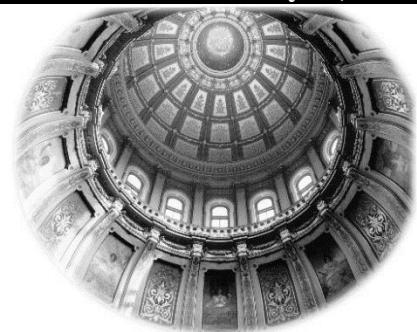


CAPITOL NEWS UPDATE

WEEK OF JULY 10, 2017

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GOOD JOBS FOR MICHIGAN PACKAGE HEADS TO GOVERNOR'S DESK

Legislators passed a package of bills this week creating The Good Jobs for Michigan Program, an economic development incentive package which allows authorized businesses to capture state income taxes withheld from certified new employees. The amount withheld will vary depending on employee wages and the number of jobs created. The program will be housed within the Michigan Strategic Fund through 2019.

With 40 House Republicans voting yes, and 22 voting no, the vote could become a campaign issue in the primary races next year.

Proponents of the legislation who bill themselves as business-friendly, say Michigan needs the legislation to stay competitive with other surrounding states with similar incentives.

House Republicans who opposed the legislation see it as a way to only reward specific players, and an effort to pick winning and losing businesses in Michigan.

Much of the push behind the package is related to the state's efforts to attract Foxconn Technology Group, an electronics manufacturer headquartered in Taiwan. Michigan is competing with several other states for a major manufacturing plant that could create about 5,000 jobs. The plant would be for building liquid crystal display screens for televisions and cell phones.

GOVERNOR SIGNS TEACHER PENSION LEGISLATION

Gov. Rick Snyder signed legislation changing the teacher pension system in Michigan this week, in what he has called a move to "modernize the school employee retirement system."

The legislation will ensure "these benefits will be there for retired school employees in the long term, while at the same time protecting taxpayers from escalating liabilities," Snyder said in a prepared statement on the legislation.

The law comes after a great deal of negotiation between Snyder and Republican legislative leaders to create new retirement plan options. With the signing, teachers hired starting February 1, 2018 will be placed into a 401(k) plan with their school district contributing an amount equal to 4 percent of their annual salary and the state matching up to 3 percent of teacher contributions.

Teachers would have the option to instead choose a hybrid plan with some 401(k) benefit and some pension benefit, similar to the plan currently offered to teachers, although they would have to

contribute a greater percentage of their salary than those in the current plan, on average 1 percentage point more of their current income than the current 5 percent.

If the pension component of the hybrid pension plan falls below 85 percent funded on average over a five-year period, the state would have one year to bring funding levels back up to that threshold or the plan would close to new hires.

Teachers unions and others opposed to the legislation say it will destabilize the Michigan Public School Employees Retirement System, and they are upset that the bill also eliminates purchase of service credit for all plans after Sept. 29, 2017.

The estimated cost for the first five years of the plan is \$255 million. Although the bill does not reduce the \$29 billion in unfunded liability now in the pension system, proponents say it will keep the liability from growing even larger.

MARIJUANA BALLOT INITIATIVE ORGANIZERS CLAIM OVER 100,000 SIGNATURES

The Coalition to Regulate Marijuana Like Alcohol says it has collected more than 102,425 signatures as of earlier this week to put Marijuana Legalization on the ballot this November. At least 252,523 registered voters' valid signatures are needed.

The initiative proposes to legalize the possession, use and cultivation of small amounts of marijuana for persons who are at least 21 years old. If it became law, it would license marijuana businesses that sell, cultivate, transport, and test marijuana; and would also legalize the development of industrial hemp.

As proposed, the law would tax marijuana sold at the retail level with a 10 percent excise tax and the 6 percent sales tax that sponsors say would be used to support Michigan's schools, roads, and local governments.

MM&A Briefs

Kid Rock for U.S. Senate

Whether it's reality or marketing for an upcoming tour, Michigan star Kid Rock announced a possible run for the U.S. Senate this week, including a new website -- KidRockforSenate.com.

The rocker, whose real name is Robert James Ritchie, confirmed later in the week that he is serious, and pointed out in a statement that he still has two more weeks to file his paperwork with the Federal Election Commission. He likened his upcoming release of new music to other politicians writing books during their campaigns.

Ritchie would be a challenger for the seat currently held by U.S. Senator Debbie Stabenow (D-Lansing). He was a supporter of President Donald Trump, and endorsed secretary of the U.S. Department of Housing and Urban Development Ben Carson.

Former Supreme Court Justice Robert Young Jr. and business executive Lena Epstein have begun campaigns for the GOP nomination for the 2018 race while two other business executives, John James and Sandy Pensler, along with U.S. Rep. Fred Upton, are all considering running.

Mason confirmed at MEDC

Jeff Mason was named as the new chief executive officer for the Michigan Economic Development Corporation on Tuesday, taking over the role effective immediately.

Gov. Rick Snyder nominated Mason for the position last month. He was unanimously approved by the executive committee. Mason replaces Steve Arwood, who held the position since January 2015.

Mason leaves the role as executive director of the University Research Corridor.

Calendar of Important Events

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| July 17 | Sen. Mike Shirkey (R-Clarklake) Golf Fundraiser
Location: 9 a.m., Country Club of Jackson, Jackson |
| | 24th Senate District Candidate Kelly Rossman-McKinney (D) Fundraiser
Location: 5 p.m., Karoub Associates, Lansing |
| July 19 | Rep. Lee Chatfield (R-Levering) Golf Fundraiser
Location: 8:30 a.m., Hidden River Golf & Casting Club, Brutus |
| July 20 | Sen. Dave Hildenbrand (R-Lowell) Golf Fundraiser
Location: 9:30 a.m., Deer Run Golf Club, Lowell

Rep. Kristy Pagan (D-Canton Twp.) Fundraiser
Location: 5:30 p.m., Canton Brew Works, Canton |
| July 23 | Rep. Christine Greig (D-Farmington Hills) Fundraiser
Location: 2 p.m., 21031 Eastfarm Lane Court, Farmington Hills |
| July 24 | Sen. Peter MacGregor (R-Rockford) Golf Fundraiser
Location: 9 a.m., Scott Lake Golf and Practice Center, Comstock Park |
| July 27 | Rep. Lana Theis (R-Brighton) Senate Campaign Fundraiser
Location: 6 p.m., Triple Diamond Ranch, Howell |