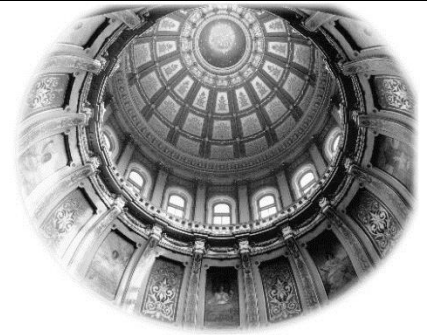


## CAPITOL NEWS UPDATE

WEEK OF FEBRUARY 20, 2017

*Integrity. Individual Attention. Precision Strategy. Proven Results*



### **INCOME TAX CUT GOES DOWN IN DEFEAT**

The Michigan House failed to approve an income tax cut Thursday, after a marathon 12-hour House session featuring House Speaker Tom Leonard unsuccessfully urging resistant members of the Republican majority to vote for the proposal.

The income tax cut was defeated with a 52-55 vote at 1:45 a.m. after several revisions to the bill. Twelve of the 63-member caucus voted against the bill, along with all but one Democrat.

In an unusual move, Leonard said that he called for the vote knowing it would likely fail because "I had an overwhelmingly majority of my caucus that wanted to let the world know where they stood in terms of defending taxpayers in this state," he said.

Gov. Rick Snyder had also voiced concerns about the budget implications of a tax cut.

Revised from the original plan passed by a House committee last week, the bill would've lowered the 4.25 percent tax to 4.15 percent in 2018 and 4.05 percent by 2019 but would not continue to decrease unless the state's or rainy day Budget Stabilization Fund had a balance of \$1 billion or more. The fund has \$734 million now but could grow to more than \$1 billion in the next fiscal year. Once fully phased in, the tax decrease would have cost \$1.1 billion.

The original bill as passed by a House committee last week, would have cut the tax to 3.9 percent next year and phased it out completely by 2057.

Leonard said the bill could be revived later, but that the House would move onto Snyder's budget proposal and other big agenda items next.

Senate Majority leader Arlan Meekoff (R-West Olive) has been supportive of the concept of a tax cut, and said there is discussion in the Senate, but has not yet supported any specific proposal.

### **SHEPPARD STRIPPED OF COMMITTEE CHAIRMANSHIP**

Following the Income Tax bill defeat during the early morning hours of Thursday, House Speaker Tom Leonard removed Rep. Jason Sheppard from his position as chair of the House Financial Services Committee and accused him of lying about his vote on the Income Tax legislation.

“The people of Michigan need someone they can trust working on their behalf. Unfortunately, the House of Representatives has taken two roll call votes, and one representative has already lied about his position. That is unacceptable, and it cannot be allowed to continue,” said Leonard, in what some are calling an unusual statement about a caucus member.

Rep. Diana Farrington (R-Utica) will replace him as chair, and Rep. Joe Graves (R-Linden) was added to the committee.

The Associated Press reported that in a phone interview, Sheppard said he initially indicated to Leonard that he would support or not stand in the way of the bill. But later had a "gut check moment" when it was put to a vote after he had heard from more constituents and others as the "pressure-cooker" night dragged on.

The 11 other Republicans voting against the bill were: Rep. Chris Afendoulis (Grand Rapids Township); Rep. Kathy Crawford (Novi); Rep. Daniela Garcia (Holland); Rep. Larry Inman (Williamsburg); Rep. Jim Lilly (Park Township); Rep. Dave Maturen (Vicksburg); Rep. Michael McCready (Bloomfield Hills); Rep. Brett Roberts (Eaton Township); Rep. Dave Pagel (Berrien Springs); and Rep. Scott VanSingel (Grant).

### **DUGGAN CONTINUES FIGHT FOR NO-FAULT REFORM IN DETROIT**

Detroit Mayor Mike Duggan promised to continue fighting for no-fault automobile insurance changes for Detroit during his State of the City address on Tuesday, Feb. 21, arguing that residents would save more from his insurance plan than from an income tax cut.

