

**LOWELL CITY COUNCIL
MEMORANDUM**



DATE: March 25, 2022

TO: Mayor DeVore and the City Council

FROM: Michael T. Burns, City Manager

MB

RE: Friday Memo

Attached to the Friday memo are the following:

- March 24, 2022 Bridge Michigan article on Governor Whitmer and legislature coming to a \$4.7 billion Michigan infrastructure deal
- March 24, 2022 Detroit Free Press article on municipalities receiving marijuana excise tax revenue

I am hoping Chief Hurst and I are finished with addressing issues pertaining to the Police Department for a while. As I stated on Monday, over the past few weeks, Chief and I have spent approximately 250 to 300 hours pertaining to this.

I am now turning my attention to the upcoming budget. I spent a lot of time this week on this topic. I am now at the point where I work on nothing but the budget until the April 19 deadline where I must provide it to you.

Yesterday, the city received \$282,267.20 in marijuana excise tax revenue. I projected \$100,000 in revenue for this fiscal year regarding this. The funds have been transferred from the general fund to the local street fund to be included in our upcoming road projects. The projects we put in the seven-year road plan and the financial models track very well for us to continue to address these. Will all of our streets be finished in the next ten years? No! However, we are in much better shape than we would be without these funds.

The other positive, is this allowed us to add an additional police officer position budgeted for this fiscal year. I have authorized Chief Hurst to fill the position. Our staffing will now be at the pre-2008 levels and we can now make the detective position a full-time position. We have been trying to make this happen since the day I was hired.

One other thing, last night I was completing some calculations. I wanted to see how much taxable value would need to increase to generate the amount of funds we received yesterday. We would need \$18,050,000 in new taxable value to receive these amounts. This means the total new investment would have to be \$36,100,000 to generate what we received today. It is impossible for a city our size to generate this type of increase under any circumstance. In fact, under the Headlee Amendment this would restrict this further from ever happening. I was very skeptical of this being a revenue generator for the city when we opted in. While, I will be conservative in future projections, I am not as skeptical of this. This may have been the best financial decision the City has ever made to opt in on adult use marijuana facilities.

This morning, the Right Place held a meeting with their municipal partners to have a discussion about a number of issues in Kent County. Some of these were infrastructure, growth in the county, economic development projects, broadband and access to water and sewer. It was a very good discussion about items in the county.

One last thing, the new EV chargers are scheduled to be installed on April 11th.

This is all I have. Have a good weekend.



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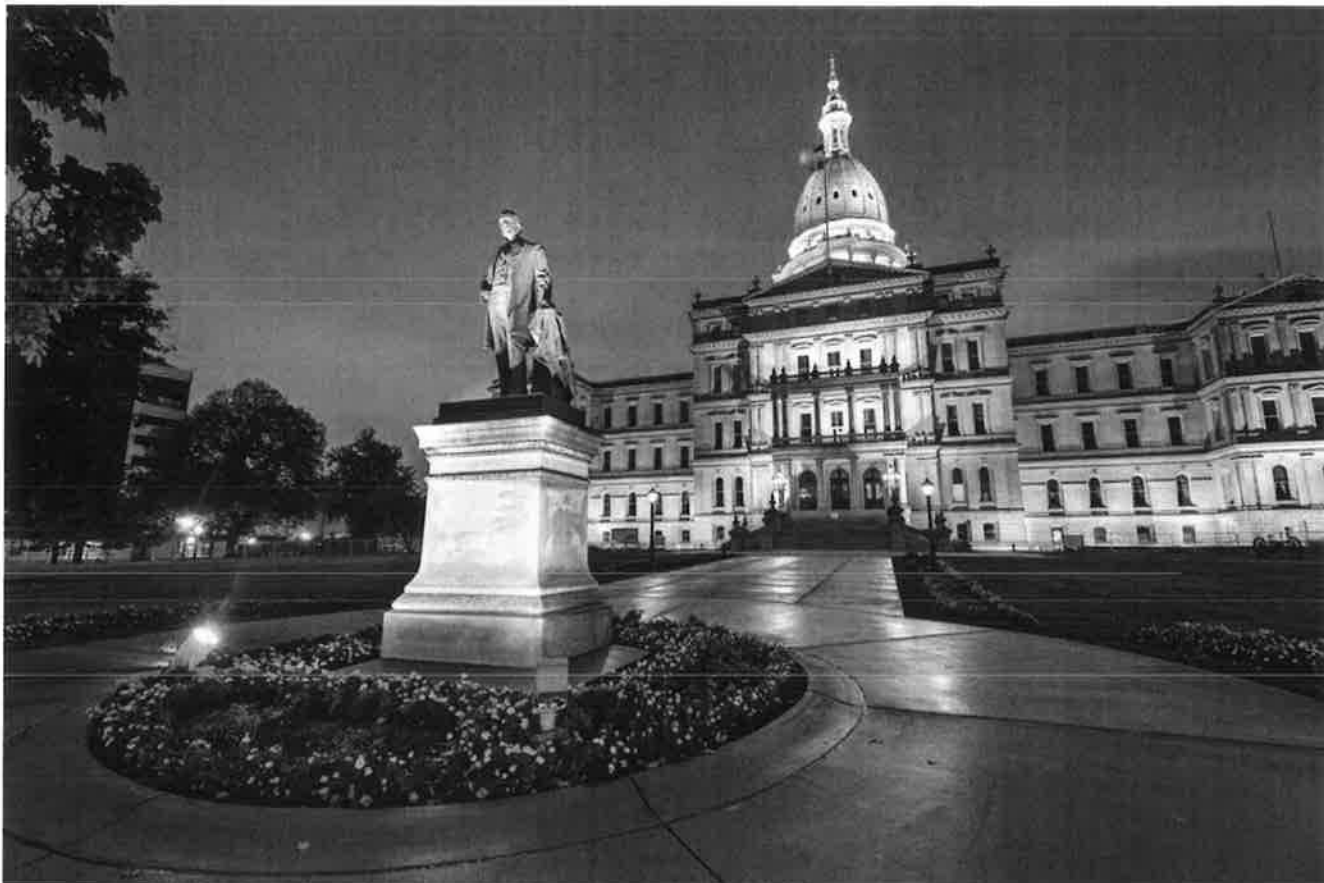


