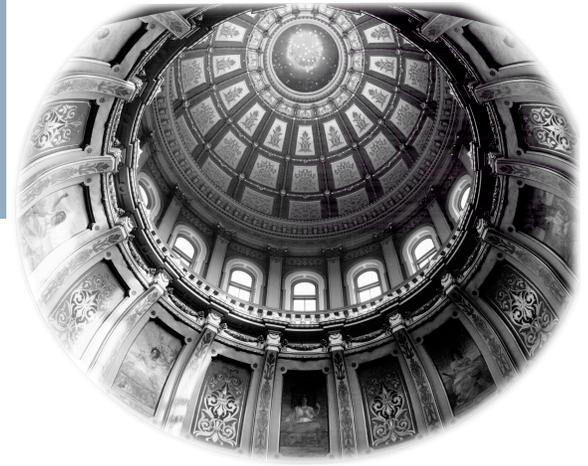


CAPITOL NEWS UPDATE

WEEK OF OCTOBER 18, 2013

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DILLON RESIGNS, CLINTON NEW TREASURER

Bogged down by continuing media coverage of acrimonious family matters, state Treasurer Andy Dillon has submitted a letter of resignation but will continue to serve until Nov. 1 when Kevin Clinton, who was quickly tapped by Gov. Rick Snyder, takes over leadership of the Department of Treasury.

Clinton has served the last two years as commissioner of what is now the Department of Insurance and Financial Services (DIFS). Prior to that, he was president and CEO of East Lansing-based medical insurance provider American Physicians Capital, Inc. and was the chief actuary for the Michigan Insurance Bureau in the 1980s.

In a statement, Dillon said "...it is unfair to my family and the residents of Michigan, to allow issues related to my recent divorce and the unfortunate acrimony associated with it to be a continued source of media attention and scrutiny."

Chief Deputy Ann Flood is being bumped up to head the Department of Insurance and Financial Services (DFIS),

NEW COMMON CORE RESOLUTION INTRODUCED IN SENATE

A similar but somewhat different Common Core State Standards concurrent resolution from the House-passed version has been introduced in the Senate.

Included in SCR 0012 is language giving Michigan the ability to "add different standards as long as they were career and college ready" and language that home schooling is not subject to Common Core.

The resolution has been referred to the Senate Government Operations Committee chaired by Senate Majority Leader Randy Richardville (R-Monroe). The House version also rests in that committee.

Much like Medicaid expansion, there could well be a fight over Common Core in the Republican caucus as there reportedly is a reluctance among some GOP senators to sign on to another program with federal connections after seeing little value in Race to the Top and No Child Left Behind initiatives.

The resolution(s) would allow the Department of Education to continue spending money on implementing the standards. The Legislature paused implementation of the standards in the FY 2014 budget that went into effect on Oct. 1.

MEDICAID EXPANSION REDO

Failure by the Senate to give the Medicaid expansion legislation (HB 4714) Immediate Effect (IE) a month ago appears to now be coming back for a redo.

According to Senate Appropriations Chair Sen. Roger Kahn (R-Saginaw) failure to give IE made spending authorization included in the bill date. This means the Legislature must once again vote to authorize funding for the expanded Medicaid program.

As a result the Senate is working with the Department of Community Health (DCH) on a supplemental that could come forth later this month.

Senate Majority Leader Randy Richardville (R-Monroe) says he anticipates some action before the Thanksgiving break in November.

Although appropriation supplemental bills are common in Legislature, the lingering question is whether the controversial nature of the Medicaid expansion that saw a summer-long struggle in the Senate could delay a routine fix to the funding gap issue created by the delay.

Without IE, effective date of the expansion is now around April 1 instead of January 1 and is resulting in a loss of \$70 million in anticipated state savings.

DeBOER V. SNYDER DELAYED AGAIN; JUDGE WANTS A TRIAL

Saying he believes "there are issues that have to be decided that are fact issues," U.S. District Judge Bernard Friedman on Wednesday declined to issue an opinion from the bench on Michigan's prominent gay marriage case.

Instead, Friedman has set a trial date for Feb. 25, 2014.

With the same-sex marriage issue now on hold in federal court until February, supporters are likely to turn their attention to the state Legislature where Democrats have introduced bills in both the House and Senate that would repeal the state's constitutional ban on same-sex marriage and legalize those unions as well as allow same sex second parents to adopt children of their partners.

Jayne Rowse and April DeBoer filed suit in January 2012 because they wanted to jointly adopt their three children, currently banned under state law. However, the case later broadened in an attempt to overturn the state's constitutional restrictions on marriage being between one man and one woman, which voters passed in 2004.

UI DRUG TESTING PASSES SENATE

An six-bill package of unemployment insurance legislation (HBs 4949 through 4954) says if a worker accepting benefits fails to pass or take a required drug test from a potential employer, that person would be considered for one year to have refused suitable work and therefore be ineligible to collect.

