

**GRAND VALLEY METROPOLITAN COUNCIL
LEGISLATIVE COMMITTEE MEETING**

**February 9, 2005
8:30 a.m.**

40 Pearl St. NW Ste. 410
Grand Rapids, MI 49503

MINUTES

1. Call To Order

The meeting was called to order at 8:35 by Vice Chairman Rick Root.

Present:

Marta Bechting	Alpine Township
Jim Beelen	Allendale Township
Andy Bowman	Grand Valley Metro Council
Annette Guilfoyle	City of Grand Rapids
Don Hilton	Gaines Township
Bill Holland	Georgetown Township
Abed Itani	Grand Valley Metro Council
Gayle McCrath	Grand Valley Metro Council
Jim Miedema	Jamestown Township
Deborah Nier	City of Wayland
Steven Patrick	City of Coopersville
Jon Rice	Kent County Road Commission
Rick Root	City of Kentwood
Kent Rubely	Ottawa County
Don Stypula	Grand Valley Metro Council
Steve Warren	Kent County Road Commission
Bill Wiersma	Tallmadge Township

2. Approval of Minutes

MOTION - To approve the minutes of the January, 2005 GVMC Legislative Committee meeting. MOVE – Hilton. SUPPORT – Root. MOTION CARRIED.

3. Discussion of GVMC 2005-2006 Legislative Priorities – Motor Fuels Tax / Act 51 Funding Formula

Don Stypula opened the discussion regarding Act 51 funding. He referred to the current language regarding GVMC's position which calls for "Equitable distribution of funds. Any increase in taxes (example: diesel fuel tax) should be subject to the Act 51 distribution formula".

Mr. Stypula indicated he had received notification that GVMC's position did not match MTA's. He asked those representing townships to speak regarding their concerns with the language.

Don Hilton stated that with township government being so widespread (covering populations from 15 – 90,000) it makes it difficult to have an all inclusive policy that fits everyone's needs, especially for those which are so large they look and act like cities. If there are any new dollars in the pipeline, townships would like a share of those. We would not necessarily want to dump Act 51, however, some would like to take over their own. It is difficult for more populated townships wanting to take over their responsibilities without having to become a city.

Jim Beelen stated he wanted to make sure the MTA and GVMC positions have common ground for the sake of consistency. Some townships have bad relationships with their road commissions.

Don Stypula stated he wanted to play around with different language through out the next month and bring back to the committee wording next month.

Jon Rice stated he clearly understood the township position, however he personally did not see the disconnect in this area with the townships. If a township has problems with our services, we need to sit down together and see if we can rectify the situation. The Kent County Road Commission is doing a good job with its relationships, and if we (the Legislative Committee) set up a position to stay in formula, the Commission will support that. There is no dispute there needs to be a tax increase.

The 2004 Census has redrawn the Urban Boundary and a lot more roads are being added to the system, but the total pot of money has stayed the same, resulting is 20% less for urban primaries than in 2003. This is a major concern for the Road Commission, which will be lobbying from the urban side to add equity to the formula first.

If this group goes to the legislature with a position, and the county road commissions and MTA are in opposition, it will make it very easy for the legislature to do nothing. MTA and CRAM needs to sit down and discuss how things should be divvied up only after an increase happens. The road commissions have supported legislation which would give the option for townships of a certain size to take on their own roads, and it has supported lowering the population limit from 50,000 to 15,000 or 20,000. Each township needs to look at it individually and see if it is cost effective for them.

The first step should be for GVMC, MTA, and CRAM to support an increase in the tax. After that is passed, then the MTA and CRAM need to work together on changing the formula if it is still a major issue, or at least lowering the population levels on the “permissive” legislation.

Kent Rubely stated Ottawa County currently supplements our road commission by about 20% from the general fund. One thought is that a portion of the local monies could be set aside for townships to control. The townships have to decide if they want to take over everything, including the liability, or do they just want to direct some of the funds.

Jim Beelen stated that there were problems with some larger townships. He asked whether it was possible for CRAM to put pressure on those road commissions, as it seems a few bad apples are spoiling the bunch.

Don Stypula stated bill #4197 would bring the population level down to 15,000 to permit a township to take over its roads.

Mr. Stypula stated he would put together some generic language regarding the need for additional funding while not addressing specific language that would put the MTA and CRAM at loggerheads.

Annette Guilfoyle stated that the Chamber of Commerce would be at odds with any position which would call for a tax increase. She stated that we needed to work collaboratively with them on the language as we don't stand a chance if we are at odds with the Chamber. Ms. Guilfoyle also suggested GVMC look at the bonding idea which has emerged from the Governor's office.

Don Hilton reported that the issue regarding townships and the gas tax came out of the Supervisors' Association and although they consider the same issues, it doesn't speak for the MTA.

