

The Review

The official magazine of the  michigan municipal league

Winter 2026

Up Close with the New League Board President

**Commissioner
Josh Atwood
builds connection
with visibility
and empathy**



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Looking Forward to 2026

Executive Director's Message

It's the Michigan Municipal League's 127th year!

We turn the metaphorical page—a new year, a new term, a new cohort of elected officials. Both the League and communities throughout Michigan find themselves at an important moment of renewal. With 2025 (both the year and the election cycle) behind us, we feel an exciting blend of freshness and possibility.

Local government is where democracy has its most profound effect on our day-to-day lives. It's where roads get paved. It's where parks get maintained. It's where problems get identified and solved. That work continues no matter who's in office, but the new term nevertheless carries a feeling of novelty. Across city councils, village boards, and mayors' offices, new faces are joining old-timers. There's an energy in the air. These transitions are responsive. They're what make democracy real. New voices ask new questions and come up with new approaches and new solutions. The seasoned hands, meanwhile, will provide continuity and grounding. Together, this mix of new and old forms the human infrastructure that makes local government effective—and resilient.

The first *Review* of 2026 (the first issue of our quarterly magazine that many of our newest members will read) is dedicated to supporting both newly elected officials and seasoned veterans at this pivotal stage of the democratic cycle. At the outset of every term—whether one's first or one's tenth—there is a window in which learning, training, and planning can shape the trajectory of the next several years. The League's goal is to help our members make the most of it.

In this issue, new friends and old will be re-introduced to the League, its member communities, its priorities. You'll meet our new Board President, Josh Atwood, a Lapeer commissioner. You'll get refreshers on some critical pieces of uniquely Michigander legislation: Headlee and Prop A, and *Bolt v. City of Lansing*. You'll get some pointers on what A.I. can (and cannot) do for you. You'll get to check out our *2025 Impact Report* for a taste of just about everything else we've done.

In larger League news, this year you can expect to see more of our tried-and-true trainings, from Newly Elected Officials training, for those of you who could use an introduction (or a refresher); to the Elected Officials Academy, for those of you ready to really flex those leadership muscles. You can also expect to see more of our Online Learning with the League modules, more forgiving to those of you with busy and ever-changing schedules, which I imagine is most of us. Accessible, flexible training that meets you where you are—that's something we at the League pride ourselves on.

And—naturally—expect big things on the housing front with our proposed MI Home Program.

Finally, we recognize that the work ahead will not be without its challenges. The Venn diagram of “Big, Important Stuff” and “Easy Stuff” consists of two circles afraid to touch each other. We do indeed have a statewide housing crisis on our hands. Local governments continue to weather complex changes to revenue sharing, high expectations from residents who want to know that their tax dollars are serving them, and not to mention an imminent turnover in the governor's office. But all of this movement should be thought of as an opportunity to reflect on and strengthen the systems that support our communities on their path to thriving. If things always stayed the same, we'd get complacent and stagnant. We probably wouldn't even really need democracy.

And we know that's not the case.

The new year and new term offer a chance to recommit to thoughtful governance, transparent decision-making, and responsible stewardship of public resources.

As you embark on the months ahead, know that you are not alone in this work. Here's to home rule, public service, and responsible leadership. Here's to you for your dedication to your communities and to the future of local government. And here's to Michigan's greatest asset—the people who call these pleasant peninsulas home.

We can't wait to get to work.



Dan Gilmartin

League Executive Director and CEO
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STAYING AHEAD OF A.I.: RESPONSIBLE USE IN LOCAL GOVERNMENT

By Trevor Odelberg

Last year, the University of Michigan's Ford School of Public Policy partnered with the Michigan Municipal League to create the *Artificial Intelligence Handbook for Local Government*; I was the lead author. It offers a plain-English guide for public servants to understand the risks and benefits of using A.I. to better serve their communities. It demystifies A.I., highlights potential use cases, and promotes A.I. literacy and risk reduction when evaluating A.I. tools. As there are no comprehensive federal laws on A.I., and few at the state level, we hope the handbook will help municipalities develop their own proactive standards for responsible A.I. use and thoughtful experimentation.

The handbook continues to draw attention, with more than 600 downloads and interest from organizations beyond Michigan. However, given the rapid pace of A.I., the recommendations in the handbook reflected a snapshot of that moment and were likely to evolve. Since... then, we have continued... observation of how people are using A.I., leads us to suggest additional recommendations.



A.I. Growth and Use in Local Government

In nearly every metric, A.I. use surged in 2025. Consulting firm McKinsey reports that 88 percent of surveyed businesses now use A.I. in at least one function, a 16-point jump from 2024. The four largest A.I. tech companies—Google, Amazon, Microsoft, and Meta—are on track to spend over \$360 billion this year, up 50 percent from last year. Most of this investment is flowing to building physical A.I. infrastructure, such as data centers, advanced chips, and servers. A.I. companies accounted for roughly 80 percent of U.S. stock market gains in 2025. While these record levels of spending have fueled concerns of an A.I. bubble, one thing is sure: A.I. has grown to new heights.

State and local governments are also quickly adopting A.I. The Arizona Supreme Court used virtual A.I. avatars to deliver news of its rulings. Some states are quickly passing laws to invite data centers to their state (risking massive increases in power consumption and electricity bills). An investigation by a local NPR affiliate obtained thousands of pages of ChatGPT conversation logs from officials in several mid-sized Washington cities. Government staff there used the tool to draft social media posts, policy documents, speeches, press releases, grant applications, and constituent email replies, among other uses—often without disclosing that they had used A.I. tools. And the A.I. responses were often incorrect, referring to non-existent state laws, false sources, and inaccurate statistics. City officials acknowledged the risks of the tools but still defended their use with proper human oversight. Two main pressures drove A.I. adoption by the cities: shrinking budgets and concerns about keeping pace. As Everett Mayor Cassie Franklin put it, “If we don’t embrace it and use it, we will really be left behind.”

“Local governments need to establish clear policies that ensure responsible use and protect their constituents.”

This story lays bare what we already suspected: government employees at every level are already using ChatGPT and similar tools every day, often without guidance or a full understanding of the risks. Local governments need to establish clear policies that ensure responsible use and protect their constituents.



Updating Our Recommendations on A.I. Applications

Some of our recommendations should be updated. We previously classified A.I. spell-checking tools like Grammarly as low-risk. We now recognize a greater potential for harm. These tools run continuously in the background, recording written text and uploading it to the cloud. This creates significant risks when handling sensitive medical and legal information, and could violate privacy laws. For example, the free version of Grammarly is not HIPAA compliant. Many small municipalities lack the IT and legal staff to add the necessary data security measures to enable safe use. We now recommend that no sensitive or legally protected information should be entered into a computer while background A.I. applications, like spell checkers, are active.

We are also concerned about A.I.’s tendency toward excessive agreeableness—a behavior sometimes called A.I. sycophancy. This occurs when A.I. tools flatter users or echo their assumptions rather than challenge them. This topic gained visibility in 2025 with the release of ChatGPT’s latest model, GPT-5. OpenAI initially tuned down harmful sycophantic behavior in the new model, but reversed course after users complained that it felt too cold. While people may prefer affirming language, generative A.I. tools can distort facts to please the user, endorse demonstrably harmful opinions, and reinforce biases. In extreme cases, this behavior can cause emotional harm, especially to young people. While research on this topic is emerging, A.I. sycophancy, or overly agreeable behavior, is something local governments should remain alert to and think critically about when interpreting A.I. outcomes.

A.I.-Generated Images and Videos Remain Inadvisable

Due to ongoing copyright disputes and the potential to mislead, we continue to advise against using A.I.-generated imagery or videos in any official capacity. Although these tools have become more sophisticated, their realism has only increased the risk of deception. Meanwhile, copyright lawsuits have intensified. OpenAI’s 2025 release of Sora, an A.I. video generator, sparked widespread controversy and raised questions about what constitutes fair use, the spread of manipulated content, and A.I.’s role in social media. Local governments should continue to avoid A.I.-generated images and videos in their official capacity.

Maintaining the Public’s Trust with A.I.

In sum, even as A.I.’s development and use evolve, the handbook’s core advice remains crucial: understand A.I.’s risks, apply critical thinking to its outputs, and ensure human oversight at every step. Public trust in institutions is increasingly fragile, and many citizens are wary of A.I. in government. To maintain that trust, officials must remain transparent, critical, and disciplined in their use of these technologies in the years and decades to come.

Trevor Odelberg is a researcher on technology and energy policy, formally with the University of Michigan’s Ford School of Public Policy. You may contact Trevor at 303-885-6528 or todelberg@gmail.com.



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THE LEAGUE'S LEGAL DEFENSE FUND "BEFRIENDS" MUNICIPALITIES IN COURT

By Kim Cekola

Each such city and village shall have power to adopt resolutions and ordinances relating to its municipal concerns, property, and government subject to the Constitution and law.

Michigan Constitution, Article VII, Section 22

Medical cannabis, municipal taxes, rights of way and billboard regulation, property maintenance and police and fire services. These are just some of the areas the Michigan Municipal League Legal Defense Fund (LDF) has provided amicus briefs to the courts on behalf of its members. The LDF is an advocacy program for Michigan's local governments in cases where the issues have a broad statewide impact.

