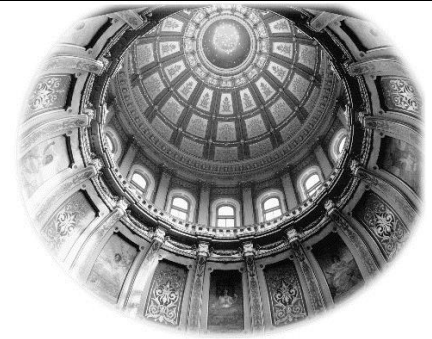


CAPITOL NEWS UPDATE

WEEK OF April 11, 2014

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BOLGER UNVEILS ROAD FUNDING PLAN

A proposal unveiled by House Speaker Jase Bolger (R-Marshall) to fix Michigan's roads falls short of the \$1.2 billion that Gov. Rick Snyder has been calling for, but it would eventually increase the state's investment in roadways by about \$500 million annually.

Bolger's plan would convert the state's flat gas tax to a tax based on a percentage of the wholesale price, dedicate some of the current sales tax and use tax revenue to transportation needs, and create parity between the state's gasoline and diesel tax.

Specifically, the plan would repeal the state's 19-cent per gallon gas tax and replace it with a 6 percent wholesale tax that can shift with the price of gas. Based on \$3.55 cents per gallon, the change would be revenue neutral, according to the Speaker's Office.

The plan would also repeal the 15-cent per gallon diesel tax and replace it with a 6 percent wholesale tax. If the diesel price were \$4 per gallon, the change would bring in an additional \$47 million for roads.

The plan would also require all road work to have warranties, would increase overweight permit fees and begin the use of performance-based maintenance contracting.

Bolger said he wants to see the new plan in place by the lawmakers' summer recess.

Gov. Rick Snyder praised the Republican House Leader's plan as a proactive move toward long-term fund changes but added there is a difference between this plan and his desire to get to \$1.2 billion of additional revenue. "So let's talk about it," Snyder said.

Rep. Marilyn Lane (D-Fraser), minority vice chair of the House Transportation Committee, called Bolger's plan "common sense" but said much more needs to be done. Bolger conceded that point in his announcement saying his proposal wasn't a full solution, that it "does not fully resolve our roads."

The Michigan Chamber of Commerce, Michigan Building and Construction Trades Council and Michigan Infrastructure and Transportation Association are on board with the plan. The County Road Association of Michigan said it is happy to see the issue move off dead center but doesn't go far enough. The Michigan Municipal League is neutral on the proposal overall.

SCHUETTE MAKES LATEST MOVE IN GAY MARRIAGE CASE

Attorney General Bill Schuette has made the latest move in the federal court's ruling that Michigan's ban on gay marriage is unconstitutional.

Schuette has asked the entire 15-member 6th Circuit Court of Appeals to immediately decide the state's case as opposed to going the traditional three-judge panel. By asking the court to rule on the *DeBoer v Snyder* case "en bloc" skips a step in the legal process and allows the court to consolidate similar challenges to gay marriage suits from Ohio, Kentucky and Tennessee, the other three states in the 6th Circuit Court.

The court isn't expected to hear oral arguments in the case until later this summer.

Late last month, U.S. District Court Judge Bernard Friedman ruled the ban unconstitutional. As a result, some 300 gay and lesbian couples were wed before Schuette was able to file for an emergency stay with the 6th Circuit Court of Appeals as well as appeal Judge Friedman's ruling. A stay was granted which keeps the ban on same-sex marriages in place until the appeal is resolved.

Gov. Rick Snyder has determined the marriages that took place are legal, but the State will is not recognizing them. However, U.S. Attorney General Eric Holder stepped in and has extended federal recognition of to the Michigan marriages which means the couples can receive federal benefits.

FEDS SAY YES TO STATE'S EB-5 REQUEST

The U.S. Department of Homeland Security (USDHS) has approved Michigan's application to set up an EB-5 center to attract foreign investment and create jobs.

The EB-5 is a form of visa that grants a green card to foreign investors who put money into new development in the U.S. to create jobs. If the project meets job creation requirements, the investor would be able to come to the U.S. with his or her family.

There are already nine private regional EB-5 centers in the state, but the Michigan Community Development Center (MCDC) would be a statewide and state-run initiative...just the second statewide program in the United States.

SNYDER WRAPS UP TRADE MISSION

Gov. Rick Snyder last week concluded a weeklong investment mission to Italy and Germany that concluded with a visit to an international business and financial center in western Germany and an announcement that voxeljet, a leading provider of high-speed, large-format 3-D printers, will locate its first U.S. facility in Canton in Wayne County.

