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City Leaders Call on State Legislature to Adopt COVID-19 Community Stabilization Plan

ANN ARBOR, Michigan – Municipal leaders across the state held a video news conference today to urge state lawmakers to adopt a Community Stabilization Plan that addresses the dire fiscal situation facing communities across the state due to the COVID-19 pandemic. The pandemic has caused a host of issues for local governments, including increased costs, decreased tax revenues, and challenges adhering to the Open Meetings Act while also maintaining social distancing protocols.

“No one could have foreseen the COVID-19 pandemic or planned for the scale of its impact across every sector of society. Local governments are on the front lines of this crisis,” said **Westland Mayor Bill Wild, president of the Michigan Municipal League Board of Trustees**. “The Community Stabilization plan we are presenting to lawmakers will ensure that local governments can continue providing the vital services our residents and businesses need and expect and keep us functioning efficiently as we work to defeat the pandemic.”

The news conference comes just days after Gov. Gretchen Whitmer called on state lawmakers to pass a \$100 million COVID-19 relief plan, along with other public health measures. The proposed Community Stabilization Plan, however, does not call for increases in tax revenues, but changes in policies that will ensure communities can continue collecting the revenue needed to provide essential public services.

The three pillars of the Community Stabilization Plan include:

- **Extend changes to the Open Meetings Act (OMA) that allow public bodies to conduct virtual meetings.** The Legislature approved in October a change to the OMA that allows public bodies to meet virtually through Dec. 31, 2020. It is clear that the virus will continue to be a public health crisis throughout Michigan well past this deadline.

If legislative action is not taken to extend the deadline into next year, local government and all public bodies will be forced to choose between violating OMA requirements, or not following Michigan Department of Health and Human Services (MDHHS) gathering limits. This puts municipalities at risk of

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being sued for OMA violations or slapped with fines for disregarding MDHHS orders and putting their board members and community volunteers at risk from exposure to the virus.

- **Prevent local income tax losses that will devastate revenues in Michigan’s 24 income tax cities.** A significant number of employees have spent the past nine months working from home. Current state law does not allow municipalities to collect local income taxes from these workers on days they are not working in their employer’s physical location. Combined with losses in tax collection from unemployment income for local governments—a restriction federal and state governments do not suffer—the Treasury Department estimates Michigan’s 24 local income tax communities will lose up to \$250 million in revenue this year alone. This represents up to 30 percent of income tax revenues among these 24 cities.

The Community Stabilization Plan calls on the Legislature to pass a law that allows the state’s 24 income tax communities to continue collecting income taxes as if COVID-19 did not happen. This law would be modeled after [a measure Ohio’s Legislature recently passed to protect their communities](#).

- **Address property tax losses caused by the interaction of Proposal A and the Headlee Amendment.** COVID-19 is causing the permanent closure of businesses and reducing occupancy for retail and commercial office space across Michigan, which could lead to reduced property values—and therefore cuts to property tax revenue—in every single community. As we learned from the Great Recession, the fiscal impact to local governments that result from declines in property values caused by the pandemic will become permanent due to the unintended interactions between Proposal A and Headlee.

The Community Stabilization Plan calls for the Legislature to restore Headlee’s original allowance for upward and downward fluctuations in millage rates based on actual inflationary activity and allow communities to truly benefit from increases in real estate values. This change will allow Proposal A and Headlee to work as intended by limiting existing millage and value growth to inflation, but allow for the economic catch up after sales.

Additional Quotes:

“The Community Stabilization Plan will ensure our communities can quickly recover from the pandemic and have the resources we need to provide police, fire, road maintenance and other vital services that impact the quality of life our residents and businesses expect and deserve. It’s critical that the legislature takes up this issue before the end of this year,” said **Grand Rapids Mayor Rosalynn Bliss, chair of the Urban Core Mayors**.

“As a business owner, I rely on local government to provide efficient and effective services, but for me, and others like me, to maximize our success, we need Bay City, and other communities across Michigan, to be great places to live. As this pandemic threatens to drastically impact city budgets across Michigan, Michigan lawmakers need to act quickly to pass a Community Stabilization Plan. Without action, the quality-of-life opportunities business and places need to be successful won’t be realized,” said **Dan Dimitroff, a partner with Bay City property development and management company RDS Management**.

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“Life for the past nine months has been completely upended because of this virus, and if the Legislature does not work together to pass the Community Stabilization Plan, then the financial impact to cities across the state will be felt long after it’s gone. Without legislative action, the impact to parks, public safety, and local roads will be yet another tragedy felt by the virus,” said **Port Huron Mayor Pauline Repp, president of the Michigan Association of Mayors.**

“There is no way to sugar coat it. The projected revenue losses caused by COVID-19 will put communities across the state in serious financial trouble. Without a Community Stabilization Plan, cities will be forced into job cuts and the quality and frequency of local services will be felt deeply. It’s critical that lawmakers work together to help us recover from the virus,” said **Michigan State University Professor and municipal finance expert Dr. Eric Scorsone.**

For more information contact, Matt Bach of the Michigan Municipal League at 810-874-1073, and mbach@mml.org.

Michigan Municipal League is dedicated to making Michigan’s communities better by thoughtfully innovating programs, energetically connecting ideas and people, actively serving members with resources and services, and passionately inspiring positive change for Michigan’s greatest centers of potential: its communities. The League advocates on behalf of its member communities in Lansing, Washington, D.C., and the courts; provides educational opportunities for elected and appointed municipal officials; and assists municipal leaders in administering services to their communities through League programs and services. Learn more at mml.org.

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