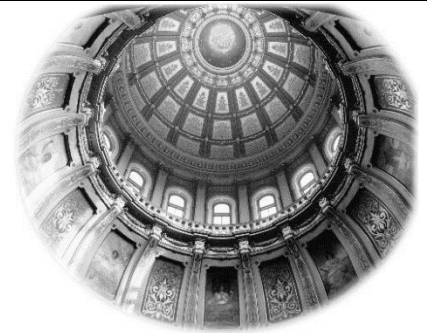


CAPITOL NEWS UPDATE

WEEK OF November 28, 2016

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TEACHER PENSION REFORM ON HOLD IN SENATE

Legislation moving all new teachers into a defined retirement contribution fund instead of a hybrid pension option is at a stand-still as Senate Republicans work to get the 20 votes needed to pass the bills.

Democrats, Gov. Snyder, the Office of Retirement Services, and nearly half of the Republican Senate caucus are opposed to the package so far. Opponents say would cost millions in the short-term in exchange for a possible long-term budget fix.

The bills move all new teachers out of the hybrid pension option offered through the Michigan Public School Employee Retirement System (MPSERS) and push them into a 401 (k) style retirement plan.

Senate Majority Leader Arlan Meekhof (R-7West Olive) said he is waiting for the numbers from the ORS officials to be clarified in order to quell his caucus' concerns. Other Senate Republicans reportedly have said the legislation is dead for the year and could be brought up again next session.

BILLS WOULD CUT EMPLOYEE AND RETIREE HEALTH BENEFITS IN UNFUNDED MUNICIPALITIES

Cities with unfunded liability costs could have their health care coverage cut for current employees and retirees under legislation introduced in committee by House Republicans on Thursday.

If a community has less than 80 percent of their retiree health costs or Other Postemployment Benefits (OPEB) funded, the bills require these municipalities to move their health care plans to an 80-20 model for current employees and retirees, with the city employer paying no more than 80 percent of the cost of benefits and the employee or retiree covering the remaining 20 percent. New employee benefits could also be reduced to a health savings account under the package, with a maximum 2 percent employer contribution and no retiree benefits.

Current retirees would not be grandfathered-in and employees covered under union contracts would only be covered until those contracts expire.

Supporters say the bills would make municipal benefits similar to the 80-20 benefits that most state employees have, and ease the burden on those municipalities with large amounts of unfunded liabilities

Communities with greater than 80 percent of their liabilities funded would not be affected by the legislation.

Questions about the legislation include how many municipalities would be affected by the requirements, and what actions could be taken to stabilize these governments. Both sides agree the large unfunded OPEB costs are a problem for local government, with most governments having not funded their retiree benefits, according to a report by Treasury official Eric Scorsone.

Others have said that the two weeks left this year is not enough time to work out the details of the plan.

SENATE PASSES RIDE-SHARING RULES, LOOSENS GRIP ON TAXIS AND LIMOS

The Senate passed a long awaited package of bills on Thursday that regulate ride sharing companies such as Uber and Lyft, and will also benefit taxi cab and limo companies.

The five-bill package allows Transportation Network Companies (TNCs) to be legally recognized, and transfers responsibility for vehicle safety, driver background checks and insurance compliance from the state to the TNCs. The package also requires TNC drivers to have special insurance coverage when driving paying passengers from Point A to Point B and a company doesn't have to offer that coverage if it doesn't want to.

The Senate agreed to use Uber's stock state regulation boilerplate, and also changed the regulations for taxi cabs and limo drivers of vehicles carrying eight people or less to be similar to the ride sharing regulations. For taxis, this means drivers no longer need special state-issued chauffeur licenses, will not be regulated through local governments. The companies will be the keepers of all information on the drivers, their vehicle records, the routes they run, the background information and their insurance records.

In addition, the state can conduct twice-a-year audits of TNCs, taxis and limos to confirm drivers do not have more than four tickets in the past three years, a DUI in the last five years, are properly insured, and have not committed a violent crime.

The state will charge TNCs fees ranging from \$550 a year to \$30,000 a year based on the number of cars in a fleet, with the fees being phased out after three years in order for the state to determine if the fee schedule is appropriate.

The package also includes separate regulations for buses and vehicles that carry nine or more passengers. These vehicles must go through an annual state vehicle inspection, prove they have insurance, and submit an annual roster of their vehicle fleet.

