



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GRETCHEN WHITMER
GOVERNOR

GARLIN GILCHRIST II
LT. GOVERNOR

July 8, 2020

Michigan House of Representatives
State Capitol Building
Lansing, MI 48909-7514

Representatives,

Today I am returning Enrolled House Bills 5761 and 5810 to you without my approval.

I have heard from local governments, the K-12 community, and county and local treasurers from Southeast Michigan to the Upper Peninsula an overwhelming consensus that these bills create more problems than they solve. I agree. This legislation purports to delay summer 2020 taxes to May 2021, but in their practical application they would jeopardize the availability of credit to local units of government. More fundamentally, these bills suffer from fatal constitutional flaws.

Under this legislation, each county would be required to arrange for advance payments to “eligible local tax collecting units” (i.e. cities and towns within the county) for the amount of summer property taxes deferred. Counties would be required to either independently arrange for financing, or rely on the state for short-term, interest-free financing. The requirement that the state provide such financing blatantly violates article 9, section 18 of the Michigan Constitution of 1963—the prohibition on granting state credit except as provided in the constitution—by making the state the guarantor of county liabilities without receiving anything of value in return. And, absent state backing, the requirement that counties advance money to cities and towns to make up for deferred revenue would violate the *Headlee* amendments of article 9.

Moreover, by piling hundreds of millions in uncollected taxes onto county budgets, this legislation would jeopardize county treasurer borrowing for the Delinquent Tax Revolving Fund. Even if investors could tolerate the additional risk, the cost of borrowing would rise, leaving counties with unfunded liabilities and potential layoffs.

The financial strain created by COVID-19 is a serious problem that requires a serious solution. That is why our state has led the way getting unemployment benefits out to recipients, providing rental assistance, and partnering with financial institutions to provide mortgage-payment forbearance. Further, my administration has implemented the following programs to support Michigan businesses in this challenging time:

- \$100 million for the Michigan Small Business Restart Program (applications open July 15),
- \$15 million for the Michigan Agricultural Safety Grant (applications open July 15),
- \$3 million for the Tech Startup Stabilization Fund,



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- \$2 million for MEDC's Capital Access program,
- \$1.5 million for the Michigan Entrepreneur Resilience Fund, in partnership with Michigan Women Forward,
- and many more, which are listed in full at <https://www.michiganbusiness.org/about-medc/covid19>

States cannot weather this crisis without federal leadership. I am therefore reiterating my call for the Trump Administration and Congress to pass legislation providing additional resources for states and localities to address the budget shortfalls caused by the unprecedented COVID-19 public health crisis.

Respectfully,

A handwritten signature in blue ink, reading "Gretchen Whitmer".

Gretchen Whitmer
Governor