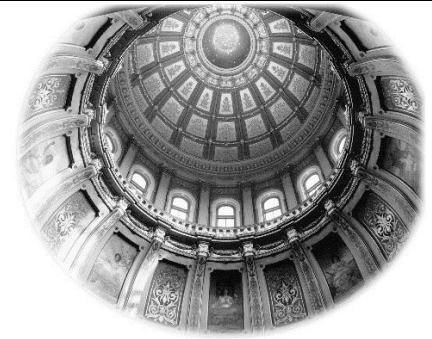


CAPITOL NEWS UPDATE

WEEK OF June 6, 2014

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SENATE MOVES INTO FIRST GEAR ON ROAD FUNDING

With the beginning of summer break looming next Friday, the Senate took the first step, albeit a small one, in bringing about a resolution on funding to fix the state's crumbling roads and bridges.

In nearly unanimous support, the Senate on Thursday passed two bills considered to be parts of the Senate's road package which redirects about \$125 million for roads.

Senate Bill 0006 would dedicate 18 percent of the 4 percent sales tax on motor fuel to the Michigan Transportation Fund (MTF). It would move about \$124.8 million from the General Fund to State Trunkline revenue.

Senate Bill 0149 would stop paying the Department of State \$20 million from the MTF thus freeing up that money for roads, and result in \$7 million to county road authorities, \$4 million to cities and villages and \$2 million to the Comprehensive Transportation Fund (CTF).

The two bills are tie-barred House Bill 4630, which alters registration fees, but that bill was not taken up due to technical problems with the final version.

However, the move falls far short of the \$1.5 to \$1.7 billion fix contained in the substituted House bills and below the some \$485 million solution the House passed earlier.

Discussions on either substantially raising the wholesale tax on gasoline or asking voters to approve an additional penny of sales tax money for roads are continuing as is moving House Speaker Jase Bolger's spending plan for roads.

And in another twist, Republicans have thrown another issue into the mix – prevailing wage, a move Senate Minority Leader Gretchen Whitmer called a threat.

In other road funding-related action, the Conference Committee on Transportation passed a \$3.7 billion gross transportation budget that directs \$271 million to roads.

NO FINAL TARGETS BUT BUDGETS ARE MOVING

Ten of the state's 16 budgets for FY 2015 cleared conference committees in the House and Senate on Thursday with agreements on "operational targets" between the two chambers and the Governor.

As a result, the subcommittees can begin moving out budget bills with a goal of wrapping up the budget by next Thursday while legislative leaders continue to seek a solution on future road spending.

According to those targets the General Fund is spending \$96 million more than recommended by the Governor with the biggest boost going to the Department of Community Health and the Department of Technology and Management.

The Department of Corrections and Department of Human Services are taken budget hits and the Rainy Day Fund is getting less than what the administration requested.

Also, based on an agreement between Gov. Rick Snyder's administration and Republican lawmakers on Thursday more spending (5.9 per cent in operations funding) on public universities and higher state revenue-sharing to local governments is in the works for the fiscal year that begins on Oct. 1.

SNYDER SIGNS NEW MINIMUM WAGE LAW

After a revamped minimum wage proposal flew through the House and Senate, Gov. Rick Snyder quickly put his pen to the legislation (SB 0934) that boosts the state's minimum wage to \$9.25 an hour by 2018, includes a wage for tipped employees that is 38 percent of the minimum wage and would adjust the new rate to the rate of inflation or 3.5 percent, whichever is lower.

The move also renders moot a Raise Michigan ballot proposal that would have raised the minimum wage to \$10.10 an hour. The new minimum wage law repeals that state's minimum wage law which the ballot proposal seeks to amend – leaving Raise Michigan to decide whether to take legal action.

Under the new law, the minimum wage will go to \$8.15 this Sept. 1. On Jan. 1, 2016, wage will go to \$8.50 an hour. On Jan. 1, 2017, it will go to \$8.90 and on Jan.1, 2018, the wage will move to \$9.25.

The bill was signed into law just hours before Raise Michigan had announced it would turn in petitions on its ballot initiative to the Secretary of State's office.

DETROIT "GRAND BARGAIN" PACKAGE AWAITS SNYDER'S SIGNATURE

Nine Detroit aid-related bills have cleared the Senate and are headed to Gov. Rick Snyder who will sign the measures as soon as they reach his desk.