When a court rules on a case, the decision sets a precedent that must be followed by lower courts. This is known as stare decisis. In addition, published opinions of the court are binding—unpublished decisions are not. Michigan's courts are district (local), the Court of Appeals, and the Michigan Supreme Court. In the federal system, Michigan is part of the 6th Circuit Court of Appeals. Last in the hierarchy is the U.S. Supreme Court. At times, a municipal case may be part of a case against the state of Michigan—this is known as the Court of Claims.

The LDF gets involved in a case by filing what is known as an amicus brief, a.k.a., "friend of the court," a written argument of the merits of the case by an expert in municipal law. In recent years, most LDF cases have been joint efforts with co-amicus participation by several groups, including the Michigan Townships Association, the Government Law Section of the State Bar of Michigan, the Michigan Association of Counties, the MML Liability and Property Pool, and the Michigan Association of School Boards. Correspondingly, the LDF often joins amicus briefs of these associations, especially the Michigan Townships Association. The LDF has filed amicus briefs in all state and federal jurisdictions.

It's an honor to be invited by the Michigan Supreme Court to file an amicus brief. The LDF has received 38 invitations since the court started the practice in 2005.

Significant Local Government Cases

Cannabis

The issue in this case was whether the City of Wyoming's zoning ordinance, which prohibits any use that is contrary to federal law, state law, or local ordinance, was subject to state preemption by the Michigan Medical Marihuana Act (MMMA). The LDF filed an amicus brief focusing on the importance of local control. While the Supreme Court did not uphold the City's ordinance, significantly the decision stated that "... we do not hold, that the MMMA forecloses all local regulation of marijuana..."

Ter Beek v. City of Wyoming



Overgrown curb lawn in the City of Howell

Property Maintenance

Michigan municipalities have the authority to require property owners to maintain those portions of the right-of-way that abut their properties—the curb strip, between the sidewalk and curb/edge of the road—be it mowing the grass during the summer or removing snow and ice from the sidewalk in the winter. The court found the City ordinance's intended purpose to advance traffic safety, sanitation, animal and rodent control, protection of property values, aesthetics, and public health, safety, and welfare to be legitimate.

Shoemaker v. City of Howell

Demolition of Unsafe Structures

This case involved three structures—two former residential homes and one barn/garage—that sat unoccupied and generally unmaintained in the City of Brighton for over 30 years. The city informed the owners that the structures were “unsafe” and that it was unreasonable to repair them consistent with the standard set forth in the City’s ordinance (i.e., the cost of the repairs exceed the value of the property). The property owners were ordered to demolish the structures. The Michigan Supreme Court held that the City’s ordinance did not deprive a property owner of substantive due process because the ordinance is reasonably related to the City’s legitimate interest in promoting the health, safety, and welfare of its citizens. Nuisance ordinances regulating unsafe structures are related to a permissible regulatory objective.

Bonner v. City of Brighton

Prevailing Wage Ordinance

The City of Lansing was found to have the right to pass a prevailing wage ordinance on the basis of the 1963 Michigan Constitution granting cities and villages the authority to enact ordinances relating to municipal concerns, including those regulating wages paid to third-party employees working on municipal construction contracts. The decision was considered to be highly significant and favorable with respect to the scope of home rule powers in Michigan. The Michigan Supreme Court provided an answer to one of the most important questions concerning the authority of Michigan’s cities and villages—home rule powers.

Associated Builders & Contractors v. City of Lansing

Election Law—Campaign Financing

Public officials can generally issue communications to voters using public dollars if the communications contain factual information regarding the election, the proposal, and what impact either its passage or defeat will have on the public body. Moreover, the prohibition on using public monies to support or defeat a ballot proposal does not prevent certain high-level officers and employees from expressing their opinions. For example, nothing prevents a city councilmember or city manager from standing up at a public meeting and telling the gathering that, in his or her opinion, the City needs to ask for a millage increase and the voters need to support it.

Robert Taylor et al v. State of Michigan



Kim Cekola is a research specialist/editor for the League. You may contact Kim at 734-669-6321 or kcekola@mml.org.

Legal Defense Fund Process

The LDF was formed in 1983 through the efforts of the Michigan Association of Municipal Attorneys and the Michigan Municipal League Board of Trustees. Eighty percent of League members are members of the LDF. The Fund is governed by a 13-member Board of Directors, consisting of the president, vice-president, secretary-treasurer, and directors of the Michigan Association of Municipal Attorneys, and the president and executive director of the Michigan Municipal League. The Fund is administered by the League's General Counsel.

How Does my Municipality Join?
Any member city, village, or township of the Michigan Municipal League may participate by paying a modest annual fee, set at 10 percent of annual League dues with a minimum amount of \$50.

What Kind of Help Does the Fund Provide?
The typical form of assistance is an amicus curiae brief filed with the Michigan Court of Appeals or Michigan Supreme Court by an expert in municipal law retained by the League and financed by the Fund. An amicus curiae brief, literally "friend of the court" is a way of presenting the court with arguments, information, and authority and to assist with the broad perspective of the case. There is no automatic right to file an amicus brief; the court's permission must be sought.

How Does the Fund Board Decide Whether to Provide an Amicus Brief?
The Board evaluates cases based on the organization, operation, powers, duties, or financing of Michigan's local governments regarding:

- Whether the litigation involves important questions of law, the favorable decision of which could provide substantial benefit for a significant number of Michigan local governments.
- The extent to which the disposition of the litigation at its current level would serve as a persuasive precedent in similar future litigation before the courts or other adjudicative bodies having jurisdiction in the State of Michigan.
- Whether aid is currently being provided in other litigation involving substantially similar issues or questions of law.

The Fund Board of Directors developed criteria as directed by the League Board of Trustees including:

1. The soundness of the legal position being asserted by the applicant.
2. The lack of any alternative remedies available to the municipality.

How Do I Apply for Defense Fund Assistance?
Any member of the Fund may request Fund assistance by [filing out the application form](#) available on the League's website, and
(A) the adoption of a resolution requesting assistance by the municipal governing body; or
(B) a letter from the municipality's chief executive officer (or his/her designee) requesting assistance.

For additional information, please contact Chris Johnson, League general counsel and LDF fund administrator at 734-669-6305 or cjohnson@mml.org

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OVERVIEW: HEADLEE AND PROPOSAL A

By Anthony Minghine

There is a lot of talk in Lansing about our property tax system and the need for reform. This discussion stems from the fact that Michigan has not one but two constitutional limitations on property taxes, and the combination is flawed.

The Headlee Amendment was Michigan's first tax limitation measure, adopted in 1978. It sought to limit taxes by rolling back the maximum millage rate of a community if total property value growth exceeded inflation. This was achieved by applying the "millage reduction fraction." The second constitutional tax limitation was Proposal A. It sought to limit growth on a parcel-by-parcel basis and introduced taxable value as the basis for taxation. Individually the concepts work, but the combination of the two has created two significant issues: the elimination of the Headlee roll-up provision, and a change to what is included in the millage reduction fraction since the passage of Proposal A. We will explore both of those issues below.

Headlee Roll-Ups

The constructors of Headlee were thoughtful in recognizing that there can be a difference between inflation and the real estate market. This led to the inclusion of not just a cap on growth when value exceeds inflation but also had a provision that ensured when tax growth is less than inflation, millage rates would be allowed to move up as well. This upward mobility or "roll-up" was always subject to the inflationary limit that the voters intended, and the local government was always constrained by the millage rate maximum originally authorized by charter or state statute. These controls were sensible and worked as designed.

When Proposal A was approved in 1994, its subsequent implementation legislation eliminated this self-correcting mechanism provided for by Headlee. Therefore, millage rates can no longer track with the economy and "roll up" when growth on existing property is less than inflation. In other words, millage maximums can go down but not up. This Legislative shift has had a compounding effect and continues to impact local government revenues and services.

Removal of the roll-up provision was not a part of the constitutional amendment voted on by the people; rather, the Legislature at that time went further than the voters and eliminated this self-correcting provision. This was especially impactful during the housing dip of 2008. Anyone that didn't sell their property during that time likely saw a paper loss illustrated as a reduction in taxable value. Those "paper" losses to property owners were real losses to local governments, schools, and other taxing authorities that are still being felt today. This circumstance is largely due to the conflict created by the legislation implementing two different tax limits. Legislative restoration of the "roll up" provision of Headlee would provide important downside protection for the future of our communities.

Millage Reduction Fraction

Proposal A approached tax limits differently than Headlee. While Headlee sought to limit tax growth by adjusting millages, Proposal A sought to control taxes through an individual value cap. In short, Proposal A said that if property values increased more than inflation, values would be capped at inflation or five percent, whichever is less, and they created a new term called "taxable value" (TV) and the "pop-up." It is the pop-up value that creates the problem.

What exactly is the pop-up and how does it impact the millage reduction fraction (MRF) required by the Headlee amendment? Since Proposal A required taxes would be levied against TV, not State Equalized Value (SEV), there needed to be a mechanism to reset to SEV as the base at some point and it now occurs upon the sale of a property. That reset value is the basis for the pop-up. Upon a sale, the TV pops up to the SEV and then the process of capping begins again. Remember that when Headlee was adopted, there was no TV, so rolled back millages were applied to the full SEV, not the capped TV. This is important because Proposal A included a mechanism to ultimately realize the growth, but it deferred that growth until ownership of the property transferred.

