



CITY OF IONIA

June 7, 2021

CITY HALL

ADMINISTRATION

114 North Kidd Street
Ionia, Michigan 48846
ph 616-527-4170
fx 616-527-0810

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

ARMORY

COMMUNITY CENTER &

PARKS AND RECREATION

DEPARTMENT

439 West Main Street
Ionia, Michigan 48846
ph 616-523-1800
fx 616-523-1803

Dear Chairman Hall and members of the House Tax Policy Committee:

I am writing to express both concern and alarm at the draft legislation (HB 5413) currently under consideration by your committee. HB 5413 would eliminate the ability of municipalities such as the City of Ionia to levy personal income tax for non-residents who work in our city but reside elsewhere.

PUBLIC SAFETY

DEPARTMENT

239 East Adams Street
Ionia, Michigan 48846
ph 616-527-4431
fx 616-527-5717

The City of Ionia is the home of numerous large employers, including four Michigan Department of Corrections correctional facilities (Michigan Reformatory, Ionia Correctional Facility, Bellamy Creek Correctional Facility and Richard A. Handlon Correctional Facility), along with Sparrow Ionia Hospital, Ventra Ionia Manufacturing, Independent Bank Corporation, Matcor Automotive, Inc., Ionia Public Schools, and the Ionia County Intermediate School District. Furthermore, as the Ionia County seat, the City of Ionia is also home to nearly all Ionia County governmental facilities, including its courthouse, sheriff department and jail, health department, and annex building. While some City of Ionia residents are employed with these businesses and institutions, most, if not all also employ people from throughout Ionia County, as well as the surrounding, adjacent counties.

PUBLIC TRANSPORTATION

DEPARTMENT (Dial-A-Ride)

251 East Adams Street
Ionia, Michigan 48846
ph 616-527-4000
fx 616-527-5788

Given the large, governmental presence in the City of Ionia, much of its property is exempt from property taxes, making income taxes an essential source of revenue to fund basic City services. In fact, a review of the City's fiscal year 2021 General Fund reveals that only \$518,000, or 8% of total General Fund revenues (\$6,408,400) were derived from property tax revenues. In contrast, the City of Ionia's largest revenue source, local income tax, generated approximately \$2.2 million, or 34% of total General Fund Revenues. As this basic observation demonstrates, the City's ability to levy income tax at current levels is paramount to funding essential public services used by residents and commuters alike.

PUBLIC UTILITIES

DEPARTMENT

720 Wells Street
Ionia, Michigan 48846
ph 616-527-0370
fx 616-527-6002

Further observation reveals the estimated financial impact of HB 4513 is catastrophic for the City of Ionia. Analysis shows non-resident income tax collections amounted to 61% of total income tax collected in FY 2020 and 19% of our overall General Fund budget. In dollars, the revenue from non-resident

PUBLIC WORKS

DEPARTMENT

303 South Jackson Street
Ionia, Michigan 48846
ph 616-527-2760
fx 616-527-5787

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collections amounted to \$1,233,426 (2020). Additional years reveal the following data:

Fiscal Year	Total Gen. Fund	Income Tax from Non-Residents	Percentage of Total Gen. Fund
2020	\$6,496,248	\$1,233,426	19%
2019	\$5,964,599	\$1,228,135	21%
2018	\$5,517,280	\$1,138,492	21%
2017	\$5,040,943	\$1,175,379	23%

Effects from this potential shortfall will be experienced by all who depend on the City for essential local government services, and this deficit will be felt almost immediately with little or no opportunity to identify new revenues to fund effective city administration, let alone public safety and public works.

While the City manager and I will be sharing these facts and concerns with our legislators, I also respectfully implore you to avoid decimating public services in the City of Ionia by eliminating a totally justifiable and equitable tax system. I urge you, for the sake of my community, to reject passage of this extremely damaging legislation. Thank you for your consideration and action in this matter.

Sincerely yours,



Daniel A. Balice, Mayor
City of Ionia

C: Honorable Representative Pamela Hornberger
Honorable Representative Thomas Albert
Honorable Senator John Bizon