



June 8, 2021

The Honorable Representative Matt Hall, Chair and
Members of the House Tax Policy Committee
PO Box 30014
Lansing, MI 48909-7514

Re: 2021 House Bill 4513

Dear Chairman Hall:

On behalf of the City of Saginaw, I write to you in opposition of House Bill 4513. This legislation proposes to eliminate the authority of a city to levy income tax on nonresident individuals.

The City of Saginaw levies an income tax of 1.5% on residents and .75% on nonresidents. Income tax is the largest revenue source for the City of Saginaw and is budgeted at \$13.9 million annually. Approximately 52% or \$7.2 million of income tax revenue comes from nonresidents. Nonresidents working forty plus hours per week in the city utilize valuable infrastructure such as traffic signals, sidewalks, parks and roads; they also rely on critical services such as police and fire protection. There is a cost to the City to provide such services. We believe a .75% income tax levy on nonresidents is fair and reasonable.

As one of the only cities in Michigan and in the nation that is limited by the lessor of a 7.5 mil or \$3.8 million dollar property tax cap, and after years of cuts to state revenue sharing, this additional loss of income tax revenue would be devastating for the City of Saginaw. This loss would likely lead to drastic cuts in services to residents, non-residents and businesses alike in public safety, infrastructure, parks, and other vital services essential to talent attraction and quality of life in the City of Saginaw.

As the City Manager of the City of Saginaw, I am proud of the services provided by our team of dedicated employees. The city has taken a proactive approach to financial planning, organizational development, and citizen engagement initiatives. Although this has been a challenge, we continue to provide the very best services possible with the resources we have available. We strongly believe that, if House Bill 4513 is enacted, the

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loss of nonresident income tax collection will devastate revenues in our community and ultimately lead to the elimination of key programs and services. Therefore, we oppose House Bill 4513, or any legislation or regulation, which seeks to eliminate a city's authority to levy city income tax on nonresidents that share in the use of the services we provide. Thank you for this opportunity to provide comment.

Sincerely,

A handwritten signature in black ink that reads "Timothy Morales". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Timothy Morales
City Manager

cc: The Honorable Members of the House Tax Policy Committee
The Honorable Representative Pamela Hornberger