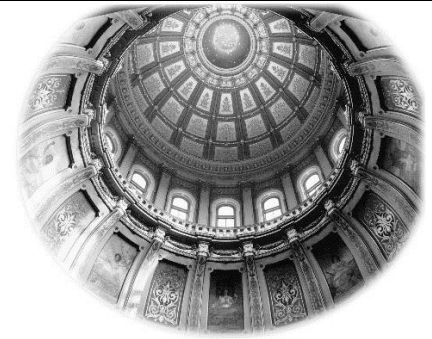


CAPITOL NEWS UPDATE

WEEK OF OCTOBER 5, 2015

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McALVEY MERCHANT & ASSOCIATES CAPITOL NEWS UPDATE NEWSLETTER COPY FOR The Week of October 5, 2015

WATER AND ROADS DOMINATE UNDER THE DOME

As the legislative week came to a close, Gov. Rick Snyder said he is in “full support” of the city of Flint’s transition back to getting its water from Detroit and said he would ask the Legislature for \$6 million to assist with the move, which is half of the anticipated \$12 million it will cost Flint to go back to its old water supply through next summer. The other \$6 million will come from Flint (\$2 million) and a donation from the Mott Foundation (\$4 million).

The move is a result of growing complaints over the condition of Flint’s drinking water after the city switched to drawing water from the Flint River in April 2014.

Meanwhile, following a two-hour quadrant meeting on Thursday, legislative leaders in the House and Senate said they have begun agreeing to some details of what is expected to be a \$1.2 billion road funding plan.

However, no one would disclose any of the details. The broad framework of the plan reportedly would involve around \$80 million in new revenue and \$400 million in existing revenue. But the devil is in the details and the challenge is to round up the necessary votes in both the House and Senate.

House Speaker Kevin Cotter (R-Mt. Pleasant) said, “I think we are very close to having all the ‘T’s’ crossed and the ‘I’s’ dotted but just not quite there yet.”

And Gov. Rick Snyder said he would like to have a “good understanding” about the cuts.

A deal by Halloween?

SENATE APPROVES ASSET FORFEITURE REFORM

A seven-bill civil asset forfeiture package that cleared the House in June gained unanimous approval in the Senate this week substantively unchanged by either the Senate Judiciary Committee or the full Senate.

The bills now go back to the House and then on to Gov. Rick Snyder who is expected to sign them.

House Bills 4500, 4503, 4504, 4506 and 4507 require police to file detailed annual reports with the state when property is forfeited, noting if a person was charged or convicted of a crime, the value of the assets, a description of the property and arrangements between local, state and federal agencies, among other things.

House Bills 4499 and 4505 raise the standard of evidence needed to forfeit property to “clear and convincing” from “preponderance of the evidence,” which may cut down on how often police use the forfeiture power.

HOUSE MAKES CHANGES TO MEDICAL MARIJUANA REGULATIONS

A 52-page bill (HB 4209), which has been in the works for more than a decade, cleared the House this week on a 95-11 vote. The measure revamps regulations on medical marijuana and also imposes a 3 percent tax on the gross retail income of the provisioning centers that sell the product. The normal sales tax would also still apply to the sales.

The measure calls for a five-member state board to help implement the new regulations, state-licensed activities involving medical marijuana would be protected, and municipalities would have the choice of whether to authorize medical marijuana facilities within their boundaries.

The bill also establishes regulatory assessment and licenses for growers, processors, provision centers and transporters.

DEMS: LET SCHOOLS DECIDE ON OPEN CARRY

Democrat members in the House want to let schools and daycare centers to decide whether to allow individuals to openly carry guns on their properties.

The primary bill (HB 4944) is designed to settle a dispute over state law that allows concealed pistol license holders to carry their weapons openly – but not concealed – inside places like schools, daycares, and churches.

On the other side is a Republican sponsored bill in the Senate (SB 0442) that would stop open carry in schools but allow concealed carry.

LARSEN APPOINTED TO THE STATE SUPREME COURT

Joan Larsen, a U of M professor and dean for student and graduate activities has been named by Gov. Rick Snyder to the state Supreme Court, replacing Justice Mary Beth Kelly, who stepped down this week for a private sector job.

Larsen is a former law clerk for U.S. Supreme Court Justice Antonin Scalia and U.S. deputy assistant attorney general in the office of legal counsel.

In another court appointment, Snyder named Oakland County Circuit Court Judge Colleen O'Brien to replace retiring Court of Appeals Judge Pat Donofrio.

