

CAPITOL NEWS UPDATE

WEEK OF MAY 17, 2013

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STATE'S FINANCIAL/ECONOMIC PICTURE IMPROVING

The Consensus Revenue Estimating Conference (CREC) reported this week that Michigan's financial picture is on the upswing with \$483 million (\$397 million for General Fund, \$86 million for School Aid Fund) more for FY 2013 than was projected at its conference in January.

The picture looks good for FY 2014 and 2015 as well, although not quite as robust. CREC projects \$219 million more in FY '14 and \$244 million more in FY '15.

Part of the reason for the additional money in FY '13 is that \$265 million of the \$483 million was that out of the fear that with the federal "fiscal cliff" investors took gains or income early to avoid paying more in capital gains taxes and federal income taxes that were going to rise this year.

With the extra money in hand lawmakers have a plethora of ideas on how to spend it. Most prevalent appears to be for roads, education and the Rainy Day fund.

Senate Majority Leader Randy Richardville (R-Monroe) calls the surplus "one-time money" and projects \$130 million would go to roads to meet the federal match. After that, he sees a spirited debate over putting the remainder into K-12 education, early childhood education, universities, or the rainy day fund.

Some Democrats have different priorities: restoring the income tax exemption on pension income, pre-natal programs, and programs for senior citizens.

The Department of Technology, Management and Budget (DTMB) also reported good news – the state's unemployment rate for April dropped one-tenth of a percentage point to 8.4 percent, making it the lowest jobless rate since July 2008, when it stood at 8.2 percent.

BRAKES PUT ON EXPANDED ROAD FUNDING PLAN

Don't look for an expanded transportation funding package to make it into the lawmakers' self-imposed June 1 deadline for completing the FY 2014 budget.

Senate Majority Leader Randy Richardville (R-Monroe) said there will not be a package raising the \$1.2 billion Gov. Rick Snyder wants or any alternative amount by that date. He says the solution has to be bipartisan and the deadline question can only be held after the next quadrant meeting.

And Democratic lawmakers this week said this week they have no intention of offering an expanded transportation funding proposal. House Minority Leader Tim Greimel (D-Auburn Hills) said they are waiting for a "serious plan" from the Governor.

PLUG PULLED ON MEDICAID EXPANSION IN DCH BUDGET

The Senate on Thursday passed the long-delayed Department of Community Health (DCH) budget without the controversial Medicaid expansion – apparently waiting to see what the House Republicans do on their Medicaid reform package (HB 4717) they introduced last week.

Under that legislation, Medicaid would be expanded to those at 133 percent of the poverty level, there would be a four-year cap on receiving medical coverage through the program for non-disabled adults, insured adults could have to contribute 5 percent of their annual income to pay for their health care costs, the state would be required to develop

new incentives for healthy behavior and for enrollees who help DCH detect fraud in the system, and the federal government would be required to pay 100 percent of the expansion costs.

For the plan to work, the federal government would have to approve a massive waiver of which there is no guarantee. If the federal government doesn't issue a waiver for controversial reforms like the 48-month cap on benefits House Republicans put forth last week, Senate Majority Leader Randy Richardville (R-Monroe) said Medicaid expansion in Michigan is dead.

The DCH budget bill (SB 0198) cleared the Senate at \$15.4 billion on a narrow 20-18 vote.

NO-FAULT REFORM PENDING IN THE FULL HOUSE

On a party-line vote, the House Insurance Committee moved to the House floor legislation (HB 4612) that would cap at \$1 million the state's current unlimited lifetime medical coverage for catastrophically injured car accident victims.

Under the committee approved bill, health benefits currently collected by the catastrophically injured would not be limited and a \$50,000 limitation on retrofitting of a house or car was removed from the original bill.

The measure also clarifies that there would be no 16-hour cap on non-relative care provided to victims – either currently or in the future – and 24-hour care would be provided if needed; creates a fraud authority and would try to restrain attempts by medical providers to charge exorbitant rates for care for auto-related injuries.

