



May 4, 2021

Rep. Beau LaFave, Chair
House Military, Veterans, and Homeland Security Committee
124 N. Capitol Ave.
Lansing, MI 48933

Dear Chair LaFave and Members of the Committee,

Our organizations, representing the local and regional governments of our state, support in concept House Bills 4624-26 on property tax exemptions for disabled veterans with required reimbursement to local government. We have been working on this issue with stakeholders, for some time with a goal of creating a process that does not disrupt aid to veterans or weaken local public services.

Our organizations recognize the need to support our veteran community, but the Legislature also needs to also consider the importance of property taxes to local units of government — one of the two major funding sources for communities.

A [recent analysis by the nonpartisan Lincoln Institute of Land Policy](#) found that not only is Michigan “unique in the restrictiveness of the state’s property tax limits,” but “the property tax is particularly important for local governments’ fiscal health in Michigan because they have little access to other types of taxes to raise revenue.”

The crisis only worsened in the aftermath of the Great Recession a decade ago. As the state’s economy and resources bounced back, Michigan’s local governments, trapped underneath two interlocking state restrictions on property taxes (Proposal A and the Headlee Amendment), saw their resources plunge and never really return. It took 11 years for nominal property tax collections to recover to their 2008 level. Worse, adjusting for inflation, local units are now collecting *billions less* than they did in 2008.

The disabled veterans’ property tax exemption in its current form has taken over 20,000 parcels off the rolls, affecting \$1.7 billion in taxable value. These trends cannot hold if Michigan is going to properly fund local public services. Any exemption issued by the state must be paired with replacement revenues for affected local units.

We are eager to continue to work with our partners and members of the committee to find solutions to the lost revenue of our local units of government due to property tax exemptions.

Sincerely,

Chris Hackbarth
Director,
State & Federal Affairs
Mich. Municipal League

Judith Allen
Director,
Government Relations
Michigan Townships Assoc.

Deena Bosworth
Director,
Governmental Affairs
Michigan Assoc. of Counties