The service center is expected to come on-line later this year and will create 15 to 20 direct high-tech local manufacturing jobs.

The trip, which included a delegation of Michigan economic and development leaders along with Michael Finney, president of Michigan Economic Development Corp. (MEDC); Nigel Francis,, Michigan's senior automotive adviser; and Rep. Frank Foster, chair of the House Commerce Committee, marked the Snyder administration's second mission to Italy and Germany.

POLITICS AND POLLS

Schauer picks a running mate. Democrat gubernatorial candidate Mark Schauer has tapped Oakland County Clerk and former Rep. Lisa Brown as his running mate. The pair is touting their legislative experience. In an Oakland County appearance, both pledged that fixing the roads would be a top priority but neither wanted to say whether a tax hike would be needed, Schauer only saying the road fix would require a "dedicated revenue source."

The scramble is on. With Congressmen Mike Rogers and Dave Camp announcing they will not seek reelection, the scramble is on among the wannabe replacements to get their petitions signed and filed by the April 22 deadline.

Who's in and who's out? Sen. Gretchen Whitmer (D-East Lansing), Ingham County Clerk Barb Byrum and Lansing Mayor Virg Bernero have all said they aren't going to seek the Democrat nomination for the 8th Congressional District seat that Rogers is vacating. At this time, Ken Darga, a former state demographer, and Susan Grettenberger, a Central Michigan University instructor, are the only two announced Democrat candidates. However, Ingham County Treasurer Eric Schertzing has ordered petition paperwork and it is being reported that his petitions are now in the field. In addition, there are rumbles that Casandra Ulbrich, vice president of the State Board of Education, is being pursued by some Democrats to take the plunge.

On the Republican side, Rochester Hills Mayor Bryan Barnett and former Senate Majority Leader Mike Bishop are announced candidates. Sen. Joe Hune (R-Hamburg) has announced he will not get into the race. That leaves Rep. Tom McMillan (R-Rochester Hills) still rumored as considering a run.

In the 4th Congressional District seat being vacated by Camp, Sen. John Moolenaar (R-Midland) and Thomas Township Republican Paul Mitchell have announced their candidacies for the GOP nomination.

On the Democratic side, former Rep. Joel Sheltrown has opted not to get into the race. Thus far, there are no announced Democratic candidates.

M M & A BRIEFS

Portions of RTW lawsuit preserved, others are dismissed. Federal Judge Stephen Murphy III has dismissed some, but not all of the AFL-CIO's legal challenges to Michigan's year-old Right to Work (RTW) law. The judge allowed challenges to the state's authority to regulate certain labor practices to continue, but dismissed the challenge to the state barring the payment of union dues as a condition of employment. The case is *Michigan State AFL-CIO v. Callaghan*, in the state's Eastern District Court in Detroit.

Scrap metal bill is signed into law. Gov. Rick Snyder has signed into law legislation (HB 4593) aimed at cracking down on the theft of scrap by requiring scrap dealers to collect information from sellers and payment over \$25 to be mailed to an address listed on a valid form of identification for certain high-theft items. The law is now PA 99 of 2014.

Oil/Gas legislation becomes law. Legislation (HB4885) that reduces the severance tax on certain oil and gas projects has been signed into law by Lt. Gov. Brian Calley. The new law establishes a 4 percent severance tax on oil or gas collected from a process in which carbon dioxide is shot into the earth to recover remaining fuel. The severance tax had previously been 5 percent of the gross cash market value of the total gas production or 6.5 percent of the gross cash market value of the total oil production for most wells.

More money to go to Detroit pensioners. City of Detroit retirees will get more money as a result of a settlement reached between the city and some of its bondholders. The settlement is expected to free up about \$100 million to keep vulnerable police, fire and general system pensioners above the federal poverty line. The expectation now is for pensioners and pension fund boards to come to some type of mediated agreement as well.

Detroit bankruptcy judge approves 'Quality of Life' loan. It took three tries to secure some financing to bolster city services as Detroit plods through Chapter 9 bankruptcy proceedings but Federal Bankruptcy Judge Steven Rhodes has approved the \$120 million "quality of life" loan to Detroit from Barclays. The previous proposed loans -- \$350 million and \$285 million -- had been rejected by Rhodes who expressed concern over their cost to the city. Prior to Rhodes' approval, the state Emergency Loan Board (ELB) gave its blessing, a prerequisite for any such decision from Rhodes.

CALENDAR OF IMPORTANT EVENTS

April 15	Tax Filing Deadline
April 17	House resumes session following Spring Break
April 22	Senate resumes session following Spring Break
April 22	Filing deadline for elective office
April 20	Easter
April 29	Senate Republican Annual Dinner Location: 6 p.m., The University Club, Lansing