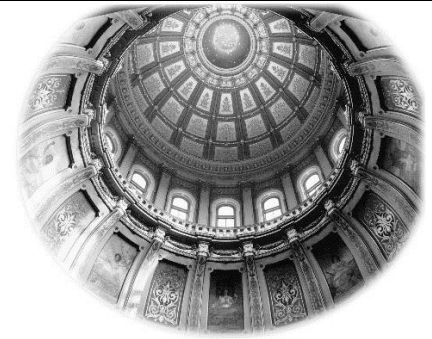


# CAPITOL NEWS UPDATE

WEEK OF November 2, 2015

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## **McALVEY MERCHANT & ASSOCIATES CAPITOL NEWS UPDATE NEWSLETTER COPY FOR The Week of November 2, 2015**

### **ROADBLOCKS LIFTED ON ROAD FUNDING**

After weeks of quadrant negotiations that included the Snyder administration and swapping plans back and forth, the GOP-controlled House and Senate united behind a seven-bill plan that is designed to raise an additional \$1.2 billion a year by 2021 and beyond to fix the state's crumbling roads and bridges.

Last week, the House sent the Senate a new plan which the Senate, on Tuesday morning, amended and returned to the House, where it was concurred that evening. The measures now go to Gov. Rick Snyder, who said he will sign the bills into law.

So what did the Republicans in both chambers approve with negligible help from the Democrats?

--A 7.3 cent increase per gallon in the gas tax effective Jan. 1, 2017, bringing the new rate to 26.3 cents per gallon. It is also tied to the rate of inflation, as determined by the Consumer Price Index (CPI), not to go over 5 percent beginning in 2022.

--Increases the diesel tax of 15 cents per gallon to 26.3 cents per gallon also beginning Jan. 1, 2017.

The combined gas tax increases will bring in an additional \$600 million.

--Registration fees will increase by about 20 percent beginning Jan 1, 2017. It also includes additional fees for hybrid and electric vehicles.

--A dedicated annual shift to roads from the General Fund starting with \$150 million in FY 2018-19, \$325 million in FY 2019-20, and \$600 million in FY 2020-21 and thereafter.

--The Homestead Property Tax Credit would be expanded to produce \$200 million in tax relief, essentially balancing out the tax increase in the registration fees.

--Another tax relief measure in the package would drop the 4.25 percent income tax rate IF the General Fund revenues increase above the rate of inflation times 1.425 percent beginning with tax year 2023.

--Formation of a Road Innovation Task Force to report on ways to build high quality roads that would last longer than those typically constructed by the state and also create an innovation fund to receive money that couldn't be used unless approved by the Legislature.

In total, the package includes \$600 million in new revenue and \$600 million in existing revenues which would be shifted from the General Fund to roads.

Democrats trashed the plan. House Minority Leader Tim Greimel (D-Auburn Hills) called it a "sham" and a "joke."

None of this will occur until after 2016 when 40 House members are term-limited. In 2018, 29 of the current 38 members in the Senate will be term-limited.

Given that no revenues under the plan start coming in until 2017, Gov. Snyder told the Free Press editorial board on Wednesday that bonding against the future revenue stream will be carefully examined, adding that "Bonding probably makes a fair amount of sense, but not too much."

It will be up to the new legislatures in the House and Senate to determine whether or not to carry out the wishes contained in this new law as they will have to make the unspecified spending cuts to account for diverting general funds to roads.

As one Capitol wag commented, "It looks like a plan adopted on a Hail Mary pass and a prayer."

### **ENERGY BILLS MOVE TO THE HOUSE FLOOR**

After a six-hour on-off and on again meeting, the House Energy Policy Committee on Thursday evening moved a three-bill package of legislation (HBs 4297, 4298 and 4575) that establishes a stronger energy efficiency program and sets a goal of 30 percent of the state's power to come from renewable sources by 2025.

The main bill, HB 4298, includes electric choice restrictions and creates a new administrative process between utilities and state officials in establishing how much power will come from renewables.

House Bill 4297 deals with renewable energy and energy efficiency programs.

House Bill 4575 creates a 13-member commission charged with looking into the costs of stringing a high-voltage power line across the Straits of Mackinac to improve electric reliability in the Upper Peninsula.

There were several amendments made to the initial legislation including the 30 percent goal of state power coming from renewable resources by 2025. An amendment providing incentives to utility companies to expand their energy efficiency programs and allowing them to pass along more program costs to their customers was approved, as was making an energy efficiency program option available to schools that utilities must reimburse for those who take advantage of it.

Another major change was an amendment to expand the Michigan Public Service Commission from three members to five.

Committee Chair Aric Nesbitt (R-Lawton) said he wants energy reform to move to the Governor's desk by the end of the year but conceded that taking up the bills on the House floor next week may not happen as legislators work through the legislation.

After next week, the Legislature takes its two-week hunting/Thanksgiving break with session not resuming until Dec. 1st.

### **END OF THE LINE FOR GAMRAT AND COURSER**

Any hopes that former Representatives Cindy Gamrat (R-Plainwell) and Todd Courser (R-Lapeer) had of reclaiming their House seats were solidly dashed by voters in the 80<sup>th</sup> and 82<sup>nd</sup> Districts, respectively, on Tuesday.

