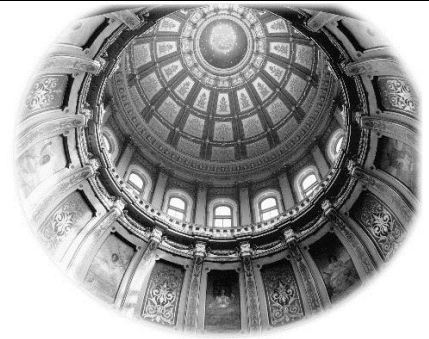


## CAPITOL NEWS UPDATE

WEEK OF December 5, 2014

*Individual Attention. Precision Strategy. Proven Results*



### **BOLGER'S LATEST ROAD FUNDING PLAN GAINS HOUSE PASSAGE**

House Speaker Jase Bolger's (R-Marshall) latest road funding proposal – one that could be called faith-based – made it through the House Thursday evening on a close 56-53 vote.

The legislation (HB 4539) would shift dollars that currently go to schools and local governments to roads and relies on projected revenue which those favoring the plan say will more than counter-balance the revenue shift.

The increases would gradually raise an extra \$1 billion a year without raising overall taxes. His plan would eliminate, over six years, the current 6 percent sales tax on fuel sales and convert the 19 cents-a-gallon fuel tax to a percentage rate that would gradually increase.

Opponents say the plan does not provide for replacing lost sales tax revenue which is mostly used to fund K-12 schools and local governments.

But Bolger is relying on projected revenue growth –saying sales tax revenue is projected to grow by more than \$200 million annually due to economic growth in Michigan so that schools and local governments would not be hurt.

Other bills in the package (HBs 5477 and 5418) would gradually increase the state's gasoline tax to balance out the drop in the sales tax with the sales tax on gas eventually being 0 percent and the state's new wholesale gasoline tax would be 13.5 percent.

Also, under amendments approved, if state spending on schools and local governments fell below the previous year, the sales tax phase-out would be repealed. Plus, all transportation revenue generated under the plan would go to only the State Trunk Line Fund, counties, cities and villages.

Still pending in the House is a Senate-passed version of HB 5477 that scraps the current 19 cent-per-gallon gas tax and replaces it with a wholesale gas tax that would start at 9.5 percent on April 1, 2015 and increase two percentage points each year until 2018 when it will stay at 15.5 percent generating at extra \$1-plus billion. The Senate package would also incorporate larger fines for overweight trucks and allocates revenue from the motor fuel tax to maintain and repair the state's moveable bridges.

Last spring, the House passed a \$450 million road funding 10-bill package of legislation that would allocate some \$370 million in future General Fund dollars to roads and convert the state's flat gas tax to a percentage-based tax.

Some serious negotiations between the House and Senate are now ahead.

With only a few days of session remaining in lame duck, the question still remains as to whether the Legislature can come up with a solution to the road funding problem that will gain enough support in both the House and Senate and provide the \$1.2 billion a year that Gov. Rick Snyder says is needed to fix the state's crumbling roads and bridges.

## **VOTES AREN'T THERE FOR ELLIOTT-LARSEN EXPANSION**

Unable to muster the necessary votes in committee, House Speaker Jase Bolger (R-Marshall) declared the issue dead for the 2013-14 legislative session. In addition, lawmakers on both sides of the aisle predicted that bills to add sexual orientation to the state's civil rights act won't get the votes needed to get out of committee.

HB 5959 would add sexual orientation to the Elliott-Larsen Civil Rights Act. HB 5804 would add sexual orientation, gender identity and gender expression to the act.

Democrats won't support HB 5959 because it doesn't contain gender identity language and Republicans are not board with HB 5804 because Bolger has spoken out against it.

## **OTHER LEGISLATION NOT LIKELY TO SURVIVE LAME DUCK**

**---Truck weight bill:** The Senate has let the air out of legislation that would reduce maximum truck weights as an attempt to address the state's deteriorating roads. SB 1150 would have set the maximum total gross weight of a vehicle at 80,000 pounds, down from the current maximum in the state of 164,000 pounds – the highest in the country.

**---McLaren Hospital bill:** The Senate has shut off oxygen to legislation (SB1073) that would have allowed McLaren Hospital to build a new hospital in Oakland County using beds for its Pontiac location. It was the latest effort to circumvent a 2012 Certificate of Needs Commission decision that said McLaren's plan was unnecessary.

**---EAA Legislation:** House Bill 4369 that would enshrine the state-run Education Achievement Authority (EAA) which has been pending in the Senate since last March will die there. The measure would allow the EAA to cover troubled school districts outside the City of Detroit. But the Governor's lobbying team is throwing in the towel on this one because it has put all its efforts on passing legislation to get more money for road funding.

**---Public School Employees Pension Plan:** A seven-bill package of legislation to reform the existing retirement plan for public school employees appears to be too complex and too tough to tackle before the end of lame duck. The biggest change in the bills would take incoming public school employees off the existing hybrid defined benefit and defined contribution retirement plan and replace it with a defined contribution plan only.

## **CRIMINAL JUSTICE REFORM BILLS MAKE IT THROUGH THE HOUSE**

They were watered down, but a package of bills (HBs 4528 through 4531) passed the House and is headed to the Senate.

Key provisions that would have boosted presumptive parole and that sought to institute more responsive but less severe sanctions on individuals who violated parole were watered down or removed.

