

CAPITOL NEWS UPDATE

WEEK OF SEPTEMBER 6, 2013

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MEDICAID PLAN PASSES, BUT NO IE

It took two votes, but the Senate passed its version of House Bill 4717 on a 20-18 vote but could not muster the necessary votes to give the bill Immediate Effect (IE). The Michigan Constitution says that any bill not given IE by both Houses of the Legislature because effect 90 days after the Legislature's year end adjournment. The House concurred in the Senate-passed version and sent the measure to the Governor who will sign it when he returns from a trade mission to China and Japan.

Because the Medicaid expansion plan did not receive IE it will not take effect until around April 1 instead of the Jan. 1 date. This means it will likely cost the state \$7 million a day in federal funding when many of the Affordable Care Act's mandates kick in on Jan. 1.

Michigan becomes the 24th state to expand coverage to low-income residents but only the third state fully controlled by a Republican Governor.

WHAT'S NEXT FOR LAWMAKERS?

Now that the prickly contentious Medicaid issue is out of the way what major issues are facing lawmakers for the remainder of the fall session?

Road funding: Gov. Rick Snyder's plan to increase registration fees and gas taxes to raise \$1.2 billion for road improvements has gone nowhere. Now a Snyder/legislative leaders proposal to put a sales tax increase on the ballot appears to face tough sledding..

House Transportation Committee Chair Wayne Schmidt (R-Traverse City) said it is "on the shelf" and it will be up to the Republican Senate to do something with the sales tax if it wants to. The House is not going to move on it."

However, the sales tax idea continues to be discussed behind closed doors between the four legislative leaders and the Governor.

There is belief among some in the legislature that the road funding issue may be stalled until after the end of the year, or even until after 2014 elections.

Unemployment reforms: A six-bill package (HBs 4949-4954) of unemployment reform legislation is on tap for consideration in the House. Some of the reforms are required by the federal government but others, including a proposal on drug testing (HB 4952) and fraud in the system (HB 4949) are being offered by Republicans in the House. The House Commerce Committee is scheduled to begin consideration of the bills next Wednesday.

No-fault auto insurance reform: Legislation that would scrap the state's life-time benefits for people critically injured in a vehicle accident for some sort of million cap on benefits and would implement some reasonable cost controls passed a House committee last spring but hasn't been taken up by the full House. Gov. Snyder supports the reform and may get engaged on the issue now that Medicaid expansion is out of the way. A provision added to Medicaid expansion limiting how much hospitals can charge uninsured individuals, means that the Legislature is on-the-record saying hospital charges are too high.

Education reform: Funding for Common Core Standards for the state's schools tops the reform agenda. Also getting attention will be expansion of the Education Achievement Authority (EAA), a state-run system to take over struggling school districts. The House has passed the expansion it still needs the Senate's blessing. The House is also considering revamping how teachers are evaluated.

Internet sales tax: Look for the House Tax Policy Committee to consider extending the state's sales tax to Internet sales. The proposal stalled earlier this year when the U.S. Senate passed the measure and moved it to the House. Some state lawmakers believe the issue should be handled at the federal level.

SNYDER ON TRADE MISSION

Gov. Rick Snyder left Tuesday with a delegation for a 10-day investment mission to China and Japan to focus on strengthening trade relationships and attracting job-creating business investments. The trip will take the group to Shanghai, Chongqing, Beijing, and Tokyo.

Concurrent with the governor's investment mission, the Michigan Economic Development Corporation (MEDC) is leading business leaders from 15 Michigan communities to China to meet with prospective partners, distributors and buyers to increase export opportunities from Michigan to China.

LAWSUIT AGAINST DOC MOVES FORWARD

A class-action lawsuit filed by prisoner advocates claiming the Department of Corrections (DOC) is inappropriately denying inmates sentenced to life in a prison a shot at parole is moving forward after Ingham County Circuit Judge Joyce Draganchuk denied the DOC's motion to kill the case and set trial dates for Sept. 23 and Nov. 12.

Draganchuk's ruling would open the door for some 130 inmates who were convicted of armed robbery a change at parole after the DOC denied them an opportunity because they were sentenced to concurrent sentences.

