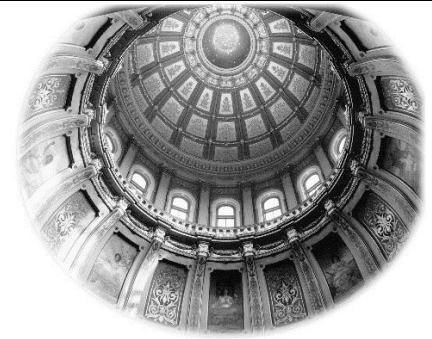


CAPITOL NEWS UPDATE

WEEK OF June 13, 2016

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LAWMAKERS PASS NEW DPS BAILOUT BILLS

With minor changes, the Senate passed the House GOP-revised Detroit Public Schools (DPS) reform package. The House concurred and the \$617 million bailout headed to Gov. Rick Snyder's desk, who will sign it.

The package sends \$467 million to help pay off the school district's operating deficit and \$150 million in transition costs to create a new district.

It does not, however, include a Detroit Education Commission (DEC). Instead, it creates a DPS-Charter Advisory Committee to make recommendations on school needs in the city.

The legislation does provide for implementation of an A-F accountability system, intervention or closure for failing traditional and charter schools, and mandatory national accreditation for any charter authorizer who opens schools in Detroit.

The measures also included increased penalties for teacher "sickouts," merit pay, the options for the school board to hire non-certified teachers to fill vacancies, as well as ending the governor's Education Achievement Authority (EAA).

The two changes made by the Senate include making sure the School Aid Fund (SAF) is not impacted if the startup costs of the new Detroit Community Schools exceed estimates and that the state School Reform Officer may not legally have the power to shut down a poor performing charter school.

LAWMAKERS FINALIZE THE FY 2017 BUDGET

With little fanfare, the House and Senate on Wednesday night put the finishing touches on the nearly \$55 billion FY 2017 state budget that includes some \$450 million in spending reductions. It now goes to Gov. Rick Snyder for his scrutiny and signatures.

K-12 education will see per-pupil increases of between \$60 and \$120 per pupil. Revenue sharing to local governments were not cut, more money was put into veterans services, and Healthy Kids Dental program was extended to all 83 Michigan counties. In the Department of Corrections (DOC), the Pugsley Correctional Facility in Grand Traverse County is being closed for a savings of \$27 million.

Both budget bills (HB 5294 and SB 0801) passed the House and the Senate on largely partisan votes, primarily due to the last-minute cuts made necessary by falling state revenues.

SNYDER SETS UP ANOTHER COMMISSION

Governor Rick Snyder signed an executive order creating a "Building the 21st Century Economy Commission"... the last of the commissions he proposed in his 2016 State of the State address.

The 23-member commission is charged with “creating a comprehensive vision for the state’s economic future” and will set goals and establish metrics to measure the state’s economic success, identify potential for new industry growth, develop strategies to support existing industry, and make recommendations that will distinguish the state as a center for innovation.

A report of the commission’s findings and recommendations is expected by June 30, 2017.

SENATE PASSES RECIDIVISM REDUCTION AND CRIMINAL JUSTICE REFORM PACKAGE

The Senate, on the final day of session before the summer break, passed a 20-bill package that is designed to adopt policies developed by other states to reduce prisoner recidivism, parole, and probation failures.

What the package does not include, however, is the controversial “presumptive parole” measure that was passed earlier this session by the House but has been called “dead” by Senate Judiciary Chair Rick Jones (R-Grand Ledge).

The 20-bill package was introduced in the Senate in May.

LEGISLATURE REPEALS INSURANCE TAX CREDIT

An \$80 million tax credit written in 2012 legislation has been repealed by the Legislature, to eliminate the annual tax credit for insurance companies in the FY 2017 budget.

The action can result in an increase in auto insurance rates by \$40 a car.

Gov. Rick Snyder is expected to sign the legislation because his proposed budget included the presumption that the credit would be eliminated.

CAP ON UNASSIGNED AUTO INSURANCE CLAIMS PASSES IN SENATE, STALLS IN THE HOUSE

The auto insurance industry would see savings if a \$275,000 cap on unassigned claims from uninsured motorists, included in House Bill 4724 and passed by the Senate, becomes law.