Duggan has been working to get the legislature to take up his D-Insurance, a proposal for lower-cost auto insurance in Detroit, a city with the nation’s highest insurance premiums.

Duggan blames these rates on hospitals and other health care facilities that charge a lot for services for people covered by the unlimited lifetime health benefits under Michigan’s no-fault insurance law. The plan would offer city residents reduced insurance rates in exchange for less than the current unlimited injury coverage required of no-fault coverage.

"If you solve the car insurance, you'll put three or four times that back in peoples' pockets, and you won't hurt any state services," Duggan said.

### **GOVERNOR DELAYS SCHOOL CLOSINGS**

Governor Rick Snyder is pulling in the reigns to stop a confusing situation between the School Reform Office and the Department of Education this week, saying at the decision to close 38 low-performing schools could be delayed until as late as May.

The confusion stems from the issue of School Reform Officer Natasha Baker sending letters to parents of the students in 38 schools warning the state will shutter the schools unless no better alternative exists. At the same time the Department of Education, with the support of Superintendent of Public

Instruction Brian Whiston, contacted the districts where the schools are located about partnership arrangements with the department as a way to avoid closure.

In a statement on Thursday, Gov. Snyder clarified the relationship between the SRO and the Department of Education, and extended the time allowed to determine the best way to address the schools on the list.

"I understand the anxiety that parents have when there is a discussion about a school being closed and that everyone wants answers right away. But if we are going to do this right, we are going to have to take the time to do the right thing," Snyder said in a statement. "We have heard from communities and their elected officials about the desire to have more input into this process and we will consider feedback from local communities as we move forward. The focus in all of this needs to be on helping and teaching the kids involved, so even if a school is not closed, there will be some changes made."

Snyder also said any final solution has to result from the SRO and the department working together, and that announcements could be made earlier if the two agencies agree on an approach for a school.

The delay also gives legislators time to review the law and possibly make changes.

The statement came as two school districts with schools on the closure list, Kalamazoo Public Schools and Saginaw Public Schools, filed suit in the Court of Claims to stop the School Reform Office from closing schools.

## **MM&A BRIEFS**

### **Speakership faces early and unexpected crisis**

Rumors abound about the methods House Speaker Tom Leonard tried to use to convince twelve members of his Republican caucus to vote with him on an income tax decrease, his first big issue and vote as Speaker of the House.

Rep. Dave Pagel (R-Berrien Springs), one of the Republicans who voted against the income tax decrease, called a press conference to look into Leonard's actions on Thursday, then quickly canceled it after speaking with Leonard.

Pagel and others have concerns about the rumors that Leonard threatened members with retaliation if they voted no on the legislation, including threats to member's committee assignments, staff and even parking spaces.

Pundits say Leonard's leadership may be affected by the handling and loss of his first big issue.

### **Nesbitt Named State Lottery Director**

Gov. Rick Snyder has named former Rep. Aric Nesbitt Lottery commissioner. Nesbitt succeeds the state's longest serving lottery commissioner, M. Scott Bowen, who was one of former Governor Jennifer Granholm's last appointees in office.

