

CAPITOL NEWS UPDATE

WEEK OF FEBRUARY 25-MARCH 1, 2013

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SNYDER NAMES HATHAWAY REPLACEMENT

Gov. Rick Snyder looked to Southeast Michigan and named Macomb Chief Circuit Judge David Viviano to succeed disgraced former Justice Diane Hathaway.

Snyder praised the 41-year old Viviano for being a “rule of law judge” and for playing a major role in advancing innovation in the Macomb court.

Viviano got his bachelor’s degree from Hillsdale College and his law degree from the University of Michigan.

Viviano’s appointment gives the technically non-partisan court a 5-2 Republican majority over Democratic members when he takes his seat on the bench March 1.

The 108th Supreme Court Justice will have to run for reelection in November 2014 to complete Hathaway’s term which ends in 2016.

HOUSE PASSES HEALTH EXCHANGE

Legislation (HB 4111) which gives the state the authority to spend a \$30.6 million federal grant for a state-federal partnership health exchange passed the House Thursday on a 78-31 vote with 29 GOP members voting for and 30 against.

Following the vote, House Speaker Jase Bolger (R-Marshall) issued a statement saying he had “reluctantly” asked the House to approve the bill adding House Republicans had earlier done everything they could to stop a government-run health exchange.

Despite strong opposition in the House Republican caucus, Bolger and Appropriations Chair Joe Haveman (R-Holland) argued the state needed to act to maintain as much local control as possible.

The grant money will help the state develop a computer system to offer a Travelocity-like website for health insurance plans under the federal Affordable Care Act (ACA).

NO EFM FOR DETROIT...YET

Although it had been rumored, Gov. Rick Snyder is not expected to name an Emergency Financial Manager (EFM) for the financially strapped City of Detroit today (Friday), but will put into motion a process whereby that could happen sometime after March 11.

Snyder has concluded that a financial emergency does exist; however, the city will have until 5 p.m. on March 11 to appeal that determination. Either Mayor Dave Bing or the City Council can request a hearing but that request must come within a 10-day window after the Governor announces his conclusion.

It is being reported that the Snyder administration has a Plan A and Plan B for the likely EFM position – both of whom are from out of state.

BLUES BILLS ARE APPROVED

On Thursday, the House overwhelmingly approved legislation (SBs 0061 and 0062) that reforms Blue Cross Blue Shield of Michigan (BCBSM) into a nonprofit mutual company.

The House earlier passed similar legislation only to see the measures vetoed by Gov. Rick Snyder because it contained language governing abortion coverage that was amended into them.

The legislation passed today on a 92-18 vote did not contain the previous abortion language that prohibited elective abortion coverage in plans on the upcoming health exchange and required holders of group plans to opt-in for the elective abortion coverage.

A SERVICE TAX FOR ROAD FUNDING?

There is talk, and it is only talk at this point, of expanding the sales tax on services as part of the solution to the \$1.2 billion infrastructure funding package.

Gov. Rick Snyder and two GOP legislative leaders are said to be “crunching the numbers” on a plan that would eliminate the 6-percent sales tax on gasoline and possibly expand the sales tax on services – thus making up the lost dollars for schools and revenue sharing if the sales tax at the pump is removed.

Snyder said Wednesday he not signing off on the service tax idea but that it is not off the table either.

As you recall, Snyder has proposed in his FY 2014 budget hiking the gas tax 14 cents and raising vehicle registration fees 60 percent to get enough money.

The alternative proposal would remove the 19-cents-a-gallon gas tax – in effect giving taxpayers a sales tax exemption on gasoline with the lost revenue being recouped from a new wholesale gasoline tax.

On Wednesday, Senate Majority Leader Randy Richardville (R-Monroe) said the leaders aren’t close to a deal on road funding but are close to a “plan.”

Richardville also said a tax on tires is off the table and again confirmed Snyder’s gas tax and vehicle registration fee increases are also off the table.

If a state sales tax increase is to be part of the solution, the deadline for the Legislature to get it on the ballot is March 7.

Meanwhile, Sen. John Pappageorge (R-Troy) is calling for a far less road funding proposal – urging lawmakers to pass Senate Bill 0006 that would transfer 18 percent of the 4 percent sales tax collected on gas from the General Fund to the State Trunkline Fund, county road commissions, cities and villages for highway, road and street projects.

That would raise more than \$100 million to use toward the federal match for road projects.

POLITICS AND POLLS

Duggan makes its official. Detroit Medical Center (DMC) CEO Mike Duggan made the polar-plunge on Tuesday, officially announcing he is a candidate for mayor in the City of Detroit. Before joining DMC he served as Wayne County Prosecutor and deputy Wayne County executive. Others expected to run include Wayne County Sheriff Benny Napoleon, former Rep. Lisa Howze and Rep. Fred Durhal. Incumbent Mayor Dave Bing has not made his intentions known.

Brewer bows out. Clearly seeing the handwriting on the wall, at the last minute, longtime Michigan Democratic Party (MDP) Chairman Mark Brewer withdrew from his battle to keep the post at the MDP winter convention, thus giving the election to challenger and former House candidate Lon Johnson. Brewer said he “wasn’t going away...and “will still be here every day.” Could that mean an executive director position at the MDP?

Schostak stays. It was a much tighter race than expected, but Republican delegates at their winter convention returned Bobby Schostak to a second term as Michigan Republican Party chairman over challenger Todd Courser, a grassroots activist with a 52-48 percent margin.

Olumba leaves Dem Party. Rep. John Olumba (D-Detroit) has announced he is leaving the Democratic Party, will become a political independent and hopes to create the “Independent Urban Democracy Caucus.” His decision throws his future standing in the House chamber in uncharted territory because a Speaker has never needed to deal with such a situation in the past.

M M & A BRIEFS

Bolger grand jury is extended. Ingham County Circuit Court Judge Rosemary Aquilina issued an order this week extending her grand jury probe into the party-switching scheme involving now former Rep Roy Schmidt and House Speaker Jase Bolger (R-Marshall). The probe, which has been ongoing for six months, will now continue until Aug. 22.

RTW hit with another law suit. Labor unions have the third law suit challenging various parts of the controversial new Right to Work (RTW) law--alleging the hasty manner in which the Legislature passed to the two bills that became the RTW law opened it up to errors. Gov. Rick Snyder, attempting to head off some of the more serious challenges has asked the Supreme Court to issue an advisory opinion on some of the issues raised in the law suits -- particularly whether the RTW applies to state employees.

CALENDAR OF IMPORTANT EVENTS

- March 5 Sen. Joe Hune (R-Hamburg) Lunch Reception
Location: 11:30 a.m., Governor's Room, Lansing
- March 7 Rep. Pete Lund (R-Shelby Twp.) Breakfast Reception
Location: 8 a.m., Mich. Beer & Wine Wholesalers, Lansing
- March 12 Sen. Howard Walker (R-Traverse City) Breakfast Reception
Location: 7:30 a.m., Governor's Room, Lansing
- March 13 Sen. Vincent Gregory (D-Southfield) Spring Reception
Location: Governor's Room, Lansing
- March 22/
April 9 House and Senate on Spring Break