

CAPITOL NEWS UPDATE

WEEK OF JANUARY 14-18, 2013

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ROAD FUNDING FACING A BUMPY RIDE?

Senate Appropriations Committee Chair Roger Kahn (R-Saginaw) who is the legislature's point person on road funding, says his goal is to have a \$1 billion infrastructure package in place by March 7 so lawmakers can place an alternative funding mechanism to repair the roads before voters on the May ballot.

Kahn wants to place a one-penny sales tax hike earmarked for roads on the statewide ballot. If the voters were to adopt that, then the legislatively approved registration and gas tax increase put forth by Gov. Rick Snyder to raise \$1.2 billion would go away.

The approach is similar to the Proposal A-type strategy used by former Gov. John Engler to sell property tax relief back in the 1990s.

However, Kahn acknowledged that the ill-will left over from the raucous Right to Work needs to be resolved with Democrats, and soon, if his self-imposed March 7 deadline is to be met.

And right now all is not well with the Democrats and even some Republicans on the transportation infrastructure issues.

House Minority Leader Tim Greimel (D-Auburn Hills) believes some funding can be found within the state budget. He also suggested corporations pay a higher rate and higher vehicle registration fees for more expensive cars.

Senate Minority Leader Gretchen Whitmer (D-East Lansing) would only go so far as to say the issue deserves "a full and fair debate."

On the Republican side, Rep. Pete Lund (R-Shelby Twp.) said he doesn't see himself voting for it if the extra revenue simply comes from a gas tax increase.

Rep. Joe Hune (R-Hamburg) said his preference is to find the money within the budget.

CREC: TOUGH '14 BUDGET OUTLOOK

The Consensus Revenue Estimating Conference (CREC) is projecting a small surplus of around \$125 million in the state's General Fund (GF) for the FY 2014 budget but a flat School Aid Fund (SAF).

However, that forecast could change depending on whether the federal government unloads some of its deficit on the states and the courts reject the state's new teacher retirement changes.

What this means is that Gov. Rick Snyder is likely to present a bare-bones budget to the Legislature when he makes his recommendations on Feb. 7.

The slim surplus is a result of a \$200 million surplus for the close of FY 2012 with department lapses of some \$90 million, according to Budget Director John Nixon.

Economists at the University of Michigan's Research Seminar in Quantitative Economics (RSQE) predicted the state's unemployment rate would drop to 6.9 percent by the end of 2015 with a rate forecasted to be 8.3 percent by the end of 2013. Currently, the unemployment rate stands at 8.9 percent.

HATHAWAY TO LEAVE HIGH COURT

The attorney for Michigan Supreme Court Justice Diane Hathaway has informed the high court she will step down Jan. 21.

The announcement came on the heels of a 19-page six-count complaint filed by the Judicial Tenure Commission (JTC) against Hathaway and who is accused, along with her husband, of transferring a pair of homes to their children in a manner that would allow the couple to qualify for a short-sale on a Grosse Pointe property to save some \$600,000 and then gifted the properties back to them by their children.

The complaint alleges fraud, money laundering, tax violations and misrepresenting facts to the JTC.

Hathaway's departure will give Gov. Rick Snyder an appointment to the MSC and likely raise the GOP-nominated majority on the court to 5-2 from the current 4-3.

SB 1 TACKLES 1099 REFORM

Senate Majority Leader Randy Richardville (R-Monroe) has introduced Senate Bill 0001 that would clarify how employees are classified using the 20-point guidelines established by the Internal Revenue Service (IRS) and the U.S. Department of Treasury. The measure has been referred to Richardville's Government Operations Committee.

Richardville said there has been concern that some employers have wrongly classified their employees under the 1099 tax form as independent contractors thus making them ineligible for certain benefits.

In the House, the first bill (HB 4001) would strengthen the Freedom of Information Act (FOIA) by establishing additional specifics for how government bodies have to handle document requests and also says a public body shall not charge a fee for a record produced more than five days after the deadline.

DOMESTIC PARTNER BENEFITS POLICY UPHELD

The Michigan Civil Service Commission's (MCSC) 2011 decision to extend health benefits to some eligible, unrelated co-residents of state employees, including same-sex partners has been ruled constitutional by the Court of Appeals (COA).

In a 2-1 ruling, the COA wrote, "There is no absolute prohibition against same-sex domestic partners receiving benefits through their relationship with an employee so long as that receipt is not based on the employer's recognition of that relationship as a 'marriage or similar union.'"

Attorney General Bill Schuette says he will appeal the ruling.

POLITICS AND POLLS

Whitmer for governor? Senate Minority Leader Gretchen Whitmer (D-East Lansing) says she will make a decision on whether she will run for governor in 2014 by this April...a narrower timeline than the one she gave last month to MIRS when she pledged a decision within the first half of 2013.

Courser to challenge Schostak. Todd Courser, former GOP State Board of Education nominee, has announced he is in the race for Michigan Republican Party Chair against incumbent Bobby Schostak who has the blessing of Gov. Rick Snyder. Courser is expected to get support from the rightwing, anti-establishment faction of the party.

M M & A BRIEFS

Snyder sets special election date. May 7 is the date set for a special election to replace former Sen. John Gleason (D-Flushing) who has accepted a position as Genesee County Clerk. A primary election would be held March 12 if necessary.

Ag commission elects new chairman. Bob Kennedy, vice president of operations and general manager of Auburn Bean and Grain Company in Auburn, has been elected chair of the Commission on Agriculture and Rural Development. He replaces Valmar Green whose appointment expired earlier this month. Kennedy has been on the commission since January 2011. Gov. Rick Snyder appointed Fred Walcott of Allendale to replace Green on the commission.

Horseracing bill doesn't finish. Gov. Rick Snyder pocket-vetoed House Bill 5546 which would have allowed gambling on previously recorded races citing possible violation of at least one tribal compact and questioning whether the legislation was constitutional under Prop. 1 of 2004 which requires a local and statewide vote in communities interested in expanded gambling.

CALENDAR OF IMPORTANT EVENTS

- Jan. 21 State Holiday - Martin Luther King, Jr. Day
- Jan. 22 Rep. Jeff Irwin (D-Ann Arbor) Reception
Location: 11 a.m., Michigan Municipal League, Lansing
- Jan. 24 Rep. Mike Shirkey (R-Clark Lake) Breakfast Reception
Location: 7:30 a.m., Michigan Municipal League, Lansing