

CAPITOL NEWS UPDATE

WEEK OF JANUARY 15, 2018

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LEGISLATURE OVERRIDES SNYDER VETO

In a rare show of power, legislators voted to override Gov. Rick Snyder's veto of SB 94 and SB 95, ensuring a faster time table for phasing out applying sales tax to the value of a trade-in when purchasing a new vehicle.

The veto is only the fourth in 67 years, with the most recent occurring in 2002 when lawmakers rejected a line-item veto of revenue sharing funds that was part of a larger appropriations bill, by then-Governor John Engler.

The vote happened right before the opening of the North American International Auto Show in Detroit. The Senate voted 37-0 to override the bills, while the House vote was 85-23, with Rep. Martin Howrylak (R-Troy) as the only Republican to join the 22 Democrats voting no.

"Changing the tax code without a plan to pay for it challenges the conservative fiscal responsibility of the past seven years," Gov. Snyder said. He had previously said the bills were not fiscally responsible.

The bills will increase the amount of a trade-in vehicle's value exempt from the sales tax by \$1,000 a year instead of \$500 as it is currently. They also completely eliminate tax on the value of a trade-in by 2029, which is 10 years earlier than previously expected.

LEGISLATIVE PRESSURE ON SIMON BUILDS, MSU BOARD SEEKS AG REVIEW

Lawmakers began calling for the resignation of Michigan State University President Lou Anna Simon this week as new reports surfaced about how much university officials knew in the Larry Nassar case.

According to the Detroit News, at least 14 university officials received reports of sexual assault dating back at least 20 years by former MSU physician Larry Nassar.

Senate Majority Leader Arlan Meekhof (R-West Olive) and Senate Minority Leader Jim Ananich (D-Flint) called for Simon's swift removal in a joint statement this week. House Speaker Tom Leonard (R-DeWitt), House Minority Leader Sam Singh (D-East Lansing) and Sen. Curtis Hertel Jr. (D-East Lansing) have also called for Simon to call it quits. Meekhof and Ananich have also called for the Legislature to "exercise its oversight authority" in the situation.

The MSU Board of Trustees also requested today that Attorney General Bill Schuette review the situation to resolve questions related to Nassar and the university and satisfy victims and others concerned about the university's involvement.

Nassar, who has been accused by more than 140 women and girls of sexual assault, pleaded guilty to criminal sexual conduct charges in Ingham and Eaton Counties and child porn charges in federal court.

SENATE INCREASES PERSONAL EXEMPTION TO \$5K, CALLS FOR MORE TAX RELIEF

Addressing the need to change the state's income tax laws due to a new federal tax cut, the Senate voted unanimously on Wednesday to pass SB 748 and increase the personal income tax exemptions to \$5,000 by 2021.

Currently, state exemptions are determined by the number of federal exemptions permitted. The new federal law, however, effectively eliminates any federal exemptions, meaning changes now need to be made at the state level to allow for any personal exemptions in state taxes.

Several bills currently in the House Tax Policy Committee also address the issue. HB 5420-22 would increase the exemption to \$4,800 – which is still more than Gov. Rick Snyder's proposed \$4,500 exemption. The current exemption, with inflation, is \$4,000.

Both the House and Senate bills include other tax relief with a \$100 tax credit for those 62 and older in the House and a potential child care credit in the Senate.

Groups including schools and the Michigan League for Public Policy are concerned the increased personal exemption limit will put too much pressure on the General Fund in the coming year.

MM&A Briefs

Amazon passes on Detroit and Grand Rapids

Michigan found out it will not be playing host to Amazon's second company headquarters in North America this week. Neither Detroit nor Grand Rapids made the second cut in the company's process.

Both Gov. Rick Snyder and Detroit Mayor Mike Duggan sent out statements with a positive spin, saying the experience will help Detroit and the state pinpoint weak areas and help them prepare for the next opportunity.

The metro areas that made the second cut included Atlanta; Austin; Boston; Chicago; Columbus, OH; Dallas; Denver; Indianapolis; Los Angeles; Miami; Montgomery County, MD; Nashville; Newark; New York City; Northern Virginia; Philadelphia; Pittsburgh; Raleigh; Toronto; and Washington D.C.

Pscholka to leave Budget Director post at end of February

State Budget Director Al Pscholka is resigning from his position effective February 28. Pscholka will be replaced by former lawmaker John Walsh, who is currently Gov. Snyder's director of strategy.

Pscholka was named Budget Director in 2017 after he was term-limited in the House, where he served as Appropriations Committee Chair. He said he wants to be closer to his family and is pursuing business opportunities in Southwest Michigan.

The move could also allow Pscholka to run for the 21st Senate District seat currently held by term-limited Sen. John Proos (R-St. Joseph).

Capitol protesters oppose repeal of prevailing wage

Hundreds of construction and trade workers protested an initiative to repeal the Michigan prevailing wage law last week in front of the Capitol building.

Currently, the law requires contractors to pay local union-scale wages on public projects. A proposal to repeal the law could be voted on in the Legislature if at least 252,523 signatures are collected by the

group supporting the repeal. If the group collects enough valid signatures and the Legislature decided not to act, or did not have enough votes to pass it, the proposal would go on the November ballot.

Proponents of repealing the law say it is outdated and costs taxpayers money. Those against the repeal say it would cut wages and make it harder to attract skilled trade workers.

Calendar of Important Events

- Jan. 23 **State of the State Address**
Governor Rick Snyder's eighth and final State of the State address to a joint session of the legislature
Location: 7 p.m., Capitol Building
- National School Choice Week rally
Location: 12 p.m., Rotunda, Capitol, Lansing
- Jan. 24 Rep. Julie Alexander (R-Hanover) Fundraiser
Location: 7:30 a.m., Karoub Associates, Lansing
- Sen. Rick Jones (R-Grand Ledge) Fundraiser
Location: 11:30 a.m., Karoub Associates, Lansing
- Jan. 29 Sen. Marty Knollenberg (R-Troy) Fundraiser
Location: 4 p.m., Sedona Taphouse, Troy
- Rep. Mike McCready (R-Bloomfield Hills) Fundraiser
Location: 4:30 p.m., Michigan Beer & Wine Wholesalers, Lansing
- Rep. Sherry Gay-Dagnogo (D-Detroit) Fundraiser
Location: 5:30 p.m., Detroit Seafood Market, Detroit
- Jan. 30 Rep. Sherry Gay-Dagnogo (D-Detroit) Fundraiser
Location: 10:30 a.m., Michigan Health and Hospitals Association, Lansing
- Rep. Michael McCready (R-Bloomfield Hills) Fundraiser
Location: 4:30 p.m., Michigan Beer and Wine Wholesalers, Lansing
- Rep. Jim Ellison (D-Royal Oak) Fundraiser
Location: 6 p.m., Fifth Avenue, Royal Oak
- Jan. 31 Rep. Lee Chatfield (R-Levering) Fundraiser
Location: 8 a.m., Michigan Beer and Wine Wholesalers, Lansing
- Senate Majority Leader Arlan Meekhof (R-West Olive) Fundraiser
Location: 4:30 p.m., Troppo, Lansing
- Feb. 1 Rep. Donna Lasinski (D-Scio Twp.) Fundraiser
Location: 6:30 p.m., Null Taphouse, Dexter