This is where it gets confusing. The popped-up values are being included in the calculation of the MRF. This is significant because it artificially inflates overall property tax growth and can trigger a Headlee rollback. This effectively negates the increased value when the property resets on sale by overstating the growth related to market and inflation as provided for by Headlee. The fix is simple and straightforward. We should not include the popped-up values in the calculation. They were not values or concepts that existed when Headlee was implemented, and it distorts the formula.

If you are puzzled, you are not alone. At its core, Headlee sought to limit tax growth through millage, and Proposal A sought to accomplish the same thing through property values. Individually they work but the implementation trying to combine them missed the mark.

As we head into 2026, property tax reform is a topic that will require a lot of attention from the League and our members. In addition to the ideas we outlined, we can expect other concepts to be part of the conversation. We encourage everyone to stay engaged as property taxes are the single biggest revenue source for local government, and any changes need to ensure we have the resources to build and maintain great communities.

It is important to note that none of the changes affect the inflationary limits provided for in the constitution. They are both common sense fixes that don't change anyone's taxes today. It merely allows both upward and downward adjustment while still limiting growth to inflation. Fixing these issues remains high on the League's priority list, and we will continue to work closely with the legislature to make it a reality.



Anthony Minghine is the deputy executive director of external strategies for the League. You may contact Tony at 734-669-6360 or aminghine@mml.org.



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THE MAN BEHIND THE BEARD

Meet the League's New Board President

By Emily Pinsuwan





Josh Atwood was intimidated.

At the League's 2025 Convention in Grand Rapids, the commissioner from the City of Lapeer felt a pinch of imposter syndrome. "I thought, 'What am I doing here?'"

Atwood has been many things: a student-athlete, a church musician, a small business owner, a husband, a father, a city commissioner, mayor pro tem—and now, Michigan Municipal League Board President.

Born in the old city hospital and raised on Bentley Street, minutes from downtown, Josh Atwood is about as much of a Lapeer native son as one can possibly get. Shaped by loss, faith, family, and a hands-on approach to service, he's become one of the most visible and engaged public figures in the city.

In person, Atwood is soft-spoken, thoughtful, and disarming. He describes himself as a P.K., or preacher's kid, the third of five children. "I think that's where I developed a lot of love for serving and people," he says. His childhood was shaped by the loss of his younger brother, who was born with an enlarged heart and passed away when Atwood was eight. That loss altered the family dynamic—and, as he sees it now, permanently reframed his understanding of empathy.

"You never know what people are going through," he says. "So, that's why I'm always kind and courteous, and make sure to say hello to everyone. Because you never know what someone's going through."

Atwood enrolled in Lapeer West High School (which closed in 2014 as part of a consolidation process) after spending his early education as a homeschooled. For a moment, he considered going on to college to play sports; Olivet College and Lancaster Bible College in Pennsylvania expressed interest in him as an athlete. "The [Lancaster] coach actually flew me out there, and he wanted me to play basketball and soccer," says Atwood, "but I just didn't feel led to pursue college."

Instead, he re-committed to his working life, which had already begun years before. He'd been working at Bessette's Bumping & Painting, a body shop on Imlay City Road in Lapeer, since age 15—first sweeping floors and emptying garbage for \$50 a week, then working full-time during summers and between sports practices. He bought his first house, on Saginaw Street, in 2008.

Now 42, he has been married for 22 years to his wife, Amber, whom he met at New Beginnings Family Church when they were both 13. "I told her I was going to marry her when we were 13, [but] we never really dated till we were 19 [or] 20," he says. "I got her an engagement ring, and she bought me a drum set."

Atwood is still a musician, performing as a worship drummer first at his parents' church, then floating through various congregations in the region. The family currently attends Gateway Assembly in Imlay City, about 15 miles west of Lapeer.

Amber opened her first salon, Salon 21, in a rented space "over by a Big Lots, which isn't there anymore." About 10 years ago, the Atwoods bought a foreclosed, historic building in downtown Lapeer. They moved the salon there, and later sold the Saginaw Street home to live in the apartment above the business, renovating as they go ("it's been a process"). The view from their bedroom window looks directly at the historic courthouse.

When they first relocated, he recalls, “We were told, ‘do not go downtown. Don’t open up a business downtown.’ The occupancy [rate] was not good.”

What led him to elected office? Atwood’s response is instant: “My broken body.” During a massage appointment to address one of many lingering sports injuries—at a spa he and Amber eventually purchased—the massage therapist suggested he should run for city commissioner. “She’s like, ‘I think you’d be good at it,’” he says. “I had to go and Google what a city commissioner was, ‘cause I had no idea.”

Nevertheless, he decided to run in 2015, joining a field of eight candidates for four seats. From square one, Atwood decided to approach things differently. He refused to use political yard signs: “I didn’t want people just voting for a name on the sign.” He was heavily active on social media and created a website, votebeard.com (“I really messed myself up, because now I can never shave.”).

On election night of 2015, Atwood stayed in City Hall all evening, enjoying watching the volunteers work (a habit he’s maintained ever since). He “squeaked in” the fourth open commissioner seat. At 32, he was the youngest commissioner elected since Lapeer was established in 1869.

“My first city meeting was intimidating,” he recalls. “You’re sitting around in this room with professional, you know, city staff, and then there’s me.” He shadowed the city manager at the time to learn the ropes of City functioning, and then “branched out, making those human connections.”

The League’s training proved helpful. “Me being green, I didn’t know anything. I’m like, ‘Well, I guess I’ll start going to these [events].’” He attended Newly Elected Officials training and is currently at Level Two in the Elected Officials Academy. And, of course, he attended his first Convention, where he met the broader cohort of local leaders he had just joined.

Realizing that most city residents were as unfamiliar with the workings of local government as he had been, Atwood developed a new philosophy: “If you’re going to be effective, you have to get out from behind the desk.” He started “Coffee with the Commish” at a local cafe, a drop-in opportunity for anyone to speak with him in “open and honest conversation.” He visited nonprofits, businesses, and community groups. He talked to residents regularly, even when his two daughters (Zarah, now 14, and Azelle, now 12) groaned at being stuck waiting while he got involved in long conversations.

“I think I was always an extrovert, but after my brother’s death, I kind of turned introvert,” says Atwood. The process of becoming an elected official, he found, brought him out of his shell, and he discovered he enjoyed making those connections. He views this as far more valuable than simply waiting for election season to let Lapeer residents know who he is. “I call what I do ‘campaigning,’ but it’s not really campaigning. It’s just what a human should be—nice and approachable.”

He began driving around town on a golf cart, delivering handwritten “thank-you” notes to homeowners with immaculate lawns or good landscaping. “It was like a, ‘I’m grateful for you,’ ‘you’re doing a good job,’ card. I’d handwrite a note on the back like, ‘your lawn looks great,’ or ‘your flowers look awesome.’”

JOSH ATWOOD: FAST FACTS

Favorite Movie Series: *The Lord of the Rings*, *The Hobbit*

Favorite TV Show: *The A-Team*

Favorite Video Game Series: *Call of Duty*

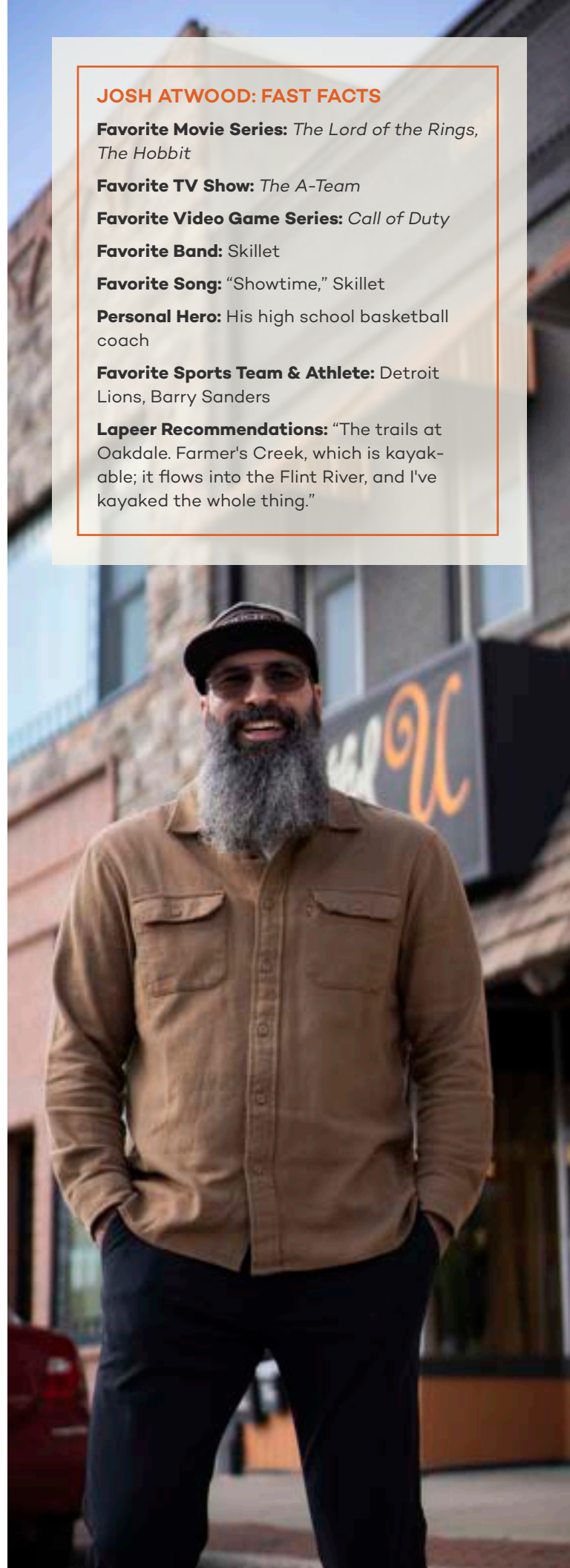
Favorite Band: Skillet

Favorite Song: “Showtime,” Skillet

Personal Hero: His high school basketball coach

Favorite Sports Team & Athlete: Detroit Lions, Barry Sanders

Lapeer Recommendations: “The trails at Oakdale. Farmer’s Creek, which is kayak-able; it flows into the Flint River, and I’ve kayaked the whole thing.”



