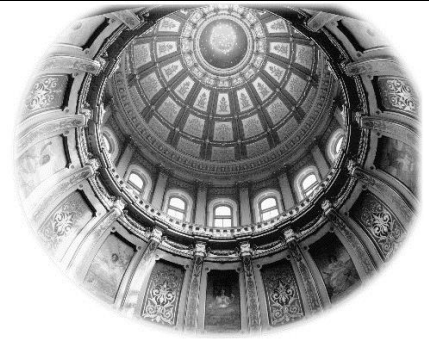


CAPITOL NEWS UPDATE

WEEK OF December 14, 2015

Individual Attention. Precision Strategy. Proven Results



McALVEY MERCHANT & ASSOCIATES CAPITOL NEWS UPDATE NEWSLETTER COPY FOR The Week of December 14, 2015

DATA CENTER TAX EXEMPTION HEADED TO THE GOVERNOR

Legislation (SBs 0616 and 0617) that provide tax exemptions for data centers are on their way to Governor Rick Snyder after the House, following a full day of negotiations, was able to gather 61 “yes” votes favoring newly-revised versions of the bills.

A primary change is the addition of job thresholds for the data center industry to hit. Democrats won amendments that require the industry to add a net 400 jobs by Jan. 1, 2022 and a net 1,000 jobs by Jan. 1, 2026 in order for the tax exemptions to remain in place.

The Senate passed the measures 26-12. With the legislation passed, Switch, a technology company that inspired the bills and plans to construct a major data center campus in Kent County, said it “soon will start construction in Grand Rapids on the largest data center ecosystem in the eastern United States.”

STRAIGHT-TICKET VOTING BAN CLEARS THE LEGISLATURE, GOES TO SNYDER

Following sometimes contentious debate, the Senate, on a 24-13 vote, passed Senate Bill 0013 that eliminates straight-ticket voting on Michigan ballots but broke a tie-bar to House Bill 4724 that would allow a voter to request an absentee ballot in person without having to provide one of the reasons allowed under current law.

The House, which had tie-barred the no-reason voting bill to the straight-ticket voting ban legislation, concurred in the Senate action.

House Bill 4724 is being kept in the Senate Government Operations Committee but Senate Majority Leader Arlan Meekhof (R-West Olive) says he has no intention of holding a hearing or a vote on the bill.

Democrats are incensed over the measure, which Gov. Rick Snyder is expected to sign into law, arguing that it will result in longer lines at the voting centers. They also objected strongly to a \$5 million appropriation for voting equipment and not making the legislation subject to repeal by voters at the ballot by a referendum.

Before getting the necessary votes, staff was cleared from the Senate floor, a Call of the Senate was ordered, and all attempted Democrat amendments were considered “en bloc,” which meant the amendments were not debated or voted on individually.

SENATE SENDS SUPER PAC BILL TO THE HOUSE

Corporations’ ability to spend more money on political causes in Michigan would be significantly expanded under legislation (SB 0638) that has cleared the Senate despite strong objections from Senate Democrats.

The bill, which passed 25-13 and was introduced just last week, allows corporations, businesses, or associations to create independent committees, described as a Super PAC on a state scale.

The independent expenditure committee could receive contributions from any person, including candidates.

The measure now goes to the House.

SNYDER GETS AN ENLARGED CAMPAIGN FINANCE BILL

What started out as a 12-page bill (SB 0571) with bipartisan support ended up as a 53-page document that Democrats called a “monstrosity” before it cleared both chambers and heads to Gov. Rick Snyder’s desk.

The final version, which makes changes to the Michigan Campaign Finance Act (MCFA), touches on committee reporting deadlines, disclaimer requirements, and public bodies’ ability to use public funds to support a ballot measure.

It also allows candidate committees to use contributions not designated for a specific election cycle to pay outstanding debts from a past cycle, regardless of whether the funds would put the candidate over contribution limits for that past cycle.

The bill excludes a contribution for the establishment or collection of contributions to a PAC made by a nonprofit, which established the PAC from the definition of “contribution” under MCFA. Robocalls that advocate for the election or defeat of candidates do not have to contain a disclaimer saying they were not authorized by a candidate committee.

A significant change buried in the bill is a provision banning corporations from being allowed to administer the PACs of their employees’ labor unions through their payroll system. This, according to elections attorney Eric Doster, puts private and public sector employers on the same footing as far as potentially stopping employers’ ability to collect political donations for organized labor through automatic deductions likely negotiated through a labor agreement.

The measure passed the House 58-48 and the Senate on a 25-12 vote.

WHAT DIDN'T GET DONE?