DEMS WANT TO INCREASE TAX CREDITS TO THE TUNE OF \$1 BILLION

Democrats in the House and Senate are touting a proposal to lessen the tax burdens on families, seniors and individuals by about \$1 billion by creating new credits for families making up to \$100,000, expanding the Homestead Property Tax Credit and establishing a credit for those paying back college loans.

They are calling the plan the "Blueprint for Michigan Families"

To pay for the plan, House Minority Leader Tim Greimel (D-Auburn Hills) suggested a "modest bump" in the Corporate Income Tax and re-negotiating Michigan Economic Authority tax credits that have been promised to businesses over the years.

However, the House Democrats' road plan also calls for increasing the Corporate Income Tax from 6 to 9 percent. But Greimel says the two are not mutually exclusive.

EFFORTS UNDER WAY TO REFORM THE MICHIGAN TAX TRIBUNAL

Senate legislation (SB 0537) would make several significant changes to the makeup and proceedings of the Michigan Tax Tribunal.

The measure would change who could serve on the board, how they are picked, and set additional requirements on tribunal proceedings.

Also a tribunal member, after being heard, could be removed for failure to substantially perform his or her duties under the act, misfeasance, malfeasance, or nonfeasance in office. A stricter bar is also called for entry on appointees requiring them to be an attorney, a certified assessor, or a certified public accountant.

As for tribunal proceedings, at least one tribunal member who is an attorney would be assigned to each proceeding and non-attorney members could not preside over any proceeding but could participate in every other way. In addition, an initial decision would precede the opinion within three months after the hearing is completed.

At this point, however, the legislation is a work in progress.

POLITICS AND POLLS

Poll: Repealing prevailing wage leads, but less than 50 percent. A recent Marketing Resource Group (MRG) survey found that 46 percent of the respondents support repealing prevailing wage, while 39 percent oppose repealing the law. The survey found that union households are nearly split on the issue: 39 percent in support, 43 percent opposed, and 18 percent undecided. The poll was conducted between Sept. 9 and 14 among 600 likely voters. The margin of error is 4 percent.

M M & A BRIEFS

Dem lawmakers call for UI benefit increase. Joint legislation has been introduced in the House and Senate that would increase the maximum weekly unemployment benefits from the current \$362 for individuals and \$392 for individuals with dependents to a weekly maximum benefit rate of \$471 for claims filed after Oct. 1, 2015, and indexes it to be automatically adjusted to future inflation. The measure would also extend the insurance eligibility period to 26 weeks from the current 20 weeks for the unemployed.

State workers comp rates to drop again next year. The costs of workers' compensation for business will drop again next year, according to the state, marking a 32.7 percent decrease since 2011 and an estimated \$327 million in savings. The pure premium advisory rate for workers' compensation insurance will drop by an average of 6.9 percent in 2016, according to the Department of Licensing and Regulatory Affairs (LARA).

Snyder launches Rising Tide pilot program. Ten Michigan communities have been selected to participate in the pilot program designed to provide local communities the tools needed to design and build a solid planning, zoning and economic development foundation to attract new businesses and help existing employers. The program is sponsored by the new Michigan Department of Talent and Economic Development.

Statewide recycling legislation deposited in the Senate. If Senate Bill 0507 becomes law recycling establishments would have to beef up annual reporting on how much recyclable materials are collected by specifying quantities of reportable recyclable material in tons using a volume-to-conversion formula provided by the state. The establishments could choose to file four quarterly reports or one annual report for the entire fiscal year. Currently, there are no statewide recycling requirements in place.

Senate Appropriations room is dedicated. The Senate Appropriations room has been dedicated in the name of former Sen. Harry Gast who died in July at the age of 94. Gast worked 32 years in the Michigan Capitol; 24 years in the Senate and 18 years as chair of the Senate Appropriations Committee.

CALENDAR OF IMPORTANT EVENTS

Oct. 13 Rep. John Bumstead (R-Newaygo) Brunch

Location: 10:30 a.m., Governors Room, Lansing

Oct. 13 Rep. Frank Liberati (D-Allen Park) Lunch Reception
Location; 11:30 a.m., Michigan Municipal League, Lansing

Oct. 20 Rep. Earl Poleski (R-Jackson) Birthday Celebration
Location: 7:30 p.m., Michigan Restaurant Association

Oct. 31 Halloween