This year, he also began handing out cards downtown, thanking people for visiting parks or supporting local businesses. The cards are “something quick and easy you can do. [The recipients] might not even be voters, but it's not about that. It's about those little shows of gratitude.”

Atwood's perspective on his hometown has expanded dramatically. He has developed a profound appreciation for volunteers: “They're like the backbone of the community.” He credits business and building owners for their care of the building stock. New leadership at the Downtown Development Authority, including Director James Alt, who started the same year Atwood was elected, helped steer Lapeer into Michigan's Main Street program.

What about downtown, which Atwood was told a decade ago was an economic no-go zone? Today, downtown Lapeer has around 80–90 percent occupancy. The shift coincided with a wave of new businesses, including Detroit Burger Bar and Woodchips BBQ, as well as its iconic blue LAPEER sign.

In 2023, with three new commissioners joining city council, Atwood was appointed mayor pro tem. He carefully prepared for the meetings he chaired, writing down the names of participants so as not to stumble over who motioned this or seconded that. He found it to be good practice for broader leadership roles, including chairing meetings as League president.

Atwood maintains that he is not a political person. “I didn't go into it with an agenda, and I still don't have an agenda... It doesn't mean I don't have goals or ambitions. I just make commonsense decisions.”

As Board president, he hopes to attract more leaders to League events, as he believes that solutions to Michigan's issues must come from the local level. “Michigan's been in a decline for years, which tells me it doesn't matter who's sitting in the governor's seat or who controls the House or the Senate,” he says. “It's putting more weight on local government.”

If Lapeer today feels more alive, more walkable, more welcoming, Atwood sees it as the product of countless hands: volunteers, businesses, landlords, city staff—not to mention the teens and families who are now hanging out there. He views his role simply to help connect the pieces, build relationships, show gratitude, and remain open and accessible.

“It's that little stuff, I think, that makes a huge impact.”



Emily Pinsuwan is a content writer for the League. You may contact Emily at 734-669-6320 or epinsuwan@mml.org.



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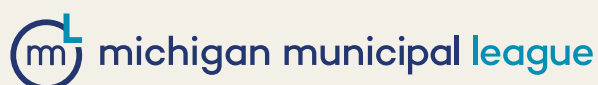




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WHAT'S AT STAKE WHEN YOUR ORGANIZATION LACKS PROPER SEGREGATION OF DUTIES

Plus, Three Ways to Fix It

By Troy Snyder, Matthew Bohdan, Bryan O'Neill, & Bailey Kahl-Wu

Too few staff, a shoestring budget, technology limitations, and a simple lack of internal controls—sound familiar? These challenges show up across industries, especially in organizations with lean teams, limited budgets, or outdated legacy systems. But they're also major risk factors that stand in the way of proper segregation of duties (SOD). When SOD does break down, you risk inefficiency, and even worse: accountability failure.

At its most simple, SOD is a form of risk management. The key is requiring that separate people complete

critical tasks to avoid “incompatible duties” like recording, authorizing, and processing cash disbursements. This allows for more oversight, which leads to fewer mistakes and lower fraud risk. As the American Institute of Certified Public Accountants notes, failing to segregate duties is like handing just one person the keys, the code, and launch button for a nuclear weapon system. The risk might not be nuclear, but the fallout can still be serious.

Here's how failure to segregate duties hurts organizations:



Does your organization have proper segregation of duties in critical business applications and processes?

Learn more by completing the fillable form below. After answering the questions, you'll have a high-level view of functional areas that could pose increased risk for your organization. Use these thought-starters to guide future conversations with your professional advisor about risk management. And don't forget to regularly recheck your responses over time, and refresh them as needed. This is especially important as your organization grows and adapts. Effective risk management should be an ongoing process, as part of an organizational culture of continuous improvement.

▶ STEP 1

STEP 2 ▶▶

STEP 3 ▶▶▶

“If you think you don’t have time to segregate duties, do you have time to fail an audit due to misstated financials?”

Lack of operational efficiency

SOD exists, in part, to prevent mistakes. Many accounting software options require you to have one person prepare a journal entry and a separate person post it. But if your system doesn’t have these restrictions, it’s easy to disregard. We get it—you’ve got a small team, a limited budget, and a lot of work to do. But if you think you don’t have time to segregate duties, do you have time to fail an audit due to misstated financials? Do you want to spend time explaining to your auditors why you don’t have dual signatures on large wire payments or appropriate checks and balances in place? Restating financials isn’t just time and labor intensive; it’s costly.

Fraud and corruption

Organizations have a responsibility to safeguard the integrity of their operations. Without proper oversight, you risk both your reputation and your ability to do what others need you to do. For example, when the person who initiates the wire transfer is the same person who approves it, there’s a significant risk of fraud. The same goes for when one person oversees soliciting and approving bids, as well as setting up vendors and deciding who gets paid.

“The good news? You don’t need a bigger team or budget (although that would certainly make it easier) to reduce risk.”

Loss of stakeholder trust

Segregation of duties is a form of accountability. Without it, stakeholders start to ask harder questions like: Who’s signing off on payments? Who’s reviewing the books? And who’s making sure the same staff member isn’t managing both? Lack of oversight can raise red flags and suggests deeper control issues. Confidence is quickly questioned, and once trust is lost, it’s hard to recover.

The good news? You don’t need a bigger team or budget (although that would certainly make it easier) to reduce

risk. When our team is engaged to improve segregation of duties—an issue that’s usually uncovered as part of a risk assessment (which you should be doing annually)—there are three steps we typically take:

1. Review your current staffing models to align staff to the correct responsibilities.

Say you have a two-person team, but only one person knows how to make journal entries. Small teams often make it easy for one person to wear too many hats. That’s where segregation starts to break down. We recommend reviewing your enterprise resource planning (ERP) to ensure it follows best practices, including role-based access control (RBAC) and the principle of least privilege (PoLP). This allows you to assign responsibilities more intentionally—so no one person is responsible for initiating and approving transactions.

2. Review your user access to analyze potential conflicts.

Risk is also created if too many users have unrestricted access in your ERP system. Conducting a user access review and limiting access based on job function, especially in your ERP system, reduce opportunity for error and fraud. A third-party review can help pinpoint where mitigating controls should be added, especially when there are limited personnel and segregating each incompatible duty is impractical.

3. Review your internal controls and current processes to recommend solutions.

Internal controls only work if they can’t be bypassed. If they can be overridden or ignored, they’re not really controls. Mapping out the current processes and who’s responsible for each step helps identify where duties overlap or go unchecked. A structured internal control audit can surface process gaps, recommend improvements, and uncover risks hiding in plain sight. Some organizations go further by implementing continuous monitoring to flag risks in real time not just during annual reviews.

Of course, every organization is unique and will need different solutions when it comes to proper segregation of duties. But the point is that there are cost-effective ways to shield your organization from SOD risk. Your reputation and your organization’s ability to operate efficiently are at stake, so don’t ignore this issue. Next time you conduct your annual risk assessment, ask for a review of your segregation of duties. You might be surprised by what’s uncovered.

Plante Moran is one of the nation’s largest certified public accounting and business advisory firms, serving local governments in Michigan and beyond. They can be reached at 616-643-4081.

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Bolt v. City of Lansing: A Taxing Question for Michigan's Local Governments

By Mark E. Nettleton

In 1978, Michigan voters adopted the Headlee Amendment to the Michigan Constitution. This amendment limited local governments' ability to enact new taxes or increase existing taxes without a vote of the electors. After the adoption of the Headlee Amendment, taxpayers began challenging local government fees, such as sewer and water connection fees, arguing that these fees were unauthorized taxes. In recent years, several Michigan municipalities have faced class action lawsuits challenging the validity of "storm water" fees, with some communities settling the cases for millions of dollars.