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Michigan Government

Gretchen Whitmer, GOP strike \$4.7 billion Michigan infrastructure deal



The budget deal won broad and bipartisan support in the House Appropriations Committee late Wednesday as lawmakers from both major political parties approved an amended bill in a 27-0 vote. It is expected to be sent to a vote of the full House and Senate Thursday and then go to Gov. Gretchen Whitmer for her signature. (Shutterstock)



March 24, 2022



Jonathan Oosting



Michigan Government



Gov. Gretchen Whitmer, Michigan roads

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LANSING—Democratic Gov. Gretchen Whitmer and the Republican-led Legislature struck a major budget deal late Wednesday to spend \$4.7 billion in state surplus and federal stimulus funds to upgrade aging infrastructure across Michigan, among other things.

The spending plan includes more than \$1.7 billion for drinking water and wastewater system improvement projects, \$450 million for parks and trails, \$317 million for road and bridge repairs and \$250 million for broadband infrastructure grants to expand high-speed internet to unserved areas.

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- **Michigan GOP passes more bills to tighten election rules. Expect more vetoes.**

The deal won broad and bipartisan support in the House Appropriations Committee late Wednesday as lawmakers from both major political parties approved an amended bill in a 27-0 vote.

The full House and Senate are expected to vote on the spending plan as early as Thursday, sending it to the governor's desk, along with a separate bill that would pump \$250 million into the state's unemployment insurance trust fund.

While Whitmer and legislative leaders remain at odds over potential tax cuts and have yet to finalize a budget for the next fiscal year, the governor called the supplemental spending deal proof that Republicans and Democrats can work together to "get things done" in Michigan.

"We are so proud to announce that we have reached a deal on a bipartisan infrastructure supplemental to invest in our shared priorities including drinking water, high-speed internet, housing and parks," she said.

"These are tough times for families, small businesses, and communities, and this bipartisan supplemental (bill) will help grow our economy, create jobs, and invest in every region of our state."

The spending bill will use less than half of the \$4.7 billion in discretionary federal stimulus funds the state has yet to spend. Roughly \$2.8 billion of that money will remain on the table for annual budget negotiations, according to Mary Ann Cleary, director of the nonpartisan House Fiscal Agency.

