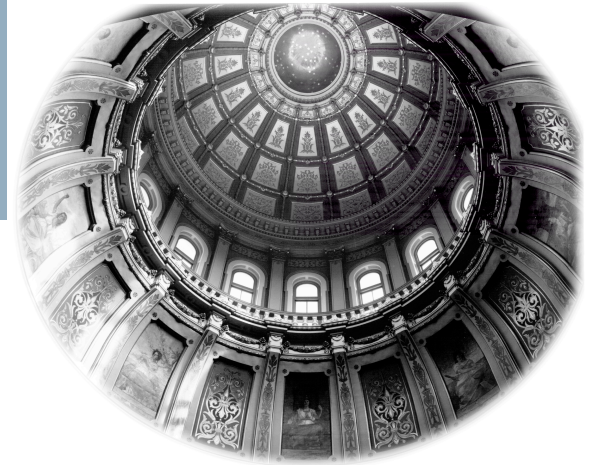


CAPITOL NEWS UPDATE

WEEK OF FEBRUARY 14, 2014

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NIXON TO RETURN TO UTAH

John Nixon, the architect of the Snyder administration's budget proposals, announced Thursday he is returning to Utah to be the chief business officer at the University of Utah. He was Utah's budget director when hired by Gov. Rick Snyder.

Snyder's budget director, who also manages the Department of Technology, Management and Budget (DTMB) said leaving "this amazing department is difficult" but the decision is best for the Nixon family. His last day will be Feb. 28.

John Roberts, currently the Governor's deputy chief of staff will become the state budget director, a job his father, Doug Roberts Sr., once held.

Dave Behen, the state's chief information officer, will be the new director of the DTMB.

EAA BACKERS PUT FORTH COMPROMISE

A compromise Education Achievement Authority (EAA) bill that puts back a cap on the number of schools under EAA management and allows intermediate school districts (ISDs) to have a role in the process was floated in the House this week.

A great portion of the H-3, Draft 2 version of HB 4369 mirrors what the Senate passed in December.

However, there are three changes in the news version that caps the number of schools that can be run by a school reform/redesign school district at 27 through June 30, 2014, 39 through June 30, 2015 and 50 after that; allows ISDs to operate or manage a troubled school district, but doesn't give them the right of first refusal; and exempts special education programs from being picked up by EAAs or other reform districts.

House Education Committee Chair Lisa Posthumus Lyons (R-Alto) said she has worked with Senate Education Committee Chair Phil Pavlov (R-St. Clair) and the Snyder administration to come up with a version that can make it to the Governor's desk.

However, some House Republicans say the votes aren't there yet for the revised proposal.

SUPREMES TO CONSIDER STATE BAR MANDATORY MEMBERSHIP

Should membership in the State Bar of Michigan be mandatory for Michigan attorneys?

That issue will be examined by the Michigan Supreme Court according to an order issued Thursday by the high court based on a State Bar request asking the MSC to "facilitate this important discussion.

Sen. Arlan Meekhof (R-West Olive) has introduced legislation (SB 0743) which would waive a required fee lawyers pay to join the State Bar.

The court order creates a task force comprised of a number of attorneys, judges and professors that has been asked to determine "whether the State Bar's duties and functions can be accomplished by means less intrusive upon the First Amendment rights of objecting individual attorneys but also "keep in mind the importance of protecting the public through regulating the legal profession..."

A report is expected to be complete by June of this year.

The high court has also agreed to determine whether the state's teacher tenure reforms of 2011 should have come with more state dollars for implementation.

BALANCED BUDGET RESOLUTIONS ARE JAMMED THROUGH A HOUSE COMMITTEE

Amid cries by Democrats that Republicans repeatedly violated legislative rules, the House Liability Reform Committee jammed through resolutions calling for a federal balanced budget.

A lengthy clash over rules ensued as Republicans refused to hold votes on nearly 20 amendments proposed by Democrat committee members. Republicans argued that the Democrat amendments were not germane to the subject so could not be taken up.

The resolutions – House Joint Resolution CC and Senate Joint Resolution V -- ask the U.S. Congress to call a convention of the states in order to propose an amendment to the Constitution to require a balanced budget.

SENATE FINANCE COMMITTEE PUMPS OUT TWO TAX RELIEF OPTIONS

The Senate Finance Committee this week approved legislation (SB 0752) that would increase the eligible income level on the Homestead Property Tax Credit.

The initial bill, sponsored by Sen. Dave Hildenbrand (R-Lowell), would have boosted the level to \$70,000, but the committee adopted an amendment offered by Sen. Rebekah Warren (D-Ann Arbor) that would fully restore the credit to its pre-2011 level of over \$73,000. The vote was 4-2-1.

The committee also approved legislation that would accelerate the schedule for the recently passed "sales tax on the difference" preventing consumers from paying sales tax on the value of car they traded in as well as a new car, boat or RV purchase.

Meanwhile, House Tax Policy Committee Chair Rep. Jeff Farrington (R-Utica) says he expects to hold a vote next week on a the three-bill package of legislation HBs 5265, 5266 and 5267) that would lower the state's income tax rate from 4.25 percent to 4.05 percent over three years.

DEMS UNVEIL NEW PAY FORWARD COLLEGE PROGRAM

With college tuitions continuing to rise, Democrat lawmakers have unveiled a pilot program proposal to pay for students' college tuition.

The legislation, called the "Smarter Michigan Retaining Talent Act" or SMART Act, would have the students pay funds back as a percentage of their future income and then, cycle the dollars to future students' tuitions.

