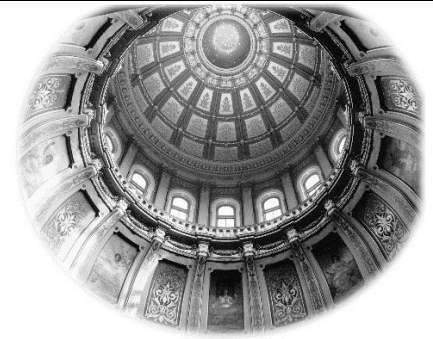


CAPITOL NEWS UPDATE

WEEK OF May 23, 2014

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SENATE GOP ROLLS OUT HIGHER ROAD FUNDING LEGISLATION

Senate Majority Leader Randy Richardville (R-Monroe) this week unveiled legislation that would boost the wholesale fuel tax to 15.5 percent by 2018 which is higher than the proposed 6 percent which has been described as being “revenue neutral.” Officials say it would hike the price of a gallon of gas by more than 25 cents over the next four years.

The wholesale tax would replace the 19 cents per gallon tax on gasoline and the 15 cents per gallon tax on diesel fuel.

Richardville called the bill a “step forward” and one that is expected to go along with the rest of a Senate package that would bump up the road funding revenue to between \$1.3 and \$1.5 by 2018 with the entire package raising around \$600 to \$700 million the first year.

The bills cued up this week for action next week – possibly as early as Tuesday – did not include what Richardville hopes could be part of the final Senate-passed road funding package – road quality warrant requirements and higher fees for truck weights. Nor did they include the \$370 million the House moved from the General Fund to roads in its package.

Richardville’s proposal gets the state to the \$1.4-\$1.5 billion in annual investment that Gov. Rick Snyder and the road lobbyists contend is needed to keep the state’s roads and bridges from further decay.

However, the package will likely need some help from the Democrats to get it passed and right now the Senate Dems don’t appear interested in putting up votes until they have a seat at the negotiating table. They are looking for “protections” for those who will pay high prices at the pump and that could mean assurances that a minimum wage hike that moved out the Senate last week gets to the Governor’s desk and is signed into law.

HOUSE PASSES DETROIT SETTLEMENT BILLS

Resolution to Detroit’s historic bankruptcy problem received a big boost Thursday when the House passed the 11-bill package of legislation that would provide \$194.8 million to the city.

The bills, which now go to the Senate, would pair the state aid with pension reforms and oversight requirements.

In addition to providing the \$194.8 million from the state’s Rainy Day Fund with a payback over 20 years through tobacco settlement funds, the measures would create a nine-member financial review commission, require the city to establish a chief financial officer, limits what the city can pay toward medical benefits, requires the city’s public employee retirement system to establish an investment committee, prevents the Detroit Institute of Arts from renewing its millage or pursuing a new millage, deals with arbitration of police and fire labor disputes, and impacts city employees hired after July 1, 2023 as it relates to retirement plans.

MINIMUM WAGE BILL SAILS THROUGH THE SENATE; HOUSE EXPECTED TO MAKE CHANGES

On a 24-14 vote, the Senate passed a minimum wage bill (SB 0934) that would repeal the existing minimum wage law and increase the minimum wage incrementally to \$9.20 an hour by 2017 – a 24 percent increase from the current \$7.40 rate. The first increase would be Sept. 1, 2014, when it would jump to \$8.15.

Tipped employees would top out at \$3.50 an hour in 2017. The current \$2.65 would increase to \$3.10 on Sept. 1, 2014.

An amendment was added to cap the indexing at inflation or 4 percent, which is less. Another amendment allows teenagers 17 and younger to be hired into a job at 85 percent of the minimum wage at the time.

Initially, the bill was introduced by Senate Majority Leader Randy Richardville (R-Monroe) at \$8.15 an hour.

By repealing the current minimum wage law, the legislation would render a ballot proposal seeking to move the wage to \$10.10 an hour moot by doing away with law the proposal seeks to amend.

Richardville would like to see the bill move through the House before summer break.

Rep. Pete Lund (R-Shelby Twp.), chair of the House Government Operations Committee, said the committee is working on several changes but declined to go into detail other than to say there is “a very good chance” that a provision connecting the wage to the consumer price index will be dropped before a House vote.

SENATE BANKS ON SCHOOL FINANCIAL PACKAGE

An eight-bill package of legislation (SBs 0950 through 0957) aimed to help avoid surprises and keep school districts out of emergency management when it comes to serious deficit issues was introduced in the Senate this week.