However, the legislation still includes re-establishing the state's sentencing commission to make policy recommendations and to study sentencing guidelines and a re-write of law on community corrections.

## **HOUSE PASSES RELIGIOUS FREEDOM BILL**

After passing the House Judiciary Committee on a party-line vote Thursday morning, the full House passed and sent to the Senate Thursday afternoon legislation (HB5958) that would institute new protections for religious exercise to the House floor.

Specifically, the measure would give the Michigan Religious Freedom Restoration Act (MiRFRA) a place in state law with language that aims to limit the government's ability to over-burden a person's "sincerely held" religious beliefs.

Supporters argue the bill is needed to protect religious freedom. But opponents contend it would actually provide a "license to discriminate" in the state.

## **WELFARE DRUG TESTING BILLS GAIN HOUSE APPROVAL**

A two-bill package of legislation (HB 4118 and SB 0275) that would create a suspicion-based drug testing program for welfare recipients has passed the House and now returns to the Senate for what is expected to be final approval.

The latest version of HB 4118 which was first approved in May 2013 does not include a \$500,000 appropriation or language that attempts to shield dependent children of welfare recipients who could lose their benefits—provisions that were in the Senate-passed version.

The Senate bill would require the Department of Human Services (DHS) to refer a person to mental health programs the first time the individual tested positive for use of a controlled substance under a pilot program.

## **SENATE FAVORS LATER BAR HOURS...IN SOME CASES**

After first rejecting Senate Bill 247, the Senate later reconsidered and then passed the measure that would allow certain bars to sell liquor until 4 a.m. on weekends – if the establishments want to pay a \$10,000 a year fee. Of that fee, 85 percent would go to local police departments, 10 percent to the Liquor Control Commission, and 5 percent to cities where the permits were located.

According to the bill, the bars applying for the licenses would have to be located in a central business district and have the approval of the local governing body and meet certain security requirements.

The bill now moves to the House.

## **POLITICS AND POLLS**

**Poll:** An NBC exit poll taken during the November 4 General Election showed 45 percent of Michigan voters favor legalized gay marriage, while 50 percent do not. The issue breaks down along party lines with 67 percent of those who voted for Democratic gubernatorial candidate Mark Schauer favor gay marriage, while 70 percent of those who backed Gov. Rick Snyder oppose it. Nationally, the country is split 48 to 48 percent on the issue.

## **M & M BRIEFS**

**Michigan unemployment rate at lowest in more than six years.** The state's unemployment rate fell to 7.1 percent in October – the lowest point since January through March 2008. The Department of Technology, Management and Budget (DTMB) said the seasonally adjusted unemployment rate for October is down 1.5 percent from October 2013. Since this time last year, the number of unemployed in Michigan fell by 17.5 percent, or 71,000 people.

**No unions for university athletes under House bill.** The House Michigan Competitiveness Committee has moved to the House floor legislation (HB 6074) that would prohibit student athletes at Michigan public universities from collective bargaining rights. The measure moved from committee on Wednesday, just one day after being introduced as a national debate is unfolding about whether student athletes should be able to unionize in order to negotiate for better conditions and possibly compensation. The bill still needs full House and Senate approval.

**House passes film incentive plan.** With most of the GOP caucus voting no, the House passed legislation (SB 1103) that would extend a sunset on the state's film incentive program from 2017 to seven years after the bill takes effect which would likely fall in 2022. The bill also aims to help the state collect tax revenue on residuals that actors and producers could make off well-performing films that are made in Michigan.

**Viventi out as Secretary of the Senate.** Incoming Senate Majority Leader Alan Meekhof (R-West Olive) believes the job is too big for one person. As a result, Viventi is being replaced by long-time GOP staffer Jeff Cobb and current director of floor operations for Meekhof as Secretary of the Senate and a newly created position of Business Manager will go to Jordan Hankwitz who now serves as Chief of Staff for

Senate Majority Leader Randy Richardville. Viventi, who has held the Secretary of Senate position for 20 years, is expected to transfer into a state department position with the Snyder administration.

**Inaugural events are set.** Gov. Rick Snyder and Lt. Gov. Brian Calley will take the oath of office for a second term at noon Jan. 1 on the Capitol steps as will Sec. of State Ruth Johnson, Attorney General Bill Schuette, newly elected members of the Supreme Court and those elected to education boards. Snyder will greet attendees in a receiving line at 1:30 p.m. and will attend an inauguration celebration at the Lansing Center in the evening.

**Senate moves forward on new building.** The Michigan Strategic Fund (MSF) has signed off on \$70 million in bonds to purchase and cover any future costs of the purchase of most of the Capitol View Building for new Senate office space. Pending MSF approval this month the state will purchase a portion of the building and lease back to the Senate which will pay back the bonds over a 30-year period.

**Michigan Virtual University has a new director.** Kristyn Flynn has been named the new Director of Instruction at Michigan Virtual University. Flynn, an educator for the last 21 years, was most recently as high school principal and district curriculum director for Schoolcraft Community Schools.

#### **CALENDAR OF IMPORTANT EVENTS**

12/16	Sen. John Proos Christmas Reception Location: 7:30 a.m, Governors Room, Lansing
12/18	Last scheduled day for House/Senate sessions for 2014
12/25	CHRISTMAS
1/1/15	NEW YEAR'S DAY