

CAPITOL NEWS UPDATE

WEEK OF JANUARY 31, 2014

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HOUSE GOP ROLLS OUT INCOME TAX BILLS

House Republicans have introduced legislation (HBs 5265 and 5266) that would drop the state's income tax to 4.05 percent by 2016 and then add a trigger that would result in further cuts if income tax revenues continue to increase.

Under the legislation the income tax rate would reduce from 4.25 percent to 4.15 percent on Oct. 1, 2014 and drop to 4.05 percent on Jan. 1, 2016.

Beginning on Oct. 1, 2017, under HB 5267, there would be an additional 0.1 percent income tax decrease if the state income tax revenue increases by \$300 million or more the previous fiscal year.

According to a House GOP news release, the plan would "protect" school funding.

House Tax Committee Chair Jeff Farrington (R-Utica), one of the bills' sponsors, says he plans to take up the bills in committee on Feb. 12.

House Speaker Jase Bolger (R-Marshall) hasn't committed specifically to plan, according to his spokesperson, but said only it is an option for providing tax relief and should be reviewed.

Meanwhile, the Senate Finance Committee has moved to the Senate floor a different plan (SB 0402) – one that would drop the rate from 4.25 percent to 3.9 percent over three years.

But while the income tax cut bills roll out in the Legislature, word is coming out of the Snyder administration that the Governor is looking to limit the amount of personal tax relief to \$100 million going into the FY 2015 budget negotiation session with the money targeted at low-and-middle income families. It is also likely to have a trigger that would stop the relief if the state economy turns sour.

Snyder will put forth his budget next Wednesday (Feb. 5).

SNYDER PROPOSES STATE FUNDS FOR DETROIT BANKRUPTCY SETTLEMENT

In an effort to protect pensioners and the Detroit Institute of Arts (DIA) in Detroit's bankruptcy case, Gov. Rick Snyder and legislative leaders have proposed the use of \$350 million of tobacco settlement money over the next 20 years.

The money, if approved, would be added to money offered up by a group of foundations to establish a fund that is expected to gain the blessing of chief federal bankruptcy Judge Gerald Rosen.

However, there are strings attached, Snyder saying there has to be final agreement to a settlement with all impacted parties including retirees and unions, as well as an independent management of pension resources.

Snyder was emphatic in calling the offer a settlement, not a bailout. "This is focused on reducing the impact on retirees. It's focused on protecting assets."

It isn't likely to be an easy sell in the Legislature. And there was pushback for other areas.

Lawmakers are beginning to hear from Detroit creditors – national banks and lending institutions – claiming the proposal is not necessary and unfair, not in the best interest for the state or the city.

Meanwhile, the Fitch Rating Agency is calling Snyder's proposal a move that "undermines willingness to pay public debt in Michigan."

SNYDER PUSHES FOR IMMIGRATION WAIVERS

Gov. Rick Snyder is moving forward on his plan to encourage some 50,000 immigrants to come to live and work in Detroit over the next five years.

The immigrants would need employment-based second-preference (EB-2) visas and to have that happen, Snyder is requesting from the feds a National Interest Waiver for the visas, which would waive rules normally required for visa applicants and their prospective U.S. employers.

Detroit Mayor Mike Duggan is on board with the idea, saying: "We need highly trained workers to move in, open businesses and raise families."

Snyder has also announced the formation of the Michigan Office for New Americans to open soon is an effort to attract more skilled immigrants to the state.

PTL GROUP FILES WITH THE SECRETARY OF STATE

The Committee to Restore Michigan's Part-Time Legislature has submitted formal language to the Secretary of State's office in an effort to put before the voters in November an amendment to constitutionally limit legislative action to 60 days and legislator pay to \$35,000 a year.

The amendment would also require disclosure of all state payments to legislators, posting of all bills on the Internet five days before adoption, a 250-person limit on legislative staff and the suspension of executive actions when the legislature is not in session.

The committee is led by conservatives and Tea Party activists in West Michigan.

RTW FOR LAWYERS?