“[*Bolt v. City of Lansing*] addressed the critical question of what distinguishes a permissible “fee” versus an impermissible “tax.” ”

In 1998, the Michigan Supreme Court decided the seminal case, *Bolt v. City of Lansing*, which addressed the critical question of what distinguishes a permissible “fee” versus an impermissible “tax.” Since the *Bolt* decision, local governments have struggled to determine whether proposed or adopted fees would survive a “*Bolt* challenge” by a taxpayer, thus raising a taxing question for local governments.

Valid user fee versus an invalid tax

Municipalities frequently charge numerous fees: application fees, permit fees, sewer and water connection fees, cable franchise fees, and commodity fees. In *Bolt*, the Michigan Supreme Court tried to clarify when such fees are valid.

The City of Lansing had, for many years, a combined sanitary sewer and storm water system. During heavy rain events, the combined sewer systems became overwhelmed and untreated or partially treated sanitary sewage flowed into the Grand and Cedar Rivers. The City sought to remedy the overflow by separating the storm sewers from the sanitary sewers. At that time, the estimated cost to separate the two systems was \$176 million over 30 years. To pay the project cost, the City imposed an annual storm water service charge on each parcel of property located within the city. The revenue from the charge was expected to pay half of the capital cost of the separation project; the balance of the cost was to be paid from the City's general fund.

The charge was roughly based on estimated storm water runoff from each parcel and factored in parcel size and the amount of the parcel covered by impervious surfaces: blacktop, sidewalks, patios, and buildings, for example. Residential parcels under two acres were charged a flat fee. The annual charge was included in the City's property tax bill and, if not paid when due, was considered delinquent and then collected as a delinquent tax.

Alexander Bolt, a property owner within the City of Lansing, challenged the annual storm water fee alleging the fee was an impermissible tax imposed without a vote of the City's

electors in violation of Headlee. The Michigan Supreme Court agreed.

In invalidating the fee, the Court noted that a valid user fee is "exchanged for a service rendered or a benefit conferred, and some reasonable relationship exists between the amount of the fee and the value of the service or benefit." In contrast, taxes are "exactions which are imposed primarily for public rather than private purposes . . . Revenue from taxes, therefore, must inure to the benefit of all, as opposed to exactions from a few for benefits that will inure to the persons or group assessed." The Court held that a valid fee must serve a "regulatory purpose," but concluded that the City's fee was imposed to raise revenue, as evidenced by the City's intent to use the revenue to pay half of the cost of the project. The Court also determined that the amount of the fee was not proportionate to the service provided to those paying the fee because the fee was imposed on properties that were already served by separated storm sewers. Without such a corresponding benefit, the fee is no different than a tax imposed on all property owners. Finally, the Court determined that the fee was not voluntary—Mr. Bolt could not avoid paying the fee.

According to the *Bolt* Court, in order for a fee to be valid and not an impermissible tax, the fee must: (1) *serve a regulatory purpose and not be imposed solely for a revenue-raising purpose*; (2) *be reasonable and proportionate to the cost of the service provided*; and (3) *be voluntary—a user must have a way to limit the amount of the service used and the fee incurred*. The Court noted that the three criteria are not to be considered in isolation, and subsequent courts have held.

Withstanding a *Bolt* challenge

Since *Bolt*, numerous challenges to fees have been filed and decided. Courts have upheld mandatory connection to and connection fees for public sewer and water; utility debt service fees; fees for copying public microfilm records; waste hauler fees; sewer "ready to serve" charges; and sanitary sewer and public water capital improvement charges, to name a few. Key to upholding these fees are the facts underlying the fee structure. Fees that pay for or approximate the municipality's cost to provide the service to only those customers that benefit from the service serve both a regulatory purpose and are proportionate. Further, even where payment of the fee is mandatory, such as a sewer or water connection fee, if the customer can regulate its use of the commodity (by using less water, for example), the courts are more likely to determine that the fee is "voluntary" under the *Bolt* "test."

Fees are typically invalidated when they are imposed for a revenue-raising purpose, or when the fee is disproportionate to the cost of the service provided.

One such recent example is the Michigan Supreme Court case *Heos v. City of East Lansing*. In *Heos*, the Court ruled that the City of East Lansing could not "circumvent the Headlee Amendment" by imposing a franchise fee on Lansing Board of Water and Light (LBWL) customers by way of the City's franchise agreement with LBWL. Under the franchise agreement, in exchange for LBWL's right to provide utility service within the city and utilize the public rights-of-way,

LBWL was required to impose and collect a five percent franchise fee from its customers and remit the fee (less a 0.5 percent administrative fee retained by LBWL) to the City. The fee was added to the customers' energy bills, and the revenue from the fee was deposited to the City's general fund. The Court determined that the franchise fee violated all three *Bolt* factors and invalidated the fee. The Court found that rather than serve a regulatory purpose, the fee was used for general revenue purposes and did not provide the customers specific benefits. Further, the Court noted that the fee was not proportional to the costs the City incurred for granting LBWL the right to provide electrical services to customers in the city. Thus, the City "failed to differentiate any particularized benefits to [the payer] from the general benefits conferred on the public." Finally, though a point often only cursorily analyzed by the courts, the Court found the fee was not voluntary: if a customer did not pay the fee, the customer's electricity could be cut off, and customers did not have the ability to contract with an alternative electric provider. Therefore, customers had no option but to pay the "compulsory 'fee.'" A key factor in the Court's analysis was the determination that, ultimately, the customers of the LBWL were the "taxpayers" of the fee, not LBWL.

Conclusion

Local governments should carefully evaluate proposed new fee structures or revisions to existing fee structures to ensure those fees meet all parts of the *Bolt* test. This review will help avoid legal challenges and ensures that the fees are valid under Michigan law.

Mark E. Nettleton is a civil law attorney with Mika Meyers. You may contact Mark at 616-632-8048 or mnettleton@mikameyers.com.



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We here at the Michigan Municipal League—alongside our energetic and active member base—continued our forward movement in fostering thriving local communities throughout 2025.

This year, we made our crucial training for elected officials even more accessible through the development of an asynchronous online learning platform. We refined initiatives designed to help municipalities reinvigorate their local economies. We welcomed a rising generation of local leaders at CapCon and Convention. We made the voices of our communities heard in Lansing.

And, of course, we're excited about our bold, comprehensive new approach to closing the attainable housing gap: the MI Home Program and its guiding principle of "partnership over preemption."

As the League concludes its 126th year, I continue to find myself amazed at the spirit, creativity, and dedication of everyone that makes this organization the force that it is: our member communities, elected officials, the Board of Trustees, and staff. We are here to support Michigan's greatest asset—its residents—every step of the way.



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Who Makes Up the League?

525	279	241	5	50	30	55
Total Members	Cities	Villages	Urban Townships	Full Associate Members	Affiliate Organizations	BAP Participants

The League in Numbers

11	474	112
Executive Searches	Member Inquiries	Average <i>Live with the League</i> viewers

The Elected Officials Academy graduated:

22	2	4	4
Level 1 Education Award	Level 2 Leadership Award	Level 3 Governance Award	Level 4 Ambassador Award

The League on Location

Communities that worked with the League on-site in 2025.



Follow Us:



1,730 followers



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4,695 followers



764 downloads
633 listeners

Advocacy

The League's legislative work in Lansing continues to successfully advocate on behalf of our members, helping secure new resources and pass proactive policies for local governments, while continuing to hold off attempts to preempt local control. This has resulted in new sustainable, long-term funding for the state's transportation network that will put hundreds of millions of dollars into local roads, bridges, and transit annually. On one of the most critical issues facing our members, housing, the League protected \$50 million for the Housing and Community Development Fund and held off preemption of local zoning. Additionally, we continue to engage proactively with legislators to create the Revenue Sharing Trust Fund and have secured additional resources for public safety in our communities.

Outside of our direct advocacy efforts at the Capitol, our State and Federal Affairs team continues to deliver important and timely information to our members through our virtual *Live with the League* show. Whether it is a discussion on the state budget, highlighting the latest shift in political winds, or breaking down newly introduced legislation, we utilize this platform to communicate the latest news to members in every corner of the state.



MI Home Program

In response to the state's housing crisis, the League has proposed creating the MI Home Program to support investment to accelerate housing construction and rehabilitation, while also promoting updates to local zoning regulations that will help cultivate thriving communities and stimulate economic vitality.

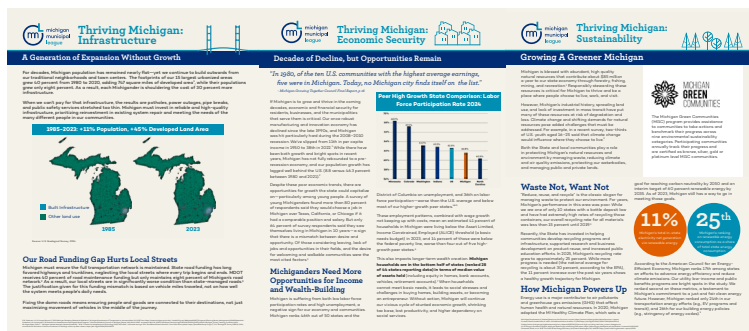
The MI Home Program will invest \$160 million annually for five years, resulting in over 10,000 homes being built or rehabbed. It rewards communities that adopt housing-friendly zoning changes and ensures housing solutions are tailored to community specific needs by retaining local control while

collaborating with the state and private sector to expand housing opportunities. This is a transformative housing proposal that has received support from elected officials, local leaders, businesses, statewide organizations, builders, developers, and a bipartisan group of legislators.

