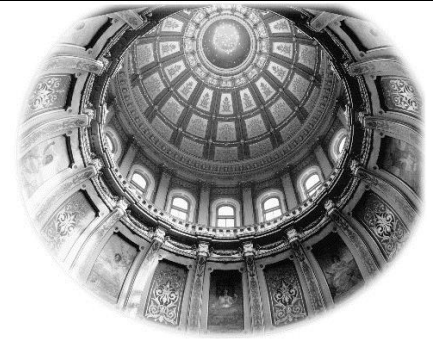


CAPITOL NEWS UPDATE

WEEK OF May 9, 2014

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NEW BILL WOULD SCUTTLE MINIMUM WAGE LAW BALLOT PROPOSAL

Senate Majority Leader Randy Richardville (R-Monroe) on Thursday popped a bill that would scrap the state's minimum wage bill and replace it with a similar law raising the minimum wage to \$8.15 cents an hour – a 75-cent increase.

The catch is this. If the new legislation (SB 0934) becomes law it would scrap the current ballot proposal to set the minimum wage at \$10.10 an hour, since the proposal would be effectively trying to amend an act that would no longer exist.

Earlier, Richardville said he would prefer the issue be settled at the ballot box but he has become frustrated that out-of-state money is bankrolling a change to the state law which he is not convinced "is good for our citizens."

HOUSE REVS UP ROAD FUNDING

In what was described as a "first step," the House passed with bipartisan support a \$450 million road funding package of legislation backed by House Speaker Jase Bolger (R-Marshall).

The 10-bill package includes measures that allocate some \$370 million in future General Fund dollars to roads and converts the state's flat gas tax to a percentage-based tax.

Rep. San Singh (D-East Lansing) said it is not enough; that it only represents what he said is 25 percent of a \$2 billion problem.

Meanwhile, Rep. Greg MacMaster (R-Kewadin) claims he has a plan that would create more than \$1 billion in extra road funding without any tax increases.

His plan includes repealing the state's prevailing wage requirements, using excess funds from the Natural Resources Trust Fund and competitively bidding out more state services. His plan would also dedicate a portion of the Sales Tax on gasoline and of the Use Tax to road funding.

On the Senate side, Majority Leader Randy Richardville (R-Monroe) says the Senate GOP is working on a plan to raise more than \$500 million for the roads. He said he is not sure what approach would be used to raise the money but he would support "some new revenue" even in the context of an election year.

HOUSE UNVEILS DETROIT BANKRUPTCY BILLS

An 11-bill package of legislation that contains significant pension reforms and a new oversight commission designed to help resolve Detroit's bankruptcy began circulating in the House Thursday.

Included in the package is a measure to transition the city from a defined-benefit pension system to a defined contribution, 401(k)-style system and create an oversight commission to monitor the city's finances. The measures would also ban the city from having retirement and health care benefits for new employees that are greater than those provided to state employees.

The bills would send the state's lump-sum contribution from the state's Rainy Day Fund to the newly created Michigan Settlement Administration Authority (MSAA) and would repay the state's contribution to the Rainy Day Fund over 20 years through tobacco revenues.

The state has proposed giving \$194.8 million to the city under the bills to help protect pensions and art at the Detroit Institute of Arts.

Speaker Pro Tem John Walsh (R-Livonia) is chairing a new committee that will handle the bills.

DEMS PUSH NEW INSURANCE PLAN

House Democrats have rolled out a 14-bill proposal that among other things would require the state's insurance industry to face new rate guidelines and consumer protections.

The legislation would force companies to justify rate increases, ban companies from using a person's place of residency in setting rates and would give whistleblower protection to insurance company employees.

Other features in the Democrat's new plan include:

- Imposing fines when insurers fail to act in good faith on multiple occasions
- Prohibit insurers from raising rates or premiums when consumers are involved in accidents that are not their fault
- Ban companies from using information such as education, occupation or place of residency when setting rates
- Allow the director of the Department of Insurance and Financial Services to approve or reject the Michigan Catastrophic Claims Association (MCCA) fee paid by drivers
- Requires new transparency measures for the MCCA

Tom Shields, spokesperson for the Michigan Insurance Coalition, called the Democrat plan an "election-year gimmick" similar to a proposal they introduce every two years, adding the plan "would end up increasing no-fault insurance premiums for most Michigan drivers.

SCHOOL BUDGET BILLS MOVE

Similar school budget bills that would increase per-pupil spending on K-12 education cleared the House and Senate on Thursday.

The House version total \$13.76 billion with per-pupil funding increasing between \$56 and \$112 for a total of \$141 million.

The House bill also included community colleges and higher education spending.

On the Senate side, the K-12 budget totals \$13.74 billion with per-pupil funding increasing between \$150 and \$300 for a total of \$415 million.