With Right to Work now law in Michigan for union shops, Sen. Arlan Meekhof (R-West Olive) has introduced a bill (SB 0743) that would impact lawyers.

Specifically, the legislation stipulates that a lawyer could elect to join the State Bar of Michigan (SBM), and would not be required to pay a periodic fee for continued membership. But Meekhof said which is being proposed in a reduced payment, so that lawyers would have to pay for the SBM's enforcement and section fees, but could skip dues that go toward lobbying or political matters.

The bill has been referred to the Senate Government Operations Committee chaired by Senate Majority Leader Randy Richardville (R-Monroe).

SUPREME COURT TO TAKE UP RTW, PENSION CASES

The Michigan Supreme Court has agreed to look at two cases that can impact heavily on the state's nearly 50,000 employees – whether or not Michigan's Right to Work (RTW) law applies to the state's civil service-classified employees and the law that changes to the public pension system for some state employees.

In August, the Court of Appeals ruled the RTW law does apply to civil service classified employees. That same month the Court of Appeals ruled the public pension law (PA 264) was unconstitutional.

POLITICS AND POLLS

Snyder to kick off re-election bid. Gov. Rick Snyder will begin his re-election campaign next Monday and Tuesday with events in Detroit, Lansing and Grand Rapids on Monday and stops in Frankenmuth and other cities on Tuesday. The statewide tour begins after a major ad during the Super Bowl game on Sunday and

just a week after the Democratic Governors Association (DGA) launched a \$1 million TV in support of likely Democratic gubernatorial nominee Mark Schauer.

Snyder is outpacing Schauer on fundraising. Gov. Rick Snyder's campaign is reporting it raised \$5.08 million in 2013 and has more than \$4 million on hand as he heads into now 2014 re-election bid. Meanwhile, his likely Democratic opponent, Mark Schauer who has announced his candidacy, is reporting at least \$1 million cash on hand after 2013. His campaign has already filed paperwork to receive public financing for the primary – which will cap Schauer's spending at \$2 million.

M M & A BRIEFS

Speed limit talk accelerates. Legislation that would address how speed limits are set in Michigan has not yet been introduced, but talk on both sides of the issue is already revving up. Sens. Tom Casperson (R-Escanaba) and Rick Jones (R-Grand Ledge) are preparing bills that would base speed limits on science using the 85th percentile (how fast 85 percent of the traffic travels on a road) to determine limits. According to Jones some cities and townships artificially set speed limits for collecting revenues by setting up speed traps.

Committee ponders minimum wage ballot proposal. A group calling itself "Raise Michigan" says with legislators showing no interest in raising the state's minimum wage, it exploring the possibility of putting the issue on the November ballot although no language has as yet been filed. A decision has not been made between a ballot initiate or citizens-initiated legislation, according to one of the committee leaders. Senate Majority Leader Randy Richardville (R-Monroe) said he would not move such legislation and House Speaker Jase Bolger (R-Marshall) said he is not sold on the policy.

Human Trafficking Commission bill clears the House. A three-bill package of legislation (HBs 5158, 4209 and 4210) that would establish a 15-member Human Trafficking Commission, increase penalties for individuals caught soliciting sex from a minor, and increase penalties from a 93-day misdemeanor to a five-year felony and \$10,000 fine for those found guilty of engaging the services of a minor all passed the House on 109-1 votes. Thus far, 20 bills have been introduced in the House and over 20 bills in Senate dealing with the subject.

Snyder signs billboard bill. Gov. Rick Snyder on Thursday signed into law legislation (HB 4629) that updates the state law on electronic billboards after the Legislature narrowly passed the measure on Wednesday. The measure hikes fees on new digital billboard permits while requiring billboard companies to turn in three permits for three older signs in exchange for one digital billboard.

CALENDAR OF IMPORTANT EVENTS

- Feb. 2 Ground Hog Day (bettin' on another 6 weeks of winter)
- Feb. 5 Snyder administration presents FY 2015 budget proposal
- Feb. 14 Valentine's Day (just a heads up)
- Feb. 17 Presidents Day