The new deal includes:

- \$1.7 billion in funding for clean water projects, providing loans for local communities to replace lead service lines, address emerging contaminants and provide extra assistance to small and disadvantaged communities struggling with water contamination, like Benton Harbor
- \$317 million for road and bridge projects, including \$237.5 million for state trunkline construction and \$79.2 million for local roads
- \$200 million in federal funds for local parks and trails, including \$60 million for recreational greenways in Detroit, \$55 million for greenways in Grand Rapids, \$20 million on tourism and sports programs in northern Michigan and \$65 million for other park grants
- Another \$250 million in federal funds to help improve, repair and maintain state parks, recreation areas and trails
- \$200 million for the Four Lakes Task Force that had agreed to buy Midland-area dams that failed in 2020 and led to massive flooding, along with another \$15 million for inspection and review of the dam failures
- \$121.4 million in federal funding for homeowner assistance funds to help prevent mortgage delinquencies, defaults, foreclosures, utility or internet service loss, or homeowner displacement because of financial hardship after January 21, 2020.
- \$383 million in federal funding for COVID-19 rental assistance to support low-income residents who experienced "significant financial hardship" during the pandemic
- \$66 million for highway pump station backup generators, as proposed by the Whitmer administration to fight the kind of flooding that led to highway closures last summer in Metro Detroit

Those are "historic funding" levels that will prove to be "transformative investments," said Senate Appropriations Chair Jim Stamas, R-Midland.

House Appropriations Chair Thomas Albert called the plan the "right way" for the state to take advantage of an "unprecedented opportunity to make monumental improvements to the structural foundation of Michigan communities."

The deal "will use one-time resources available today to benefit our children and grandchildren for the rest of their lives – which is extremely important given the potential ramifications of current federal policies in future years," Albert, R-Lowell, said in a statement.

The bipartisan breakthrough comes after weeks of possible tax cut posturing in Lansing, where both Whitmer and the Legislature contend they are interested in returning some of the state's surplus to residents but have been unable to negotiate terms.

Whitmer on Friday vetoed a \$2.5 billion GOP plan to slash personal income taxes, and she promised to do the same for a separate bill that would have suspended Michigan's gas tax to curb ongoing price spikes.

Instead, the Democratic governor has told lawmakers she is open to a "short-term pause" in the sales tax on motor fuel and wants to pursue other forms of targeted tax cuts, including broad exemptions for senior income and expansion of the Earned Income Tax Credit for lower-income earners.

With the new spending deal headed toward her desk for signature, Whitmer said late Wednesday that she looks forward to "continuing in this spirit of collaboration to pass another balanced, bipartisan budget that delivers on the kitchen-table issues."

Related Articles:



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March 24, 2022 | **Matt Hall** in **Guest Commentary**

Detroit Free Press

MARIJUANA

Michigan communities will share \$42 million of recreational marijuana tax revenue



Adrienne Roberts

Detroit Free Press

Published 6:05 p.m. ET March 24, 2022

Michigan municipalities that allow recreational marijuana sales within their borders will split more than \$42 million from the state's marijuana regulation fund, the Michigan Department of Treasury said Thursday.

Each municipality or county will receive \$56,400 per retailer, double the amount municipalities received for 2020. For example, Ann Arbor will get \$1.4 million, while Hazel Park will receive nearly \$339,000.

December 2019 marked the start of recreational marijuana sales in Michigan after state voters approved a 2018 ballot proposal to legalize it.

Municipalities across the state were given the chance to opt in or out of allowing recreational marijuana businesses to operate within their communities. The majority of communities chose not to allow those businesses at the time but kept open the possibility of opting in at a future date.

Communities that have opted in get a piece of the more than \$111 million collected from the 10% adult-use marijuana excise tax for the fiscal year 2021. In total, \$172 million was available for distribution from the fund. Nearly \$50 million was sent to the state's School Aid Fund for K-12 education, and an additional \$49.3 million went to the Michigan Transportation Fund.

In metro Detroit, revenue payment amounts vary among the communities allowing recreational marijuana sales. Here is sample:

Ferndale, which has three dispensaries or microbusinesses, will receive \$169,000.

Hamtramck, which has four dispensaries or microbusinesses, will receive \$226,000.
Macomb County, which has six dispensaries or microbusinesses, will receive \$339,000.
Madison Heights, which has two dispensaries or microbusinesses, will receive \$113,000.

Notably absent from this list is Detroit, which allows medical marijuana sales within city limits but not recreational cannabis. The Detroit City Council is expected to pass an ordinance in April that would create a pathway for recreational cannabis businesses to open in the city.

More: Detroit City Council delays vote on revised recreational marijuana ordinance, again

More: Detroit has no recreational pot businesses. That could soon change.

The Michigan Marijuana Regulatory Agency projects \$2 billion in recreational marijuana sales in 2022, up from \$1.3 billion in 2021. Such an increase would likely mean more tax revenue for participating communities around the state next year.

To see what each municipality will receive this year, visit the Michigan Department of Treasury's website.

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