Budgets for general government, and the Department of Human Services, Education and Corrections were also passed in the Senate.

Gov. Rick Snyder's proposed budget includes an average increase of \$100 per-pupil grant.

CCC REJECTS UNION FOOD FIGHT CHALLENGE

A three-year, \$145 million Department of Corrections (DOC) contract with Aramark Correctional Services of Philadelphia will continue as the Michigan Civil Service Commission (CSC) in a deadlocked 2-2 vote turned back a union challenge to the state's privatization of the prison food service.

CSC Chairman Thomas (Mac) Wardrop, in a written ruling, said "How a contractor performs is not a matter for commission review."

The appeal was brought by Michigan AFSCME Council 25 and the Michigan Association of Governmental Employees.

A union spokesman said the fight is likely to now move to the state courts

SENATE HAS EYE ON COMPOUNDING PHARMACIES

More state regulation is on deck for compounding pharmacies under legislation (SBs 0704 and 0904) sent to the full Senate by the House Policy Committee.

The measures would create an application process and standards for a pharmacist or compounding pharmaceutical company and include certain offenses in sentencing guidelines.

The legislation also mandates an out-of-state facility to have a Michigan-licensed in charge.

The bills were introduced after the New England Compounding Center (NECC) in Massachusetts distributed bad medication that resulted in 264 Michigan residents getting meningitis and at least 19 deaths.

POLITICS AND POLLS

Wenke switches parties. Former Rep. Lawrence Wenke is leaving the Republican Party to run as a Libertarian the 20th Senate District...a move that could present a problem for Rep. Margaret O'Brien (R-Portage to capture the seat if Wenke's campaign draws support from her in the 50/50 district. Rep. Sean McCann (D-Kalamazoo) is the Democrat candidate in the race. Wenke said he made his decision because the Republican Party, in general, is discriminating against "our gay family members, friends and neighbors."

Nakagiri turns in signatures. If signatures turned in to the Michigan Republican Party Policy Committee are approved, Republican lieutenant gubernatorial candidate Wes Nakagiri will be on the ballot against Lt. Gov. Brian Calley at the GOP 2014 convention. Nakagiri says he has received 33 signatures from 13 of the 14 congressional districts. One of the qualifying rules is that signatures are received from 21 state committee members from seven different congressional districts.

Will he or won't he be on the ballot? Whether or not U.S. Rep. John Conyers (D-Detroit) turned in enough qualifying petition signatures to put him on the August primary ballot is turning into a legal battle. At issue is whether two of Conyer's petition circulators were properly registered to vote at the time they collected some 300 to 400 signatures for the 25-term Congressman. Initially, Conyers was cleared for the ballot, but then Wayne County Clerk Cathy Garrett reported Conyers has fewer than the 1,000 valid signatures needed, but is awaiting further information from Ecorse and Hamtramck. Garrett will issue a final determination on May 13 and certify on May 14 the partisan candidates that will appear on the primary ballot. Garrett's decision can be appealed to the Secretary of State.

M & M BRIEFS

Fracking rules submitted to ORR. The Department of Environment Quality (DEQ) has submitted its proposed rules on hydraulic fracking to the Office of Regulatory Reinvention (ORR) with few changes. The changes from the originally proposed rules unveiled last October include adopting an alternative method of measuring the impact of a large water withdrawal as a result of fracking, in the event the state's WWAT is replaced or discontinued and codifying the DEQ's existing procedure banning the use of flowback fluid for road spreading.

MEAP to stay two more years. The Michigan Education Assessment Program (MEAP) will continue for two more years as a result of language both the House and Senate added to their budget plans. The language is in the form of an amendment to the Senate's School Aid Fund bill (SB 775) and the House's

education omnibus bill (HB 5314). The new amendments require the Michigan Department of Education (MDE) to develop new MEAP assessments for English language, arts and mathematics for the next two years and then implement a new assessment in the 2016-2017 school year.

HICA fix clears the Senate. A two-bill package of legislation (SBs 0893 and 0913) that would reduce the Health Insurance Claims Assessment (HICA) and reinstate the use tax on Medicaid HMOs cleared the Senate Thursday breaking a significant logjam in the FY 2015 budget process

Legislation would reduce MDOT's air travel. Rep. Scott Dianda (D-Calumet) is introducing legislation that would limit MDOT employees' abilities to take flights to conduct state business and instead require them to conduct their business through videoconferencing. Dianda said he hopes the legislation will spark other conversations on how to free up more money for roads.

CALENDAR OF IMPORTANT EVENTS

May 15 Revenue Estimating Conference

May 26 MEMORIAL DAY

May 27 Sen. John Proos (R- St. Joseph) Breakfast Reception
Location: 7:30 a.m., Governor's Room, Lansing