Although the bill got out of committee, its chair, Rep. Pete Lund (R-Shelby Twp.) conceded he expects an uphill climb. Senate Democrats have taken a caucus position to not support the bill and several Republicans are either opposed or yet undecided on how to vote.

Lund, however, is cautiously optimistic that the measure will eventually make it through the House.

FLANAGAN TAKING “SKUNK WORKS” TO FACEBOOK

Now that State Superintendent Mike Flanagan is in charge of leading Gov. Snyder's call for injecting more technology in the classroom, he is taking what was the secret nature of what was known as the “Skunk Works” project and placing it on Facebook and Twitter for what he calls transparency reasons.

Flanagan says the process will start with a survey, promoted with Facebook and Twitter pages, as well as a YouTube video with an explanation of the project.

The Michigan Board of Education will be updated at its June meeting.

The original “Skunk Works” was ordered disbanded by Gov. Rick Snyder who handed the project to Flanagan.

DEMS CALL FOR GUN CONTROL/MENTAL HEALTH REFORMS

Three House Democrats have introduced a package of five bills that call for universal background checks, assurance and expansion of true gun-free zones, support for mental health care parity and efforts to keep guns away from those convicted of domestic abuse.

Under the gun-free zone legislation libraries would be added along with the schools, sports arenas, daycare centers, university classrooms and churches. Current law allows people licensed to carry concealed weapons in these locations.

POLITICS AND POLLS

Olumba running for Motown mayor. Rep. John Olumba (I-Detroit), who left the Democratic Party to become the state's first independent lawmaker in about 100 years, has announced he will run for Mayor of Detroit. Also in the mayoral race is Rep. Fred Durhal (D-Detroit) as is former Rep. Lisa Howze (D-Detroit), former Detroit Medical Center CEO Mike Duggan, Wayne County Sheriff Benny Napoleon, and former Detroit attorney Krystal Crittendon. Mayor Dave Bing is not seeking re-election.

Richardville not running for U.S. Senate. After toying with idea for a few weeks and meeting with the National Republican Senate Campaign (NRSC) officials in Washington, D.C., Senate Majority Leader Randy Richardville (R-Monroe) has decided he will not seek the Republican U.S. Senate nomination in 2014 to fill the seat being vacated by U.S. Sen. Carl Levin (D-Detroit).

Poll: Snyder holds lead over Schauer. Based on a poll done for the Democratic Governors Association (DGA), Gov. Rick Snyder leads former U.S. Rep. Mark Schauer. The poll, conducted by the Gary Hart Yang Research Group out of Washington, D.C., Snyder is ahead 46 percent to Schauer's 38 percent. Although Schauer has yet to announce, he is expected to jump in soon and likely have clear sailing for the Democratic nomination.

M M & A BRIEFS

Snyder calls special election. Gov. Rick Snyder has called a special election in the 49th House District to replace now-Sen. Jim Ananich (D-Flint) during the Nov. 5 municipal elections. A primary, if necessary, will be held on the regularly scheduled Aug. 6 election date. There are already two announced candidates; Kyle McCree, the Genesee Regional Chamber of Commerce executive, and Phil Phelps, former chief of staff for Rep. Pam Faris (D-Clio).

NRC approves wolf hunting season. The Natural Resources Commission (NRC) has approved regulations for limited wolf hunting in the state. The wolf season will go from November 15 to December 31 of this year in three locations in the Upper Peninsula. The NRC action came just a day after Gov. Rick Snyder signed into law legislation (SB 0288) giving the (NRC) the responsibility to establish managed open season hunts for wild game and authority to regulate the taking of fish as well as place wolves on the endangered species list has been signed into law by Gov. Rick Snyder.

CALENDAR OF IMPORTANT EVENTS

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| May 27 | Memorial Day
State offices closed |
| June 12 | Sen. Mike Nofs (R-Battle Creek) 11 th Annual Golf Outing
Location: 9 a.m., The Medalist Golf Club, Marshall |