The package also allows the state to take back dollars paid out based on false statements or fraudulent violations.

HOUSE PASSES PPT PHASE OUT BILLS

Senate-passed legislation (SBs 0489 and 0490) designed to provide clarifications to last year's Personal Property Tax (PPT) phase-out cleared the House this week.

The legislation would require taxpayers seeking the PPT exemption to file by Feb. 10 to allow challenges to be heard at March Board of Review meetings. The bills also require taxpayers claiming the exemptions to keep adequate records relating to their personal property.

SNYDER TO REPUBLICANS: ROAD FUNDING BY YEAR'S END

Gov. Rick Snyder wants a resolution to the road funding problem that has been languishing for two years. This week he urged his legislative leaders to get something done by the end of the year.

That message has been conveyed to House Transportation Committee Chair Wayne Schmidt (R-Traverse City) who may have to settle for flipping the current gas tax into a wholesale gas tax. However, he is not sure what would move.

Whatever it is it won't be the Governor's original target of \$1.2 billion.

In the GOP-controlled Senate, research from focus groups requested by Senate Majority Leader Randy Richardville (R-Monroe) and Senate Minority Leader Gretchen Whitmer (D-East Lansing) on how to raise money for roads is boding well.

The latest internal polling shows there is not a majority of public support for new money for the roads, schools or the two combined.

POLITICS AND POLLS

Poll: Snyder holds double-digit lead over Schauer. In a poll of 600 potential primary voters, Gov. Rick Snyder holds a 50 to 36 percent lead over his likely Democratic opponent Mark Schauer. The survey was taken Oct. 6-10 by Marketing Resource Group (MRG) and Mitchell Research & Communications for Michigan Information and Research Service (MIRS). The poll conducted 77 percent by landline and 23 percent by cellphone and sampled 29 percent self-described Democrats, 28 percent self-described Republicans and 44 percent self-described independents. The margin of error is +/- 4 percent.

Pick a poll. In the same statewide poll, Republican Terri Lynn Land recorded 40 percent to Democrat Gary Peter's 39 percent based on a hypothetical U.S. Senate question commissioned by MIRS. Both are seeking to replace U.S. Sen. Carl Levin is who not seeking reelection in the November 2014 election.

However, a North Carolina-based PPP poll taken a week later showed Peters up 43 percent to 36 percent for Land. The PPP sample included 39 percent self-described Democrats, 25 percent Republicans and 35 percent independents.

Benson considers 11th Congressional race. Jocelyn Benson, dean of the law school at Wayne State University and the Democratic nominee for Secretary of State in 2010 is reportedly considering a run for the Michigan 11th Congressional District seat currently held by U.S. Rep. Kerry Bentivolio (R-Milford).

M M & A BRIEFS

Senate bounces trampoline bill to the House. Legislation (SB 0475) that would specify safety requirements for a trampoline court operator and provide that anyone using such facilities would accept the dangers inherent in the activity cleared the Senate on a nearly party-line 25-12 vote. Democrats expressed concern the legislation would give broad immunity to trampoline parks if a child were to get injured.

State revenues are up. State revenues totaled \$2.3 billion in September -- a 10 percent increase from last September and \$394.5 million higher than expected, according to the Senate Fiscal Agency (SFA). Much of the higher General Fund collections can be attributed to the repealed Michigan Business Tax (MBT).

Dems launch Republican Tax-O-Meter. Democrats, in an attempt to cash in politically on the alleged financial impact of recent GOP tax reforms on middle class families and seniors, have launched a digital counter posted on a four-foot board that changes at a rate of about \$50 per second. House Minority Leader Tim Greimel (D-Auburn Hills) said the meter measures the amount of total additional taxes that everyday individuals in Michigan are paying because of GOP-enacted tax changes since Jan. 1, 2012.

CRC picks a new director. Matt Weesaw, tribal chair of the Pokagon Band of Potawatomi Indians, has been chosen by the Civil Rights Commission (CRC) as its director. At one time Weesaw served on the commission for eight years and has been appointed to commissions by three different governors.

CALENDAR OF IMPORTANT EVENTS

Oct. 29 Sen. Pat Colbeck (R-Canton) Fall Cider Fest
Location: 7:30 a.m., Governor's Room, Lansing

Oct. 29 Sen. Tom Casperson (R-Escanaba) Breakfast
Location: 7:30 a.m., MI Restaurant Assn., Lansing

- Oct. 31 HALLOWEEN
- Nov. 5 LOCAL ELECTIONS
- Nov. 6 Sen. Tonya Schuitmaker (R-Lawton) Breakfast Reception
Location: 8 a.m., Governor's Room, Lansing
- Nov. 6 Rep. Harold Haugh (D-Roseville) Lunch F'Raiser
Location: 11:30 a.m., Governor's Room, Lansing
- Nov. 11 VETERANS' DAY – State offices are closed
- Nov. 15/
Dec. 2 House and Senate on Fall Break