Rick Root stated that the MML also has a position. On every issue there are winners and losers, and it might be impossible to get every organization on the same page. He asked if everyone was in agreement on the need for additional funding.

Jon Rice stated that nothing can happen without additional funding. We need to be 100% in favor of increased gas tax for anything to happen. The legislature is very fragile. If we are not on the same page, it will be easy for them to reject.

Abed Itani stated that Act 51 won't be readdressed until the reconvene of the Asset Management Council. We should focus on additional revenues first.

Don Stypula stated we needed to interface with the Chamber and reach a consensus and go together to lobby. Mr. Stypula also stated that the MML's policy had a twist that stated if there was an increase in the motor fuel tax, a portion needs to go to communities which are having trouble with snow removal.

Don Hilton stated that the MTA needs to address the concerns of the largest townships. While we may be able to get a consensus amongst GVMC members, it wouldn't necessarily spread across the state to include all MTA members.

Jon Rice stated that as long as there is legislation with language that permits townships to take over their roads under specified circumstances, and the townships in this area have a good relationship with the Road Commission, we should be able to agree that we want an increase.

Abed Itani stated that CRAM and MTA should sit down and address the process.

Don Stypula stated that over the next month he would talk with the Grand Rapids Area Chamber and the Michigan Chamber and see what direction they are going in and then put together some draft language.

Jon Rice reported that in the past, the local Chamber hasn't taken a position on a fuel tax increase; however they probably wouldn't support an increase.

Rick Root stated that it sounds like we support a tax increase; however we may never have a complete consensus on the other. In that respect, each entity may defer to their own organization.

4. Legal Threat to the Michigan Natural Resources Trust Fund

Don Stypula discussed the Michigan National Resources Trust Fund. He stated that at this point, our discussion may be moot as those pursuing court action needed GVMC's approval by Friday, which is impossible.

Mr. Stypula explained a recent ruling by the Michigan Court of Appeals could threaten the very existence of the Michigan Natural Resources Trust Fund (NRTF), which provides grant funding to counties and local units for the acquisition of park land and the development of park facilities.

This complicated Court of Appeals decision (Comben vs. State of Michigan) is based upon land transactions dating back to statehood. Our state forests, state parks and wildlife areas are largely comprised of lands that were acquired through the tax reversion process. The state through the instruction of the Legislature retained the mineral rights to the

properties that it received through the tax reversion process even when the surface rights were sold. These mineral rights were leased for oil and gas development. The royalties from these leases have, for years, flowed into the Michigan Natural Resources Trust Fund and the State Park Endowment Fund. Almost \$1 billion has been deposited into these funds since their creation and in turn the dollars have been granted to local communities and the state for land acquisition and park development. For instance, since its inception in 1978, the NRTF has provided more than \$40 million in funding to counties and communities in the GVMC region for acquisition of park lands and development of park and recreation projects.

The Appeals Court decision brings into question the state's right to obtain oil and gas rights through the tax foreclosure process. The plaintiffs claim these mineral rights cannot be lost through tax foreclosure – and that the court should order the state to deed back those rights and pay them all royalties the state has received on those properties. The Court of Appeals agreed with the plaintiffs. If the Appeals Court decision stands, it could cost Michigan's taxpayers hundred of millions of dollars, potentially destroy the funds, and cost counties and communities in the Grand Valley region potentially millions of dollars in lost grant opportunities for future land acquisition and park development projects.

Discussion ensued.

It was determined that if GVMC took a position, it could send a resolution of support at the time the action is taken up.

There were questions regarding who the plaintiffs were, and to whom the mineral rights belonged. Were the mineral rights sold to third parties before the land reverted to the State; or were they mineral rights tied to the land at the time the State took possession? GVMC's position would highly depend on the answer to this question.

Don Stypula stated he would bring back language after additional study.

Annette Guilfoyle stated the City of Grand Rapids would not support a resolution for illegal retainment of mineral rights, but if it was a broader reversion of current contract law, she would want a resolution taken to the GVMC Board as soon as possible.

Don Stypula stated he would interface with the MML and MTA and get more information to see how broad or narrow the interpretation is, and then communicate that information to all members before the next meeting.

5. Other

Annette Guilfoyle reported the committee may want to watch carefully the legal battle to

block the State's ability to do a take over of the City of Detroit. Historically, whenever Detroit is in trouble, we all pay.

The Conference of Mayors' analysis of the proposed budget shows a huge hit to Amtrak, police, homeland security, block grants, medicade, special funding to schools, energy grants, and more. The City of Grand Rapids is looking at a \$130 million shortfall over the next 5 years.

Abed Itani reported that the overall transportation budget per the President's proposal is in place with only a 1% decrease from last year. Ehlers' and Hoekstra's offices are encouraged about T21. It could be approved within two months and have an increase of 11% over the original proposal (\$256 vs. \$284 billion).

6. Adjourn

The meeting was adjourned at 9:49 a.m.