Launch of League Online Learning

The League launched our new online learning platform in summer 2025 to give members access to learning anytime, anywhere. Course offerings include foundational topics like lobbying, finance, ethics, housing, and *Local Government 101*.

In addition to on-demand offerings, the platform also serves as the headquarters for cohort-based learning, like this year's Women's Elected Leadership Intensive—providing a central space for participants to access the sessions, tap into resources, and connect between sessions. New offerings in early 2026 include *Local Economies: Microbusiness Best Practices*, and *Housing TIF Highlights with Allen Edwin Homes*, and the platform will continue to expand with fresh, on-demand content that meets members where they are.



Thriving Michigan Series

Since unveiling the thriving communities framework to members at the 2024 Convention, the League has been building upon this vision of local leadership as foundational to community well-being and economic prosperity. We kicked off the year with our Legislative Priorities to Foster Thriving Communities, a statement of our proactive policy agenda that connects our priorities to Michigan's economic future. Over the course of the year, we have followed this with several Thriving Michigan briefs that offer a high-level survey of additional opportunities to improve the state's position across our focus areas.

We have also offered members and partners opportunities to learn about and engage with this work through presentations and facilitated work sessions. Over 350 people have engaged in these sessions, and we have also begun recording versions for the League's online learning so that additional members can start their thriving communities journey.

Legal Defense Fund

- 2** Cases this year for which the Supreme Court specifically requested a Municipal League amicus brief
- 6** Amicus briefs filed in the Michigan Supreme Court and Court of Appeals this year

Legal Defense Fund Members

426	10	21	457
Current Members	Future Members	Grace	Total Members



Youth Engagement

This year, the League welcomed several attendees from Michigan universities at our flagship events. CapCon saw four student attendees from Grand Valley State University (GVSU); at Convention, we hosted nine attendees from GVSU, Central Michigan University, and the University of Michigan, as well as one CEDAM Fellow. Additionally, at CapCon, the League hosted eight high school student representatives from the Petoskey Youth Advisory Council, thanks to funding from the City of Petoskey and a local nonprofit. These younger leaders were able to participate in all general and breakout sessions and had the opportunity to meet, network, and learn from established public servants.

“I cannot begin to express how great of an experience CapCon proved to be for me, as both a student and a woman,” wrote one Petoskey High School senior. “CapCon taught me that bipartisanship can and does exist within governments. The main goal of any public official should be to help people. The conference gave me so many new ideas on how to better my community.”

Foundation Update

The MML Foundation’s mission is to create and cultivate resources, partnerships, and opportunities that Michigan communities need to thrive. As we looked back at the impact of our work in 2024–25, we found that MI Water Navigator had unlocked \$67 million in state and federal funding for League members.

The Foundation has managed \$5,593,600 in grants for work in housing, local economies, and infrastructure. We support 55 companies who participate in BAP and have brought in a total of \$538,225 in sponsorship revenue for events like CapCon, Convention, and more.

We have onboarded four new board members this year, and we continue to look for new additions to our fundraising committee! If you’re interested, please contact Helen D. Johnson at hjohnson@mml.org.

Local Economies

The League and Foundation have partnered with the Ralph C. Wilson, Jr. Foundation for more than four years to help communities advance equitable access to entrepreneurship and small business success. Over the last year and a half, we completed “deep dive” site visits in six communities to provide community-specific assistance and recommendations on how the municipality and local partners can better support small businesses and entrepreneurs. After a site visit, we provided an Opportunity Report outlining recommendations

and gave them small microgrants to help implement one of those recommendations. We’ve also worked with our original pilot communities—Monroe, Howell, and Brighton—on site redevelopment plans and small business marketing strategies.

We created a toolkit that provides strategies and examples of how communities can better support local small businesses and entrepreneurs. The toolkit was based on input we received during regional roundtables with communities, developers, and small businesses. Find the playbook here:

mml.org/resources-research/local-economies

With an additional \$1.45 million from the Wilson Foundation, we will continue this work through 2028.

Events

1,214 Number of local leaders trained in person and virtually by the League

Risk Management Programs	
Liability & Property Pool member contributions:	Workers’ Compensation Fund contributions:
\$27.8 million	\$37.5 million
Unemployment Fund contributions:	Dividends returned to members since 1978:
\$800,000	Almost \$370 million
Pool annual new claims:	Workers’ Comp Fund annual new claims:
1,120	2,100
Unemployment Fund annual claims:	Pool assets:
540	\$100.7 million
Workers’ Comp Fund assets:	Unemployment Fund assets:
\$207 million	\$7.70 million
Pool member equity:	Workers’ Comp Fund member equity
\$51.7 million	\$133 million
Unemployment Fund member equity:	Dividend distribution on the Workers’ Compensation Fund
\$51.7 million	Record \$17 million



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March 10–11
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Questions? Contact registration@mml.org





Foreclosure Sales: Clarification of the Takings Issue

By Bill Mathewson

Municipal taxing units periodically need to foreclose on a property due to non-payment of property taxes. There are required procedures that protect the property owners' rights before ownership can be extinguished by foreclosure.

In the May/June 2024 issue of the *Review*, this column addressed two Michigan foreclosure decisions. However, a recent decision by the Michigan Supreme Court brings additional clarity to issues involved in foreclosure, including interpretation of these two key foreclosure decisions that preceded it.

In *Yono v. County of Ingham*, decided in July, Mr. Yono (Plaintiff) sued, claiming that the County and its Land Bank Fast Track Authority unconstitutionally took his property without just compensation. Thus, it was claimed that it was a "taking" under Article 10, Section 2 of Michigan's Constitution. Plaintiff's commercial property was in the City of Lansing, the taxes on which he had not paid timely. The County Treasurer, acting as the foreclosing governmental unit, foreclosed on the property and offered it for sale at a public auction, as required by statute. However, the property did not sell at auction. The Treasurer then deeded the property to the Land Bank for \$1. Plaintiff argued that he should have received compensation equal to the fair market value of the property minus the amount of property taxes owed and the cost of the foreclosure process. The trial court held for the defendants, based on the Supreme Court's 2020 decision in *Rafaelli, LLC v. Oakland Co.*, concluding that there wasn't a taking because there were no surplus proceeds from the sale of Plaintiff's property, thus nothing was withheld from Plaintiff by the County.


Plaintiff appealed to the Michigan Court of Appeals (COA). The COA reversed, based on the 2023 COA decision in *Jackson v. Southfield Neighborhood Revitalization Initiative*. The COA held that the trial court should calculate the surplus owed to Plaintiff by determining his property's value minus what the plaintiff owed on the property when the foreclosure occurred. In effect, saying that the auction wasn't a valid determination of the property's value. The COA's conclusion was based on its reasoning of the *Jackson* case—where it was held that there was a viable takings claim because the foreclosed properties were never offered for sale at a public auction. With respect to the holding in *Rafaelli*, the COA distinguished it because the decision didn't consider what might happen if property failed to sell during a foreclosure sale, thus concluding the holding in *Rafaelli* was not controlling.

When the case was appealed to the Supreme Court (Court), the holding of the COA was reversed. Simply stated, the Court held that the holding in *Rafaelli* did govern. In contrast, the Court said the *Jackson* decision was not applicable. "The distinguishing fact in *Jackson* is not that the real properties were never sold at a public auction, but rather that those properties were not even offered for sale at a public auction."

"State and local governments have the constitutional authority to tax and, under that authority, may appropriate real property to recover delinquent taxes owed . . . The government commits a taking only if—when attempting to collect delinquent taxes—it 'appropriate[s] property in excess of what is owed.'"

In *Yono*, there was an auction; there were no surplus proceeds because the property did not sell. "Because there were no surplus proceeds, no taking occurred that required compensation."

"The result of a public foreclosure sale demonstrates as a matter of law the amount of any surplus for purposes of a takings claim; the failure to sell the real property at the auction establishes that the government did not take more property than it was owed. Plaintiff does not argue that defendants failed to comply with the statutory requirements . . . nor does he provide any evidence that the Treasurer otherwise acted in bad faith when attempting to sell his real property."

Municipal officials who would like a succinct review of these three foreclosure case decisions will appreciate the "syllabus" to the decision in *Yono*. It provides an excellent review of each of the three opinions and their significance. 

Bill Mathewson is a legal consultant to the League. You may contact Bill at wmathewson@mml.org.

This column highlights a recent judicial decision or Michigan Municipal League Legal Defense Fund case that impacts municipalities. The information in this column should not be considered a legal opinion or to constitute legal advice



Task Force, to Coalition, to Housing in Marquette County

By Emily Pinsuwan

MARQUETTE
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The Upper Peninsula needs more housing. But the cost of building in the U.P. is prohibitive for many—whether it's materials or skilled labor, it is just a hard place to develop.

Chris Germain knows this all too well. After graduating from Northern Michigan University in the late 2000s, “there wasn’t any opportunity. I had to leave the U.P. and I didn’t want to. It took me 14 years to find a path back to Marquette.” Years later, when offered a chance to return, he almost had to turn it down: He could not find a place to live. “It should not be that hard to find a house,” he said. “We realized immediately we had to do more.”