Gamrat finished third in an eight-candidate field taking 9 percent of the vote. GOP Vice Chair Mary Whiteford captured the Republican nomination with 49 percent. She will face Democrat David Gernant in the March 8th general election ballot.

Courser did not fare as well, coming in sixth in an 11-person primary garnering just 7 percent of the vote behind the winner, Lapeer County Intermediate School Board President Gary Howell, who took 27 percent of the vote. Howell will face Democrat Margaret Guerrero DeLuca in the March 8<sup>th</sup> general election ballot.

Gamrat and Courser admitted to having an extramarital affair and misusing House resources in an attempt to cover it up.

Courser resigned Sept. 11th while facing expulsion from the House. The House expelled Gamrat the same day.

In the only other primary, Grand Rapids School Board member David LaGrand captured the Democratic primary in the 75<sup>th</sup> House District, defeating Michael Scruggs, former chair of the Kent County Black Caucus, 81 to 19 percent.

### **COMMITTEE FORMED FOR LGBT AND WOMENS' EQUAL PROTECTION BALLOT PROPOSAL**

Advocates pushing for a constitutional equal protection amendment for women and the LGBT community have formed a campaign committee to place the issue before the voters on the November 2016 ballot.

The Fair Michigan committee is being led by Dana Nessel, an attorney from the DeBoer gay marriage case, and Lansing attorney Richard McLellan.

The initiative would provide constitutional protections for individuals based on gender, gender identity, sexual orientation and sex by amending Article 1, Section 2 of the Michigan Constitution.

Gender is not included in the current constitutional protections.

### **PREVAILING WAGE REPEALERS STARTING ANEW ON BALLOT INITIATIVE**

After Protecting Michigan Taxpayers, an advocacy group pushing for a prevailing wage repeal ballot initiative, asked the state not to certify submitted signatures on an earlier effort. The group has announced it will start over on gathering signatures.

The initial signature gathering effort went awry when an opposition group challenged the 390,000 signatures turned in to the state and found 43 percent of those signatures were duplicates or otherwise bad.

The deadline to submit a ballot initiative for consideration for a potential appearance on the 2016 ballot is June 1, 2016 and 252,523 signatures must be collected within a 180-day period. Then it would go to the Legislature for approval if the Board of State Canvassers give the all-clear on the signatures.

### **M M & A BRIEFS**

**Oversight of state retirement systems is to be consolidated.** Gov. Rick Snyder has signed an executive order that would consolidate oversight of three state retirement systems under one nine-member State of Michigan Retirement Board, which will oversee the State Employees' Retirement System Board, the Judges' Retirement System Board, and the Military Retirement Provisions. The new board will be located under the Office of Retirement Systems within the Michigan Department of Technology, Management and Budget and is set to take effect on Jan. 1, 2016.

**Teacher evaluation legislation signed into law.** New legislation strengthening and clarifying teacher evaluation systems has been signed into law by Gov. Rick Snyder. Senate Bill 103, now Public Act 173 of 2015, requires school districts to set in place performance evaluation systems for all teachers and administrators that take into account student growth and assessment data.

**Cop killer alert system becomes law.** Gov. Rick Snyder has signed into law Senate Bill 0336, creating the Michigan Blue Alert Act in conjunction with a federal program designed to track at-large suspects who have injured or killed a police officer. The Act requires the Michigan State Police to establish and maintain a notification system to send out alerts with the name, physical description and vehicle type of a suspect believed to have harmed or killed a law enforcement officer and is a threat to public safety.

**Wurfel leaving Snyder's office.** Sara Wurfel, who has been Gov. Rick Snyder's primary press contact since he took office in 2011, is leaving Nov. 30th to become vice president of public affairs at Truscott Rossman. Deputy Press Secretary Dave Murray will now serve as the Governor's press secretary.

**Former Senate Republican leader dies.** Robert VanderLaan, a longtime state senator, died Sunday at the age of 85. He was first elected to the Senate in 1962 and held the seat for 20 years, serving as Senate Majority Leader from 1970-74.

#### **CALENDAR OF IMPORTANT EVENTS**

- 11/10 Sen. Jim Stamas (R-Midland) Reception  
Location: 5 p.m., Tavern & Tap, Lansing
- 11/10 Sen. Jack Brandenburg (R-Harrison Twp.) Fall Reception  
Location: 5 p.m., Governors Room, Lansing
- 11/10 Sen. Tory Rocca (R-Sterling Hghts.) Evening Reception  
Location: 5 p.m., Tavern & Tap, Lansing
- 11/11 VETERANS' DAY
- 11/12 Rep. John Kivela (D-Marquette) Yooper Breakfast  
Location: 7:30 a.m., Michigan Restaurant Assn., Lansing
- 11/13 Rep. Sheldon Neely (D-Flint) 2<sup>nd</sup> Annual Unity Gala  
Location: Signature Chop House, Flushing
- 11/15 Rep. Erika Geiss (D-Taylor) Autumn Afternoon of Classical Music  
Location: 4 p.m., Geiss Residence, Taylor
- 11/22 Rep. Jon Hoadley (D-Kalamazoo) Thanksgiving Brunch  
Location: 11 a.m., Miller Canfield law offices, Kalamazoo