



December 22, 2020

The Honorable Gretchen Whitmer, Governor  
State of Michigan  
111 South Capitol Avenue  
Lansing, Michigan 48933



michigan municipal league

Governor Whitmer,

Michigan's local governments, like the state itself, are in a perilous financial situation due to COVID-19. These circumstances hamper our members' ability to deliver the vital frontline services Michigan residents depend upon to effectively combat the virus and maintain operations, services and programming.

Senate Bills 1149, 1150, and 1153 would provide sales/use tax and personal property tax (PPT) exemptions to large retailers who are installing and utilizing automation equipment to assist with their distribution systems.



What the bills don't do is provide any replacement revenue for local governments that rely on the taxes derived from this equipment to provide services—unlike the law currently in place for eligible manufacturing personal property that reimburses local governments and schools 100 percent for their losses. The continued exemptions without any replacement of existing revenue affects local government revenues and the services our residents rely upon. When similar exemptions such as these are sought, they should be treated the same.

While language has been included to apply these exemptions prospectively, it does not hold harmless those local governments or the public services they are still required to provide. Should any equipment require repair or replacement on Jan. 2, 2021 in such a facility, the personal property tax liability would be eliminated immediately but local units are still required to provide public services to these facilities—thus, spreading the cost of said services on existing residents and small businesses.

We urge you to veto these bills.

As always, we stand ready to work with your Administration and the Legislature to develop and execute policies that aid Michigan's residents and bolster the local services they expect during this crisis. Thank you for your consideration.

Respectfully,

Chris Hackbarth, Director  
State & Federal Affairs  
MI Municipal League

Judith Allen, Director  
Government Relations  
MI Townships Association

Deena Bosworth, Director  
Government Affairs  
MI Association of Counties