Germain is the CEO of the Lake Superior Community Partnership (LSCP). The nonprofit is part of a broad regional effort that brings together local governments, private developers, philanthropy, and the Marquette County Land Bank Authority. The idea is simple: Make a conscious effort to align everyone’s interests, give help where it’s needed, and make the math work. Houses will follow. Still in its infancy, the initiative is showing promising returns.

Early work on the housing problem began with an intergovernmental task force made up of township and city officials across Marquette County. The group commissioned a target market analysis that revealed a mind-boggling need: “We could build, literally, a thousand units a year and not break the market,” says Germain. “There was clear demand. People are moving to Marquette. The problem is just getting worse. We had to build more.

“That was something of a wake-up call.”

Believing the region needed a more comprehensive approach, LSCP studied the housing organizations in Midland, Grand Rapids, and Traverse City, ultimately launching Housing Now, a nonprofit coalition of “anyone with an interest.” The group’s leadership council consists of labor developers, local governments, nonprofits, banks, and builders.

Today, the group includes 27 partner organizations and focuses on education, regulatory support, data, and developer engagement. “We’ve kind of put it on steroids,” says Germain. The group holds bimonthly Emerging Developer Program meetings to foster local U.P. talent. “We’ve determined that out of state developers and downstate developers are great, but we need to grow our own way out of the problem.”

Another piece of the housing puzzle is the Marquette County Land Bank Authority. “A land bank is a very powerful tool if you know how to use it,” says Germain. “You put land

in the land bank; it clears the deed, and you remove a lot of barriers to redevelopment.” Many municipal land banks hold and maintain tax-foreclosed properties, which prevents blight but does not result in the land being developed. “Some land banks, like ours, have started to be much more proactive,” says Germain. “We have this land. It’s publicly owned. Why don’t we put it to its highest and best use?”

“A land bank is a very powerful tool if you know how to use it.”

In 2024, LSCP partnered with InvestUP, the Community Foundation of Marquette County, and the Marquette County Land Bank to secure a Rural Readiness Grant. The grant funded the U.P.’s first full-time housing specialist, Antonio Adan, a former project manager for the City of Marquette. Funded through 2027, Adan’s dual role includes serving as executive director of the Marquette County Land Bank.





"I went through our GIS data, took that information, and we looked at every single [Marquette County] township to see what they owned, if they own any municipally owned land," says Adan.

At any given time, the Marquette County Land Bank holds between 20 and 25 properties. "The land bank is always going to be in the business of performing blight elimination and demolition," says Adan. "That's part of the '1.0.' . . . Moving forward to what we call '2.0' in land banking, now that we have a lot of sites that are vacant or demolished, the next natural step is to look at redevelopment." The Marquette County Land Bank is now identifying sites for workforce housing (between 60 and 120 percent median income).

The goal of all this is to create a smoother, more predictable pipeline for projects. Adan's day-to-day work includes coordinating directly with developers and local governments to get sites ready for development. He provides technical assistance and due diligence that many developers do not have the capacity to perform themselves. He also connects developers to things like MI Neighborhood and MSHDA's Missing Middle programs.

Housing Now's Emerging Developer Program is a big part of this. "We've grown that list from five or six people last year in February to about—I think I counted 56 people on the list now," says Adan. The conversations are participant driven, encouraging developers to collaborate among themselves.

Adan sees it as a "safe space" for people who understand the challenges of development in the U.P.

This housing experiment has earned its plaudits. Adan was recently named Emerging Leader for the National Land Bank Association, and Housing Now received the state Home Builders Association's first ever Coalition of the Year award.

In concrete terms, the experiment is already paying off. After only two or three Land Bank developments in previous years, "we're [currently] building 22 units," says Adan. He estimates that the initiative has assisted in the development of 136 properties through "conversations, discussions, meetings, town halls, public hearings, anything that we can throw at it." On top of that, 546 units are being rehabbed.

"That may not seem like a big number," says Adan. "But for us, that's huge."

Moving forward, Adan hopes for scalability. "With the knowledge that we've gained the last two years on how to do this, I think now we're looking for, how do we replicate this county wide, U.P. wide," he says. "Make our efforts go an extra mile—having not just a four- or five-unit development but actually like a 20-to-30-to-50-unit development project that is really going to make an impact for that community." "We're trying to figure out how to keep this train going."

Antonio Adan is happy to connect with League members who want to learn more about his work and collaboration. He can be reached at aadan@mqtco.org.

Christopher Germain is happy to connect with League members and can be reached at 906-202-3710 and cgermain@marquette.org.

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Local Option Taxes: Closing the Gap on State Revenue Sharing

By Rick Haglund

Shane Horn took over as Petoskey's city manager in 2022 after serving five years in the same position in Lakeland, Tennessee, part of the Memphis metro area. While he enjoys leading the day-to-day operations of city government in one of the most picturesque areas of Michigan, he is wistful for the financial flexibility Lakeland has to provide services to its 14,000-plus residents.

"We had a local option to add a small percentage on to the state sales tax," he said. "What a great tool you had to use to be able to keep revenue in the community." Tennessee is one of nine states that do not have a personal income tax, and its property taxes are among the lowest in the country. The Volunteer State instead relies heavily on the sales tax to finance government services. It assesses a seven percent sales tax rate and allows local units of government, with voter approval, to tack on as much as 2.75 percent to the sales tax.

"It's frustrating we don't have options to go to the voters and make our case," Horn said, citing what he says are the inadequacies in Michigan's system of sharing state revenue with local governments. City and village officials, and the Michigan Municipal League, have long advocated for local option taxes as state revenue sharing payments have fallen short in recent decades of the money local officials say they need to provide quality government services.

The time has finally come to revisit how the state shares revenue with local units of government, according to one respected nonprofit research group. "At some point we're going to need to examine the authorization of alternative taxes," wrote Citizens Research Council President Eric Lupher last fall in a lengthy blog post—and that includes local option taxes. Doing so, he said, could provide property tax relief, reduce local governments' dependence on fluctuating state revenue sharing, and target revenue sharing to communities most in need.

Michigan has a complex municipal finance system in which cities, villages, townships, and counties receive most of their revenue from local property taxes, supplemented by state constitutional and statutory revenue sharing. Local government revenues are constrained, though, by two tax limitation laws that restrict how much revenue they can collect. The Headlee Tax Limitation Amendment of 1978 requires local governments to roll back millage rates when total property value growth exceeds the rate of inflation. Proposal A of 1994, a sweeping overhaul of state financing of K–12 schools, caps the growth in an individual property to the rate of inflation or five percent, whichever is less (see *Overview: Headlee and Proposal A*, pg. 12, in this issue for a more detailed explanation).

Property values in Michigan plunged during the housing crisis in 2008. Horn said it took Petoskey nine years to recover the \$96 million in taxable property revenues lost in that period because of Headlee and Proposal A. Meanwhile state government, suffering severe budget problems, slashed state revenue sharing by \$8.6 billion between 2002 and 2016, according to the League.

Much of the loss came from statutory revenue sharing, money appropriated annually by the legislature.

Local governments also receive constitutional revenue sharing, which has taken a hit in the fiscal 2026 budget. Under the state Constitution, 15 percent of all sales tax collected at the pre-Proposal A rate of four percent is dedicated to revenue sharing. (The remaining two percent of the sales tax is dedicated to school funding.) But the removal of the six percent sales tax on gasoline in the new budget cuts constitutional revenue sharing by \$63.6 million, according to the League. Petoskey will lose about \$15,800 this year from the cut. Local governments will get some of that back through new public safety revenue sharing of \$42.6 million this year and \$35 million annually in future years. Lupher said local officials should be leery. "A funding source that was guaranteed (as long as the economy is strong) is being replaced with a public safety funding program that is subject to the whims of legislative leaders and the executive branch," he writes. While state revenue sharing has risen in recent years, it is far below full funding under constitutional and statutory formulas. Cities, villages, and townships will receive about \$1.4 billion in revenue sharing this year, down nearly 60 percent from full funding of \$2.2 billion, according to the House Fiscal Agency.

Like many local government officials, Horn says Michigan has a "broken" municipal finance model. But he bemoans what he says is the lack of progress in fixing it. "We've been talking about it for a long time, but there doesn't seem to be momentum to address it," he said. Unless changes are made, residents could see government services erode as costs of providing those services escalate, according to a survey of nearly 1,900 local government leaders. Only 29 percent of local officials statewide believe Michigan's system of funding local government will allow them to maintain current services, according to a survey last fall by the University of Michigan's Center for Local, State, and Urban Policy. Just 16 percent said they will be able to improve or expand services under the current system.

And while 57 percent support gaining the ability to raise local taxes, that's down by nine percentage points over the past decade. Most support hiking property tax millage rates, and levying sales taxes on alcohol, tobacco, and tourism-related spending. Only 10 percent supported enacting local sales and income taxes, local gasoline taxes, and local motor vehicle registration taxes.