Specifically, the plan is to use \$2 million in surplus state funds to start a pilot program by paying the tuition for 200 low-income and middle-income students divided between 100 university students and 100 community college students.

One they graduate and find a job that pays above poverty level, they would pay money back to the program as a percentage of their income, say the Democrats.

The students would have to maintain a good Grade Point Average.

BRUTAL WINTER EQUALS COSTLY ROAD MAINTENANCE

The brutal winter season resulting in substantial snow removal and a preponderance of potholes on roads throughout Michigan is translating into considerable cost for the Michigan Department of Transportation as well as local units of government.

MDOT Director Kirk Steudle, in testimony before the House Appropriations Transportation Subcommittee this week, said increased costs facing state government could be near \$30 million, between \$10 and \$20 million for cities and between \$20 and \$30 million for counties, for a total tab as much as \$80 million.

Steudle said more money has to be spent on salt, fuel for plow trucks, and overtime for employees.

Without additional funds, Steudle said the added costs would cut into the state's summer maintenance operations.

In the Senate, Sen. John Pappageorge (R-Troy) chair of the Senate Appropriations Subcommittee on Transportation, has asked the full Senate Appropriations Committee support his proposal to use \$100 million from the \$230 million Road, Risk and Reserve Fund this fiscal year to fill what he and others expect to be an extraordinary pothole season.

By running the money through the regular funding formula local governments, counties and the state would all receive a share of the money.

BALLOT PROPOSAL PEGS STATE MINIMUM WAGE AT \$9.50

A coalition called Raise Michigan has submitted petition language to the Board of State Canvassers that through a citizen initiative would raise the state's \$7.40-an-hour minimum wage to \$9.50.

Under the initiative effort, if the coalition collects 258,088 valid signatures from registered Michigan voters by May 28, the Legislature would then have 40 days to approve the proposal. Failing approval the measure would then appear on the Nov. 4 general election ballot.

The \$2.10 minimum wage increase would be phased in by Jan. 2016 and then indexed to the cost of living based on the Consumer Price Index.

Thus far legislative leaders have shown little interest in taking action on a minimum wage increase.

AMENDMENT WOULD EXPAND BALLOT PROPOSALS, PETITION GATHERING

A proposed constitutional amendment, also approved to form by the Board of State Canvassers (BSC) would extend the use of ballot initiatives and referenda and eliminate other rules related to petition circulations.

The amendment, being pushed by a group called Put the Citizens in Charge, would allow out-of-state people to collect signatures in Michigan, allow the use of 8.5 by 11 inch paper for petitions and would protect against intimidating blocking efforts against petition-circulators, and eliminate a rule that duplicate signatures found on a petition would invalidate both signatures, along with other changes.

POLITICS AND POLLS

Poll: Minimum wage increase has support. An EPIC/MRA poll released Thursday showed a ballot proposal raising the minimum wage from \$7.40 to \$10 an hour was supported by 60 to 36 percent among those polled statewide. Six hundred likely voters were surveyed and 20 percent of those were on cell phones in the poll conducted Feb. 5-11. The current proposal being pushed has the minimum wage increasing to \$9.50 an hour.

Poll: In a recent Detroit Free Press poll, 38 percent of likely voters prefer the state's nearly \$1 billion surplus go to K-12 education, 36 percent said go to roads and 11 percent favored a state income tax of about \$45 a person was in order. Other options were the Rainy Day Fund (5 percent), more money for revenue sharing (5 percent) and state universities (1 percent).

Grand Rapids judge seeking Supreme Court nomination. Kent County Circuit Judge James Robert Redford has announced his intention to seek a vacancy on the Michigan Supreme Court due to Justice Michael Cavanagh hitting the constitutional age limit on service. Redford will seek the Republican nomination.

The current makeup on the seven member court is 5-2 in favor of Republican-nominated or –appointed judges.

M M & A BRIEFS

Supreme Court zaps anti-medical marijuana ordinance. In a unanimous opinion, the Michigan Supreme Court has ruled the city of Wyoming cannot zone out medical marijuana growing from its city limits through a local ordinance. The court ruled the state law does not require anyone to break federal law by growing or distributing marijuana and also doesn't ban the feds from going after someone who grows medical marijuana.

PTL effort is moving forward. After getting its part-time legislature constitutional amendment petition approved as to form by the Board of State Canvassers (BSC), the Committee to Restore Michigan's Part-time Legislature (CRMPTL) is moving forward to collect the necessary 322,209 signatures by July 7 to place the issue on the November ballot. The amendment, if approved by voters, would limit legislative session to 60 days a year and limit legislators' pay and size of their staff.

Legislation would name Governor's Capitol office after Engler. Saying three-term Gov. John Engler is an historical figure in Michigan politics, Rep. Pete Lund (R-Shelby Twp.) has introduced legislation (HB 5276) to rename the governor's ceremonial office in the Capitol the "Governor John Engler Ceremonial Office." Lund said the bill was introduced in the same vein as recent legislation that renamed the promenade between the Capitol and the Hall of Justice after former Attorney General Frank Kelley.

New restaurant to open in the HOB. A new restaurant, Cora's Café, will open inside the Anderson House Office Building (HOB) this spring. The restaurant is named in honor of former lawmaker Cora Reynolds Anderson, the first woman and Native American in Michigan House, serving from 1925-26. The restaurant will be operated by the Michigan Bureau of Services for Blind Persons.

CALENDAR OF IMPORTANT EVENTS

Feb. 17 Presidents Day (State offices are closed)