Michigan Association of Mayors

Legislative Update
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We love where you live.
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100th Legislative Session – 1st Half Recap

- 47 Public Acts so far – fewest since 2007
- No – Fault Auto Insurance Reform
- Asset Forfeiture Reform
- Budget
- Roads
- Political Shifts
State Budget

- Revenue Sharing
  - Governor: 3% Constitutional ($27.5M), 3% Statutory ($7.7M)
  - Senate: 3% Constitutional, 0% Statutory
  - House: 3% Constitutional, 2.3% Statutory ($5.9M)
Environment, Great Lake and Energy Budget

- Drinking Water Protection and Innovation
  - $25M for Lead Pipe Removal
  - $30M for PFAS and Emerging Contaminates
  - $30M for Drinking Water Revolving Loan Fund Forgiveness
- $30M for SAW Grants
- $5M for Testing of Private Wells
Tax Policy & Economic Development

- Dark Stores reforms – HB 4025, HB 4047, SB 26, & SB 39
- Veteran's property tax exemption changes – HB 4176
- Personal Property Tax (PPT) - Oppose any erosion of tax base without reimbursement
  - HB 4268: Broadband equipment exemption
  - Utility & solar equipment exemptions
  - Heavy rental equipment exemption
- Reinstate state historic tax credit program – HB 4100 & SB 54
Lead and Copper

- July 26 – Court of Claims rejected the challenge to Michigan’s lead and copper rules for drinking water.

- This means:
  - The lawsuit filed to overturn the lead and copper rule was unsuccessful. Local communities and utilities will be expected to follow the lead and copper as written
  - An appeal to the decision is being discussed
In June, the Science Advisory Workgroup directed by Governor Whitmer presented new health-based values for PFAS contaminants to These health-based values were adopted by the Michigan PFAS Response Action Team and will be used to guide the rule-making process.

<table>
<thead>
<tr>
<th>Specific PFAS</th>
<th>Drinking Water Health-based Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>PFNA</td>
<td>6 ng/L (ppt)</td>
</tr>
<tr>
<td>PFOA</td>
<td>8 ng/L (ppt)</td>
</tr>
<tr>
<td>PFHxA</td>
<td>400,000 ng/L (ppt)</td>
</tr>
<tr>
<td>PFOS</td>
<td>16 ng/L (ppt)</td>
</tr>
<tr>
<td>PFHxS</td>
<td>51 ng/L (ppt)</td>
</tr>
<tr>
<td>PFBS</td>
<td>420 ng/L (ppt)</td>
</tr>
<tr>
<td>GenX</td>
<td>370 ng/L (ppt)</td>
</tr>
</tbody>
</table>
What’s next for PFAS?

• Stakeholder Listening Sessions – Thank you to communities that provided feedback!
• New regulatory drinking water standards to be developed and adopted by April 2020.
• The formal rule making process is set to begin in October.
Road Funding

Governor Proposes Bold Plan to Fix Michigan’s Roads

Three Key Tenets of the Proposal

1. Sustainable Long Term Solution
   Return State Roads to 90% Good and Fair Condition
   • Targeted Investment

2. Replace Diversion from the General Fund with Constitutionally Protected Revenues for Roads
   • Increases the Gas Tax by 45 Cents

3. Provide Tax Offset to Mitigate the Impact for Low Income Families
   • Doubles Earned Income Tax Credit
Road Funding

- Raises the Gas tax 45 Cents by October 2021
  - Phased-In Over 12 Months in Three 15-cent Increments
  - Increase Gas and Diesel Taxes from 26.3 cents to 71.3 cents
    - Index to Inflation
- Generates $2.5 billion in new Fuel Tax Revenue
- $2.137 Billion in New Road Funding
- New Funding Formula
  - Focuses Resources on the Most Highly-Traveled and Economically Important Roads
The Bottom Line

There Are No Easy Solutions

The Problem is Big

The Solution Required is Equally as Big

Significant **New Revenue** is Needed

Inaction No Longer an Option

Bold Action Is Required
Questions?