The legislation (HBs 5566 through 5570 and HBs 5573 through 5576), which was given immediate effect; give \$195 million in state aid to the city in exchange for increased oversight of how the Motor City spends its money.

No action was taken on legislation that would restrict the Detroit Institute of Arts' ability to hold future millage elections.

HOUSE PANEL POPS "POP UP" TAX REFORM BILL

Legislation (HB 5552) has cleared the House Tax Policy Committee that would allow homeowners to pass along their homes to family members or put them into a trust without having their heirs pay what is called the "pop up" tax. The measure moved to the House floor on a party-line vote.

The Department of Treasury, Democrats and local government groups argue the bill would take away potential future revenue for cities, townships and counties, however, the bill's sponsor, Rep. Peter Pettalia (R-Presque Isle) contends the bill will not cost anybody anything.

"It's not reducing taxes. At worst, it's keeping things revenue neutral," he said.

POLITICS AND POLLS

Conyers is on the ballot. It has been decided – U.S. Congressman John Conyers' (D-Detroit) name will be on the August primary ballot. A federal judge's decision put Conyers back on the ballot and the Secretary of State has announced it would not appeal the judge's decision. Initially, the SOS had agreed with the Wayne County Clerk and did not allow Conyers on the ballot because many signatures were deemed invalid because they were collected by not registered to vote circulators. U.S. District Court Judge Matthew Lettman ruled that Michigan's laws on petition circulators violate the First Amendment. Conyers will face Horace Sheffield in the 13th Congressional District Democratic primary.

Brandenburg seeks leadership spot. Sen. Jack Brandenburg (R-Harrison Twp.) has made it known he is making a bid for a Senate leadership spot – either Republican leader or Republican floor leader – for the 2015-16 term. In that effort, Brandenburg said he is going to spend the summer motoring statewide in his mobile home to competitive Senate districts to assist GOP candidates win with his top priority being:

Bring back 27 seats.” Other Senate Republicans seeking leadership posts are Senators Pat Colbeck (R-Canton) and Senate Majority Floor Leader Arlan Meekhof (R-West Olive).

Schauer wants four debates. Democratic gubernatorial candidate Mark Schauer is calling for four debates with Gov. Rick Snyder – nothing new from candidates running against the incumbent and trailing in the polls. He also wants a fifth debate between the two lieutenant governor candidates. The two latest statewide polls show Snyder with a 9-to-10 point lead over Schauer. In 2010, only one debate was held between Snyder and then-Democratic gubernatorial candidate Virg Bernero.

M M & A BRIEFS

Energy workgroup is launched. Sen. Mike Nofs (R-Battle Creek) this week launched a workgroup charged with retooling the state’s energy reform law of 2008, P.A.295 that was signed into law by then-Gov. Jennifer Granholm – a law sets the state’s first renewable portfolio standard at 10 percent by 2015. One of the questions the group is looking to answer is whether “renewable energy” could be defined as “clean energy” in the eyes of state government. The 35-member work group includes the utilities, environmentalists, business groups and others interested in the debate. Nofs hopes the group will meet over the summer and come back in September with a consensus on some energy efficiency and optimization reforms, in any are needed.

NITC clears another hoop. The U.S. Coast Guard has issued the final permit needed to allow the construction of the New International Trade Crossing (NITC). The next step in the process is land acquisition.

State police have some new troopers. Eighty-two new troopers from the 126 Trooper Recruit School reported to their assigned posts this week. The next recruit school begins on Sunday.

CALENDAR OF IMPORTANT EVENTS

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| June 12 | Last scheduled session day in the House and Senate before Summer Break
Senate has June 17-26 as “tentative” scheduled session days. |
| June 13 | Sen. Majority Leader Randy Richardville (R-Monroe) Walleye Fishing Event
Location: 8 a.m., Toledo Beach Marina, LaSalle (first flight)
1:30 p.m., Toledo Beach Marina, LaSalle (second flight) |
| June 13 | Sen. Mike Nofs (R-Battle Creek) Annual Golf Outing
Location: 9 a.m., The Medalist, Marshall |
| July 4 | Fourth of July Holiday (State offices will be closed) |