

INTERGOVERNMENTAL ADVISORY OFFICE

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5930

Sponsor: Rep. Marie Donigan

Committee: Intergovernmental and Regional Affairs

Complete to 6-14-10

A SUMMARY OF HOUSE BILL 5930 AS INTRODUCED 3-9-10

House Bill 5930 proposes a new statute to be known as the Intergovernmental Advisory Office Act that would, for two years, create an Intergovernmental Advisory Office to assist local units of government with consolidation and more efficient delivery of services, among other things.

Further, the bill directs the Office to identify and catalogue specific base-level services rendered by local government as a basis for revenue sharing; to review and recommend changes to constitutional and statutory revenue sharing that support specific base-level services rendered by local government units, rather than providing unrestricted funds; to recommend methods for local governments to increase their authority to tax their citizens for the desired services, and beyond the base-level services that all local units provide; and to provide grants and loans for innovation and consolidation.

A detailed description of the bill follows.

Intergovernmental Advisory Office. Under the bill, an intergovernmental advisory office would be created, headed by a director who was appointed by the governor, and who would serve at the governor's pleasure.

The office would do all of the following:

- Serve as the central state agency that connected local governments to services provided by various state departments and agencies (via each state department's designated local government liaison who would meet periodically with the director to ensure efficient state service delivery).
- Develop common minimum operational standards for all local units of government, including accounting standards.
- Evaluate Michigan laws to determine whether state statutes create impediments or barriers to collaboration and cooperation between local units of government, and how those statutes could be amended or supplemented to provide incentives for local cooperation and collaboration based on local control rather than state control (including a charge that the office draft suggested legislation, and provide copies to the Secretary of the Senate and the Clerk of the House).

- Identify, categorize, and prioritize opportunities for shared services, collaborative efforts, and consolidation and increased efficiency among local and regional government agencies.
- Identify and prioritize real barriers to local cooperation and collaboration.
- Work with state departments and representative nongovernmental organizations to catalogue, record, and track activities relating to local cooperation, consolidation, and shared services across the state to optimize success and avoid duplication and conflict.
- Identify and catalogue specific base-level services rendered by local government as a basis for revenue sharing.
- Review and recommend changes to constitutional and statutory revenue sharing that support specific base-level services rendered by local government units, rather than providing unrestricted funds.
- Recommend methods for local governments to increase their authority to tax their citizens for the desired services, and beyond the base-level services that all local units provide.
- Provide grants to be used for consultant services as needed.

The bill provides that the Intergovernmental Agency Office support local governmental coordination and collaboration efforts, including the following: consolidation of local units and services; the formation and operation of regional commissions, agencies, and councils; mutual aid pacts between local governments; joint services agreements; joint purchasing agreements; contracts for performing governmental functions and providing governmental services to residents; and the formation of special authorities.

Innovative Tools and Services. The Intergovernmental Agency Office would develop and provide a variety of innovative tools and services to help municipalities consolidate and coordinate the delivery of essential services to residents and businesses, including the following:

- State financed bonds.
- Public-private partnerships for local governmental units for brick and mortar projects.
- Public investment infrastructure funding.
- The services of qualified consultants who have demonstrated proven success.
- Financial models and incentives that local governments can replicate to achieve coordinated and cooperative ventures that would not overburden taxpayers, and that recognize the uniqueness and complexity of large urban, small urban, suburban, village, township, and rural governments (including, where applicable, fixed costs, ongoing operational costs, taxation, variable costs, transaction costs, and shared risk and liability).
- Legal services.
- Teams of experts to assist local governments in intergovernmental efforts (including attorneys, certified public accountants, labor negotiations, financial analysts, former school superintendents, former city managers and financial officers, municipal planning experts, private sector professionals who have

experience or expertise in local government, and consultants who have achieved success with consolidation efforts).

Service Integration. The bill would require the Office to promote the integration of services whenever that integration provided a more economical and efficient use of resources. The services that the Office would review would include: 9-1-1 emergency services; fire and police services (including dispatch, and regional and central lockup facilities); court services; collection of taxes and fees; property assessment and equalization; regional and shared libraries; parks and recreation services; accounting; human resources; significant capital expenditures; and general administrative functions.

Collaboration with State and Local Leaders. The director of the Office would meet regularly with and seek the cooperation and advice of the following people or their designees: the state treasurer; the Department of Management and Budget director; the Department of Natural Resources and Environment director; the Department of Transportation director; the lieutenant governor; the attorney general; the Michigan Municipal League; the Michigan Townships Association; and the Michigan Association of Counties.

Loan Fund; Grants and Loans. The bill specifies that an Intergovernmental Grant and Loan Fund be created in the state treasury. The state treasurer would direct the fund, could receive money or other assets from any source for deposit into the fund, and would credit to the fund interest and earnings from fund investments. Money in the fund at the end of the fiscal year would remain in the fund and would not lapse to the General Fund. The Department of Treasury would be the administrator of the fund for auditing purposes.

At the direction of the Intergovernmental Advisory Office, the state treasurer would expend money from the fund, upon appropriation, only for the following purposes:

- Awarding grants to local units of government to support innovative pilot programs that implemented cooperation and collaboration between the participating local units of government.
- Awarding grants to local units of government to support joint ventures by those local units to deliver governmental services.
- Making loans to local units of government that collaborate on the purchase or construction of capital-intensive items.

An application for a grant or loan would be submitted jointly by the local units of government that proposed to participate in the endeavor that was the subject of the grant or loan. The forms and requirements for the application and the terms of the grant or loan would be determined by the Intergovernmental Advisory Office.

Website. The Intergovernmental Advisory Office would create an interactive website that would be available to the public to assist local units of government in participating in the activities authorized under this act.

Annual Report. Not later than January 1, 2011, and each year after that, the Intergovernmental Advisory Office would report on its activities and recommendations to the chairpersons of the standing committees of the Senate and House of Representatives that consider legislation affecting local governmental activities, and to the chairpersons of the Senate and House Appropriations committees.

Sunset. Under the bill the act would be repealed two years after the date on which it was enacted.

Definition. The bill would define "local unit of government" to mean a political subdivision of this state, including, but not limited to, a county, city, village, township, district, local authority, intergovernmental authority, or intergovernmental entity.

FISCAL IMPACT:

Potential fiscal impacts on both the state and local units of government are being evaluated.

Legislative Analyst: J. Hunault
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.