The House opted not to take up similar legislation (HB 5654) earlier and declined to concur in the changes the Senate made to HB 4224 out of concerns that it limited victims’ access to coverage and resembled a type of “mini-no fault insurance reform.”

POLITICS AND POLLS

Hertel says no. Key Democrats have gotten the word from Sen. Curtis Hertel, Jr. (D-Meridian Twp.) that he has no interest in running for the 8th Congressional District seat to replace Melissa Gilbert, who is no longer campaigning for the post due to health issues. Hertel said it was simply “not the right time” for him personally.

Bentivolio is collecting signatures for independent run. Former U.S. Rep. Kerry Bentivolio is collecting signatures for an independent congressional run for his old 11th District after the Libertarian Party turned down an opportunity to have him as their nominee. He will need to turn in between 3,000 and 6,000 valid signatures from registered voters by July 21 to make the ballot.

M M & A BRIEFS

Aftermarket auto parts bill gets the veto pen. Gov. Rick Snyder has vetoed legislation (HB 4344) that would have required auto mechanics to use original manufacturer parts when replacing safety components on vehicles. In a press release, Snyder said the bill would have “negatively affected market competition and driven up consumer costs for replacement parts on motor vehicles.”

State unemployment rate is lowest in fifteen years. Michigan’s unemployment rate dropped to 4.7 percent in May, which is the lowest figure since March 2001 and matches the national average, according to the Department of Technology, Management & Budget. In addition, the number of unemployed

Michigan workers stood at 227,000 in May, the lowest level since December 2000. Michigan's unemployment rate as of May, one year ago, was 5.5 percent.

Charges against Gamrat are dropped, Courser to stand trial. Lansing District Court Judge Hugh Clarke has dismissed two charges of misconduct in office against former state Rep. Cindy Gamrat. However, former state Rep. Todd Courser will face two of four charges – one count of perjury and another of misconduct in office. The Attorney General's office will not appeal the decisions on Gamrat but is still reviewing options in regards to the two Courser charges that were thrown out.

Schuette recall petition is approved. The Board of State Canvassers (BSC) has approved the language for the recall petition against Attorney General Bill Schuette, filed by Calvin Hodges. The recall complaint by Hodges is that Schuette appointed attorney Todd Flood to lead the AG's investigation of the Flint water crisis. Supporters of the recall have 60 days to collect 789,133 valid signatures to get the petition on the ballot.

Marijuana legalization group goes to court. MiLegalize, a ballot committee led by Jeffrey Hank, has filed suit against the state in the Court of Claims in an attempt to get all of its signatures counted and the ballot question put before voters in November. The action was taken after the Board of State Canvassers formally rejected the group's petitions. A staff report found the group did not submit enough valid signatures collected within 180 days and attempts to rebut older signatures fell short of the state's policy. It is expected the group will file suit against the state to challenge the time limits placed on collecting signatures for initiative petitions.

Legislature is on summer recess. Lawmakers adjourned last week and are scheduled to begin the fall session following Labor Day. The Senate is scheduled to return on Sept. 6, the House on Sept. 7

CALENDAR OF IMPORTANT EVENTS

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| June 20 | Rep. Sam Singh (D-East Lansing) Evening Reception
Location: 5:30 p.m., Pizza House, East Lansing |
| June 21 | Rep. Tim Greimel (D-Auburn Hills) Evening Reception
Location: 5:30 p.m., Alfocinos, Auburn Hills |
| June 23 | Rep. Stephanie Chang (D-Detroit) Indian Village Event
Location: 6 p.m., Home of Mac Farr, Detroit |
| June 23 | Rep. Frank Liberati (D-Allen Park) Pasta Dinner
Location: 6 p.m., Crystal Park Banquet Center, Allen Park |
| June 26 | Rep. Winnie Brinks (D-Grand Rapids) Brunch Reception
Location: 3 p.m., Home of Ed Manderfield/Laurie Murphy, Grand Rapids |
| June 28 | Rep. Adam Zemke (D-Ann Arbor) BBQ
Location: 6 p.m., 2860 Gladstone Ave, Ann Arbor |
| July 4 | INDEPENDENCE DAY |