A majority of local officials in the U-M survey said they believe their constituents would be willing to pay higher taxes for police and fire protection but would prefer cuts in most other types of government services rather than pay higher taxes to support them. Tax hikes are never popular but are likely even less so at a time when the cost of groceries, housing, and other living costs are major economic concerns. But at the same time, Michigan is trying to attract more young talent and families to boost the state's prosperity as its population ages. Making communities less attractive by cutting local government services is not a winning strategy.



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Q. What can be done about a councilmember or trustee not attending council meetings?

A. To address meeting absences, you can enact a provision in your council rules or amend your charter. Home rule charters commonly contain provisions on council absences. The General Law Village Act does not contain any provision on council meeting absences, so general law villages would need to enact their own provisions regarding this.

1. Council Rules – General Law Village Example

Election to the village council is a privilege freely sought by the nominee. It carries with it the responsibility to participate in council activities and represent the residents of the village. Attendance at council meetings is critical to fulfilling this responsibility. The village council is empowered by the General Law Village Act to adjourn a meeting if a quorum is not present and compel attendance in a manner prescribed by its ordinance (MCL 65.5). The council may excuse absences for cause. If a trustee has more than three unexcused successive absences for regular or special council meetings, the council may enact a resolution of reprimand. In the event that the member's absences continue for more than three additional successive regular or special meetings of the council, the council may enact a resolution of censure or request the trustee's resignation or both.

Council Rules – City Example

No city councilmember shall miss three consecutive, unexcused regular meetings in a twelve-month period. Any violation of this provision shall result in the matter being reviewed by the Board of Ethics for appropriate action, including but not limited to removal from the city council. This provision recognizes the duty of city councilmembers to be in attendance to represent the citizens in matters concerning the city. An absence shall be excused only upon a quorum vote by the present city council.

2. Charter Provisions

The most common charter provision on council absences is: four unexcused absences or missing 25 percent of meetings in a year result in a councilmember being removed from office. Variations include three consecutive absences or 25 percent; 30 percent in a year; or seven consecutive meetings in a year.

The League's charter database contains all home rule city and village charters and what method they use. Email info@mml.org to request sample provisions.

Q. Can you explain the Residency Act of 1999? Are we permitted to require our employees to live in the city [or village] limits?

A. The Act applies to public employers, i.e., counties, townships, villages, cities, authorities, school districts, or other political subdivisions, including any entity created jointly by two or more public employers. The Act does not apply to volunteer or paid on-call firefighters, elected officials, or unpaid appointed officials. The Act prohibits a public employer from requiring a person to live within a specified geographic area or distance or travel time from the boundary of the public employer subject to the following exceptions:

1. A public employer may require that the person live no greater than 20 miles from the nearest boundary of the city, village, etc.
2. If such a requirement is made, it does not apply to a married person whose spouse also works for a public employer with a restriction that, if not for the Act, would require him or her to reside a distance of less than 20 miles from the nearest boundary of his or her employer. The Act does not require special action, either by way of ordinance or resolution, by a public employer. The Act applies only to employment contracts entered into, renewed, or renegotiated after March 10, 2000.

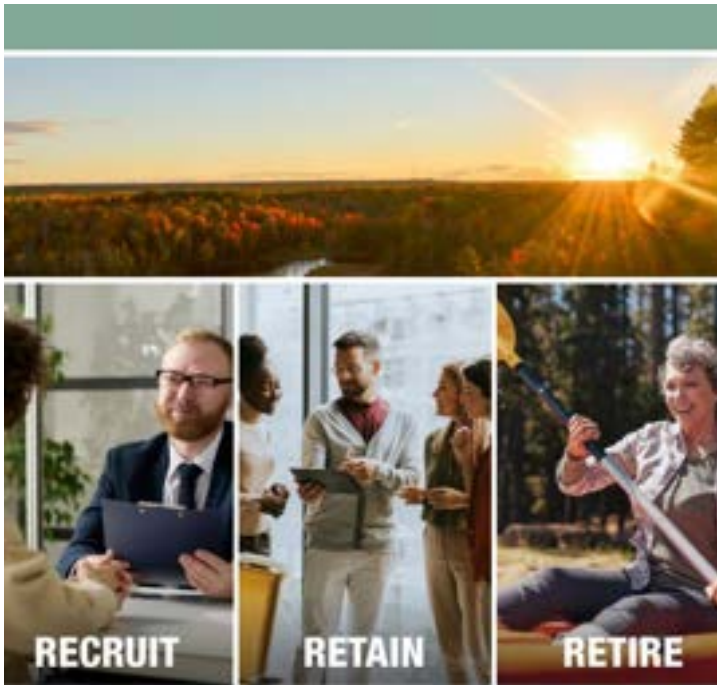
See the MML Fact Sheet: The Residency Act, available at mml.org

Q. I need clarification on the Open Meetings Act (OMA). There were different rules during COVID-19 and I need to know if it is still OK for a member of council to call into a meeting to participate.

A. The amendment to the Michigan Open Meetings Act that permitted virtual meeting attendance during COVID-19 has expired. The only permissible reason for virtually participating in a council meeting after December 31, 2021, is to accommodate a member absent due to military duty (MCL 15.263a1(c)).

Special note: Municipalities can hold hybrid council meetings for the purpose of citizen participation, where the council meets in person and the public joins via video conferencing software. It is then up to the council whether to allow virtual attendees to participate in the public comment portion of the agenda. You would want to have something in writing as part of your council rules of procedure. The Open Meetings Act (MCL 15.263(5)) requires: A person must be permitted to address a meeting of a public body under rules established and recorded by the public body.

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Getting Ready for the 2030 Census

By Kelly Warren

Happy New Year! 2026 puts us a year closer to the 2030 Census. Although it's still four years away, now is the time to prepare so your community can give a complete and accurate count.

As you know, Michigan's population determines the amount of federal dollars that come to the state. Census data determines how billions of dollars in federal and state funds are distributed each year for programs like roads, schools, public health, housing and emergency services. So, it's very important to make sure everyone is counted. An undercount could mean a community loses funding for the next 10 years.

Your active involvement with the LUCA operation can be a game changer. LUCA stands for Local Update of Census Addresses, a program run by the U.S. Census Bureau that gives local governments, tribes, and certain regional agencies a chance to review and update the Census Bureau's list of addresses before the next decennial census. This is your opportunity as a community to make sure that the Census Bureau is aware of all the addresses in your municipality. If a housing unit isn't on the Census Bureau's address list, the people living there won't be counted—and they won't even know they were missed.

LUCA is the first major operation for the 2030 Census. This is the only chance for local governments to improve the Census Bureau's confidential address list before the count. It's important to note that all LUCA liaisons and reviewers must sign a confidentiality agreement with the Census Bureau to maintain the confidentiality of Census Bureau materials, in this case addresses, protected under Title 13 of the United States Code. As this is the only opportunity to review the list, we hope your community will choose to participate.

LUCA Case Studies

During the last LUCA operation for the 2020 Census, community teams in Fresno, California, were able to add 600 hidden housing units in low-visibility areas. Their efforts were so successful that they duplicated the program at the state level and added thousands of new addresses statewide.

Why It Matters

Accurate Addresses = Accurate Census = Fair Funding, Representation, and Services

They did this by identifying informal and low-visibility housing, such as accessory dwelling units, homes in backyards of subdivided units, and housing units located above businesses.

New Orleans is another example, after Hurricane Katrina, two public housing sites were rebuilt. The new builds were missing from the list. Because city staff reviewed the list and were aware of the missing new projects, they were able to add over 500 housing units to the Census list.

According to the 2030 Census National LUCA Working Group, during the 2020 Census, only 29 percent of eligible governments participated in LUCA—yet their efforts collectively added 3.2 million unique addresses that the Bureau did not previously have on file.

As local government leaders, you know your communities best. You know where new housing developments are and where non-traditional housing units may be. You know if a natural disaster may have displaced people in the community and where they might be living now. You also know where the historically undercounted populations reside: the communities of color, indigenous populations, people in rural areas, low-income households, young children, and renters. These undercounts can be traced to missing or inaccurate address information. You can be the key in making sure these populations get counted.

During the LUCA process, which begins in early 2027, the Census Bureau will send the list of addresses to the highest elected official in your municipality. The community will be given up to six months to review the list and submit any missing addresses, correct mistakes in existing addresses, and flag any addresses that no longer exist. Once a participating government submits its information to the Census Bureau through a secure online portal, Bureau staff will work to ensure that all eligible addresses are included. The Bureau will follow up with feedback to the entity to inform them if the address was accepted, denied, deleted, or updated.

Your Next Steps

- Talk to your regional planning agency or neighboring governments to coordinate efforts and avoid duplication.
- Assess your local data and GIS capacity and determine who will manage LUCA for your municipality.
- Incorporate LUCA into your 2030 Census Plan.
- Join LUCA trainings and webinars to learn more!

The Michigan Black Caucus of Local Elected Officials, an affiliate of the League, will host a 2030 Census session during CapCon, March 10–11. Be sure to register for CapCon to attend!

For more information on the 2030 Census, the LUCA program, and the Fresno and New Orleans case studies, visit nlc.org/census and census.gov.

Kelly Warren is the director of membership and affiliate engagement for the League. You may contact Kelly at 734-669-6310 or kwarren@mml.org.



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