooperation among public agencies in the State.

The powers, duties, functions, and responsibilities of the Authority could be exercised throughout the State.

MCL 484.3102 & 484.3103 (H.B. 6022)
205.93 & 205.222 (H.B. 6026)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

House Bill 6022

The bill would have no impact on State or local revenue, and no effect on local unit expenditures. The bill would likely have a negligible impact on State expenditures, given that it would transfer the responsibilities and functions of the Metropolitan Extension Telecommunications Rights-of-Way Oversight Authority to the Metropolitan Areas Metropolitan Authority proposed by House Bill 6025. However, House Bill 6022 is not tied to any bill, including House Bill 6025.

House Bill 6024

The bill would have no impact on State revenue or expenditures. It would increase local unit revenue by an unknown amount that would depend on the specific characteristics of affected local units. The bill would allow local units, by resolution, to propose a special assessment on industrial real property; the bill would not require a vote of the people for the assessment to be levied. Only cities, townships, and counties could levy the special assessment; villages would not be allowed to do so. While the bill indicates that the levy could pay a portion of the cost of essential services, the bill does not define a maximum portion or maximum millage rate, or limit the revenue that could be raised in any way. Based on the 2010 Census of State and Local Government Finances, local unit expenditures in Michigan on police and fire protection totaled slightly more than \$3.0 billion. (Data are not available on expenditures for ambulance services.) If a levy to pay for these police and fire expenditures were assessed on total real property, the millage rate would average 10.6 mills. If it were assessed only against industrial real property, the millage rate would average 191.5 mills. The mills for such an assessment would not be subject to millage limits placed on property taxes.

House Bill 6025

The bill would not affect existing State or local government revenue or expenditures. The bill would effectively create a new layer of local government, although that layer would span the State, and this new form of government would require revenue and have expenses. The magnitude of any revenue or expenses is unknown, as is any funding source for required revenue.

House Bill 6026

The bill would have no impact on State or local revenue or expenditures.

Fiscal Analyst: David Zin

S1112\6022sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.