The measures would allow a school board to vote to dissolve a district voluntarily at the end of a school year fiscal year if it were not financially viable, prescribes procedures for districts that have deficits, allows the MDE and Department of Treasury to withhold money payable to a district that fails to submit a deficit elimination plan or the plan is not approved, re-structures some of the conditions around the state loaning money to school districts, and establishes school financing stability bonds.

The legislation also requires a school district, academy or ISD to adopt an annual budget in accordance with the uniform budgeting and accounting act within a specified time frame, if a district, academy or ISD subject to an enhanced deficit elimination plan fails to comply, the State Treasurer could declare a financial emergency existed and recommend an Emergency Manager be appointed, and outlines opportunities to get assistance and collaboration from the state before financial problems get out of hand.

HOUSE MOVES ED EVAL BILLS

A bi-partisan two-bill package of legislation (HBs 5223 and 5224) that would set a new framework for evaluating public school teachers and administrators in Michigan has finally passed the House after many months of behind-the-scenes negotiations.

The measures set a series of standards for evaluations and define some of the tools that can be used in the evaluations.

The bills now go to the Senate, which last week passed Senate Bill 0817 that would delay the requirement that the state must have the evaluation system in place this school year until the 2015-2016 school year.

POLITICS & POLLS

Byrum says “no” to SOS bid. Ingham County Clerk Barb Byrum says she will not pursue the Office of Secretary of State instead will focus “on being the best county clerk I can be.” Byrum was once considered the Democrats’ most likely nominee for the post. Thus far, no Democrat has announced for Secretary of State to run against Republican incumbent Ruth Johnson.

Upheaval in the Bentivolio campaign. After only six months on the job, David Wolkinson, the campaign manager for U.S. Rep. Kerry Bentivolio (R-Milford) has left, reportedly because he has not been paid in three months. His departure comes after the campaign entered mediation with a prior campaign manager who is suing the campaign for not being paid for his work. Taking over for Wolkinson is Barbara Bulic, former director of constituent relations for U.S. Rep. Candice Miller. Most recently Bulic has been the deputy treasurer for Shelby Township in Macomb County.

M M A & BRIEFS

MCCA wins FOIA fight. The Michigan Catastrophic Claims Association (MCCA), which manages the state’s catastrophic claims fund, will not have to open its records for public inspection, based on a Court of Appeals ruling that overturns a 2012 Ingham County circuit court judge’s decision. The Coalition Protecting Auto No-Fault (CPAN) has filed suit alleging the law shielding the MCCA from publicly sharing its records was unconstitutional based on various legal arguments. However, the Court of Appeals ruled the law creating the MCCA clearly states its records are not subject to FOIA disclosure and such provisions do not violate the constitution.

Bill would move testing oversight to Treasury. Legislation (HB 5581) has been introduced in the House that would shift the Michigan Department of Education’s (MDEs) authority over the administration of the state’s standardized test for K-12 students to the Department of Treasury.

Landbank leadership is moved to MSHDA. Gov. Rick Snyder has issued an executive order placing the administration of the State Land Bank under the Michigan State Housing Development Authority (MSHDA). As a result the land bank will cease to have a board of directors and executive director. Just a year ago, Snyder transferred the land bank to MSHDA from the Michigan Strategic Fund.

House passes driver responsibility fee phase-out. Two bills (HBs 5414 and 5501) that would phase-out driver responsibility fees, which assess additional financial penalties on drivers who commit certain violations on top of normal fines have passed the House. The fees bring in about \$69 million annually for the General Fund.

Bill would eliminate February local elections. Recently introduced legislation (HB 5584) would eliminate the fourth Tuesday in February election date from state law, meaning local governments and school districts would not be able to hold elections at that time. The bill, however, would still allow for a presidential primary on the fourth Tuesday in February in presidential election years. The three remaining election dates would be in May, August and November.

Ringler appointed new auditor general. The Senate has approved a resolution appointing Doug Ringler as Auditor General. Currently, Ringler is director of the Office of Internal Audit Services within the Department of Technology, Management and Budget. He will replace Thomas McTavish. The auditor general position is under the purview of the Legislature. The House has already approved the resolution.

CALENDAR OF IMPORTANT EVENTS

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| May 26 | MEMORIAL DAY |
| May 27 | Sen. John Proos (R-St. Joseph) Breakfast Reception
Location: 7:30 a.m., Governor’s Room, Lansing |
| May 29 | Sen. John Proos (R-St. Joseph) Reception
Location: Noon, Goodfellows, Mackinac Island |

June 13 Sen. Mike Nofs (R-Battle Creek) Annual Golf Outing
Location: 9 a.m., The Medalist, Marshall

June 14 FLAG DAY