The package was originally signed off on by the House in June 2015. It will now return to the House for concurrence.

SENATE REPUBLICANS PASS BILLS TO BUILD NEW VETERANS' HOMES

After reports of bad conditions at VA long term care facilities in Michigan, and a legislative work group's proposal to build new VA homes, the Senate has passed legislation this week to create an authority to oversee the construction of up to six new Veterans' homes around the state.

The nine-person Michigan Veterans' Facility Authority would be able to bond for the money needed to build the new homes and replace the ones in Marquette and Grand Rapids.

Senate Democrats opposed the bills and wanted to include assurances that any new employees at the facilities would be civil servants, not private contractors.

BILLS SUPPORTING STRONGER PHOTO-ID REQUIREMENTS MOVE TO HOUSE

A package of bills requiring voters who fail to produce a photo ID on Election Day to do so within 10 days or have their ballots disqualified, was moved out of committee and into the House this week.

Currently, voters who fail to produce a photo ID can sign an affidavit attesting to their identity.

The package also includes legislation that would make it easier to obtain a photo ID using a birth certificate.

Elections Committee Chair Lisa Lyons (R-Alto) introduced the legislation to give Michigan's voter ID law more impact. The legislation is modeled after Indiana election law, which has been upheld by the U.S. Supreme Court.

An amendment by Rep. Jeff Irwin (D-Ann Arbor) to have Native American Tribal IDs accepted as sufficient identification for voting was also adopted.

FUTURE OF SENATE ENERGY REFORM PACKAGE UNCERTAIN IN DIVIDED HOUSE

With proponents pushing to get this complex legislation passed before the next session begins, the issue of energy reform is still up in the air. Final passage depends on whether or not Energy Chairman Aric Nesbitt can put together a large enough coalition of support among Republicans and Democrats to get to the required 55 votes. House Democrats are focused on the 15 percent renewable portfolio standard and energy efficiency that is part of the package, while a large segment of the Republican caucus are focused on issues surrounding electric choice and net metering. The Senate-passed version is supported by key players including Consumers Energy, DTE Energy and the Michigan Chamber of Commerce.

MM&A BRIEFS

Schuette wants vote recount stopped

The Board of State Canvassers (BSC) now has a second opponent objecting to the presidential vote recount request to consider. Along with representatives on behalf of President-elect Donald Trump who filed an objection on Thursday, Attorney General Bill Schuette has also filed suit to stop the vote recount requested by Green Party candidate Jill Stein.

Schuette's suit asks the state Court of Appeals (COA) to order the BSC to reject Stein's request, because she isn't "an aggrieved candidate." And if the recount is allowed to proceed, he's requesting to have the recount done electronically and be completed by Dec. 13.

He has also asked the Michigan Supreme Court to bypass the state COA for immediate consideration.

The BSC was meeting Friday morning to consider Trump's request, and went into recess after Schuette's request was announced.

Swartzle appointed to state Court of Appeals seat

Gov. Rick Snyder has appointed Brock Swartzle to a state Court of Appeals seat. Swartzle has been general counsel for the House and chief of staff to Speaker of the House Kevin Cotter since 2015. Swartzle will fill a vacancy left by the resignation of 4th District Appellate Judge Donald Owens, which takes effect on Jan 1, 2017.

Swartzle's appointment side-steps the elimination of Owen's position on the court, which would have been removed once he left office as part of a law which was designed to reduce the number of judges on the court to 24.

Calendar of Important Events

- Dec. 5 After Work with Rep. Leslie Love Event
Location: 5 p.m., Michnos Cafe, Redford Township

- Dec. 7 AT&T/MACUL - Student Tech Showcase (Sponsored by AT&T/MACUL)
Location: 7:30 a.m., Capitol Building, Lansing

- Dec. 7 Morning Capitol Brew (Sponsored by Dome Magazine)
Location: 7:30 a.m., Radisson Hotel, Lansing

- Dec. 7 Sen. Jim Marleau Year-End Breakfast Event
Location: 8 a.m., Michigan Beer and Wine Wholesalers Association, Lansing

- Dec. 8 Michigan Railroads Association Winter Board Meeting
Location: 8:30 a.m., University Club, Lansing