With only nine scheduled session days between the end of the Thanksgiving Break and conclusion of the 2015 legislative session, there were several unresolved issues that got kicked over to next year:

Detroit Public Schools Reform—A hoped-for introduction of an eight-bill Detroit Public School (DPS) reform package in the Senate did not happen and won’t until the 2016 legislative session convenes. Sen. Geoff Hansen (R-Hart) has the 153-page bill on his desk but said more due diligence time is needed to give everybody a chance to talk about it. Hansen chairs the Senate K-12 Appropriations Subcommittee.

Energy Reform – Action in the Senate was pushed until after the end of the year. Sen. Mike Nofs (R-Battle Creek), chair of the Senate Energy and Technology Committee, said his bills are “not right yet.”

Presumptive Parole – The controversial House-passed reform (HB 4138) has problems in the Senate as written. Both Senate Majority Leader Arlan Meekhof and Senate Majority Floor Leader Mike Kowall (R-White Lake) say any corrections package would – at best – only include pieces of the House plan.

Concealed Weapons In School – Gov. Rick Snyder has said he will veto any legislation that would legalize someone carrying a concealed weapon in schools, so at this point lawmakers aren’t in any hurry to pick another fight on this one.

Medical Marijuana – Senate Majority Leader Arlan Meekhof says there is still a fair amount of education that needs to take place.

Third Grade Reading – The measure has passed the House and could see action in the Senate before adjournment. The legislation has Gov. Rick Snyder's blessing.

Bus Rapid Transit—The House Transportation Committee discussed legislation (HBs 5061 and 5062) that would allow certain traffic lanes to be designated for rapid bus transit, allowing buses to operate more like commuter rail systems along their own lanes. However, they did not shift these measures into a fast lane as no vote was taken on the bills.

BACK TO THE CLASSROOM

Legislation has been signed into law by Gov. Rick Snyder that will give retired teachers more flexibility to return to the classroom without risking their retirement benefits or health insurance.

However, it only applies to those who teach subjects in which there are critical shortages of teachers and will be in effect until July 1, 2018.

Those retired for at least one year will be allowed to be hired to teach for up to three years in shortage areas and to come back to work as substitute teachers, instructional coaches, and school improvement facilitators.

There is a shortage in career-technical education, special education, and substitute teachers.

M M & A BRIEFS

Agreement reached with feds on Healthy Michigan. The state has received approval from the federal government for a necessary waiver that keeps Michigan's Medicaid expansion program as well as health insurance for some 563,000 Michigan residents in place. However, the approved waiver appears to be somewhat different than what appears in state law. Under state law, the waiver had to be granted by the end of this year in order for Healthy Michigan to continue.

GM and Michigan agree to cap MEGA tax liability. Following in the footsteps of Ford and Chrysler, General Motors (GM) has agreed to amend the automaker's tax credits it received from the state in 2009 in an effort to cap tax liability to the state. However, it was not disclosed what that cap would be. GM also announced \$356 million in investments at its plants in Flint, Saginaw, and Grand Rapids, which the company said made up part of the \$1 billion in additional investments the company is committing to as a result of the reworked MEGA deal.

Health claims tax sunset extended by the House. Legislation (HB 5105) that would extend the sunset on the Health Insurance Claims Assessment (HICA) for another eight years cleared the House on an 83-23 vote. The measure moves the sunset from Dec. 31, 2017 to Sept. 30, 2025. The money HICA produces is used along with money from the Use Tax on Medicaid managed care organization to provide the required state match for federal Medicaid dollars.

Energy infrastructure document bill is sent to new committee. The latest version (H-8) of House Bill 4540, which puts the Michigan Agency for Energy and state department FIA coordinators in the position of denying requests for public documents if the information is determined to contain critical energy infrastructure (CEI), has been moved from the House Oversight and Ethics Committee to the House Natural Resources Committee. Environmentalists and the Michigan Press Association oppose the legislation. It is supported by the Snyder administration and the Michigan Petroleum Association.

State launches new senior driver website. A new website has been created to help seniors, among others, determine if they are fit to continue driving. The Safe Drivers Smart Option site includes a checklist of 25 potential danger signs with self-inventory questions. For details, go to Michigan.gov/agingdriver.

CALENDAR OF IMPORTANT EVENTS

| | |
|---------|--|
| Dec. 25 | CHRISTMAS |
| Jan. 1 | NEW YEAR'S DAY |
| Jan. 13 | House and Senate return to session |
| Jan. 18 | MARTIN LUTHER KING, JR. DAY |
| Jan. 19 | State of the State Address by Gov. Rick Snyder |