## Calendar of Important Events

- Feb. 28    Rep. Peter Lucido (R-Shelby Twp.) Breakfast Reception  
Location: 7:30 a.m., Governors Room, Lansing
- Rep. Robert Wittenberg (D-Oak Park) Brunch Reception  
Location: 10 a.m., Michigan Health and Hospital Association, Lansing
- Luncheon to discuss Michigan's regulatory structure  
Sponsored by Mackinac Center for Public Policy  
Location: 11:30 a.m., Radisson Lansing Hotel, Lansing
- Sen. Ken Horn (R-Frankenmuth) Luncheon Reception  
Location: 11:30 a.m., Governors Room, Lansing
- Rep. Mike McCready (R-Bloomfield Hills) Evening Reception (Sponsored by Michigan Beer & Wine Wholesalers)  
Location: 4 p.m., Lansing
- Sen. Mike Kowall (R-White Lake) Evening Reception  
Location: 4:30 p.m., The Exchange, Lansing
- March 1    Rep. Beth Griffin (R-Mattawan) Breakfast Fundraiser  
Location: 7:30 a.m., Kelley Cawthorne, Lansing
- Rep. Jason Wentworth (R-Clare) Breakfast Reception  
Location: 7:30 a.m., McAlvey Merchant Loft, Lansing
- Rep. Jason Sheppard (R-Temperance) Leadership Breakfast  
Location: 7:30 a.m., Governors Room, Lansing
- Rep. Sam Singh (D-East Lansing) Birthday Breakfast Reception  
Location: 8 a.m., Michigan Municipal League, Lansing
- Rep. Kevin Hertel (D- St. Clair Shores) Lunch Reception  
Location: 11:30 a.m., Michigan Health and Hospital Association, Lansing
- Sen. Peter MacGregor (R-Rockford) 7th Annual Birthday Kilt Event  
Location: 4 p.m., Kellys Downtown, Lansing
- March 2    Rep. Shane Hernandez (R-Port Huron) Breakfast Fundraiser  
Location: 8 a.m., Governors Room, Lansing
- Rep. Fred Durhal III (D-Detroit) Brunch Reception  
Location: 10:30 a.m., Governors Room, Lansing
- 6th Annual Legislative Polar Plunge for Special Olympics Michigan

- Location: 3 p.m., Steps of the Capitol, Lansing
- March 7 Rep. Christine Greig (D-Farmington Hills) Breakfast Reception  
Location: 8:30 a.m., Governors Room, Lansing
- Sen. Marty Knollenberg (R-Troy) Lunch Reception  
Location: 11:30 a.m., Michigan Restaurant Association, Lansing
- Rep. Henry Yanez (D-Sterling Heights) Lunch Reception  
Location: 11:30 a.m., Michigan Municipal League, Lansing
- March 7-9 Water Infrastructure Conference  
Sponsored by Michigan Department of Environmental Quality  
Guest Speakers: Governor Rick Snyder, Flint Mayor Karen Weaver, DNR Director Keith Creagh, DWSD Gary Brown  
Location: 9 a.m., Riverfront Banquet Center, Flint
- March 8 Rep. Michael Webber (R-Rochester Hills) Breakfast Reception  
Location: 7:30 a.m., Governors Room, Lansing
- Rep. Donna Lasinski (D-Scio Township) Breakfast Reception  
Location: 8:30 a.m., Michigan Municipal League, Lansing
- Rep. John Chirkun (D-Roseville) Lunch Reception  
Location: 11:30 a.m., Governors Room, Lansing
- Rep. Cara Clemente (D-Lincoln Park) Lunch Reception  
Location: 11:30 a.m., Michigan Beer and Wine Wholesalers Association, Lansing
- Rep. Dan Lauwers (R-Brockway) Leadership Reception  
Location: 4:30 p.m., Hop and Vine Room, MBWW, Lansing
- March 9 Rep. Lana Theis (R-Brighton) Breakfast Reception  
Location: 7:30 a.m., Michigan Municipal League, Lansing
- Sen. Goeff Hansen (R-Hart) Breakfast Reception  
Location: 7:30 a.m., Governors Room, Lansing
- Rep. Diana Farrington (R-Utica) Birthday Breakfast Reception  
Location: 8:30 a.m., McAvley Merchant Loft, Lansing
- Rep. Sheldon Neeley (D-Flint) Brunch Reception  
Location: 11:30 a.m., Michigan Municipal League, Lansing
- March 10 Rep. Kim LaSata (R-Bainbridge Township) Office Hours  
Location: 8:30 am., Thortons Hometown Cafe, St. Joseph
- Sen. John Proos (R-St. Joseph) St. Patricks Evening Reception

Location: 5 p.m., 221 Main Street, St. Joseph