POLITICS AND POLLS

Duggan declared winner – again. The Board of State Canvassers, after reviewing ballots from more than half of Detroit's precincts, certified the results of the city's primary election and declared former Detroit Medical Center CEO Mike Duggan the winner with 51.7 percent of vote. Coming in second was Wayne County Sheriff Benny Napoleon with 30 percent of the vote. Both will square off for mayor in the November general election. The Board of Canvasser took control of the certification after the Wayne County Board of Canvassers failed to certify the election two weeks ago.

Tea Party leader to challenge Calley. Tea Party leader Wes Nakagiri, manager of an auto supplier and founder of Hartland-based RetakeOurGov, has announced he will challenge Lt. Gov. Brian Calley at next year's Michigan Republican Party (MRP) convention. However, several grassroots activists say they want someone else other than Nakagiri alleging they he could be a Republican establishment plant to serve as a "shield" for Calley.

Trott to run. Oakland County attorney Dave Trott has announced he will take on U.S. Rep. Kerry Bentivolio (R-Milford) in next year's Republican primary for the 11th Congressional District seat. In making his announcement, Trott trotted out the names of former Senate Majority Leader Mike Bishop, Wayne County Commissioner Laura Cox, former Congressional candidate Rocky Raczowski and Ronna Romney McDaniel as supporters. Bentivolio has the support of U.S. House Speaker John Boehner, U.S. Rep. Justin Amash and other Republican congressional leaders.

Weiser seeks Wolverine slot. Former Michigan Republican Party (MRP) Chair Ron Weiser has announced he will run for the University Michigan Board of Regents in 2014. He made the announcement on "Trucker" Randy Bishop's radio show and said his priority will be to expose more U-M students to conservative values.

Poll: Land ahead of Peters. The latest Mitchell Research and Communications poll released this week shows National Republican Committeewoman Terri Lynn Land with a slight 39-36 percent lead over the Democrat's presumed nominee, U.S. Rep. Gary Peter (D-Bloomfield Hills) to replace U.S. Sen. Carl Levin who is not seeking re-election in 2014. The poll of 1,881 likely voters has a 2.23 percent margin of error.

M M & A BRIEFS

MEDC to garage new car office. Gov. Rick Snyder this week announced the creation of an Automotive Industry Office to be headed by automotive pro Nigel Francis who has nearly three decades of experience in the global automotive sector. The new office will be housed within the Michigan Economic Development Corporation (MEDC). Francis will be a Senior Vice President reporting directly to President and CEO Mike Finney. The focus of the new office will be to connect folks department-wide with automotive issues and opportunities.

Unions appeal RTW ruling. State employee unions are appealing a Court of Appeals decision that the new state Right to Work (RTW) law applies to state employees. Initially, there was some disagreement over the issue, but the COA ruling says the law does apply to state employees in classified civil service.

State continues collecting pension contributions. Despite a Court of Appeals (COA) ruling last month that a portion of a 2011 retirement reform law is unconstitutional, the state is continuing to collect a 4 percent state employee contribution to their retirement. Under the law, state employees hired before 1997 were given the option to either pay 4 percent of their salaries to keep their current pension or switch over to a defined contribution, 401(k)-style retirement plan. The state has not yet decided whether it will appeal.

Will there be a Horton's in the House? Negotiations are underway between the Bureau of Services for Blind Services (BSBS) and Canada-based Tim Horton's to provide coffee, donuts and other limited menu items in the Capitol and House Office Building. Nothing has been signed, but negotiations, such as whether to require a franchise fee – are being worked out. Needless to say, the Biggby boys are not happy. Biggby is a East Lansing based coffee franchise business. It was just named one of the fastest growing franchise companies by Franchise Magazine. There are two Biggby franchises nearby – one across from the House Office Building and one adjacent to the Senate Office Building

CALENDAR OF IMPORTANT EVENTS

- Sept. 20/22 Michigan Republican Leadership Conference
Location: Grand Hotel, Mackinac Island
- Sept. 25 Secretary of State Ruth Johnson Lunch Reception
Location: 11:30 a.m., Governor's Room, Lansing