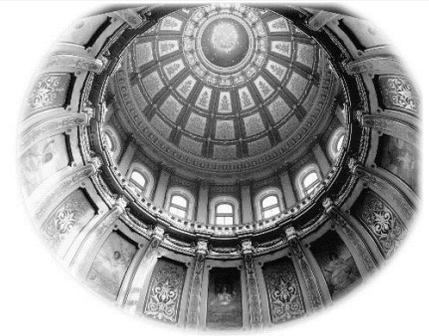


CAPITOL NEWS UPDATE

WEEK OF February 1, 2016

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WATER FILTERS ARE GETTING THE LEAD OUT

Recent tests run on filtered water in eight Flint homes showed there was no lead detected in almost all of the homes. The other had a trace amount. This according to a story published in today's *Detroit Free Press*.

The tests were run on water coming through the filters in place on faucets, on unfiltered water and on the same faucets with new cartridges put on the filters, according to Mark Durno, on-the-scene commander for the federal Environmental Protection Agency (EPA). The tests were done on some of the houses that showed extremely high levels of lead in unfiltered water last week.

However, it is too soon to say the lead problem is over, according to federal and state officials.

SNYDER WANTS MONEY TO PAY FOR FLINT RESIDENTS' WATER BILLS, SENATE AGREES

Saying Flint "should not have to pay for water they cannot drink," Gov. Rick Snyder announced early this week he will ask for \$30 million to provide a state credit to Flint residents when he proposes his FY 2017 budget on February 10.

The credit on their water bills would run from April 2014 to whenever their tap was is safe to drink under the proposed "Consumption and Consumer Use Credit" he will present to the Legislature.

Under the plan, the funding would enable the city of Flint to apply credits for customers on future bills. The credit would be applied to consumption usage of a resident's water portion of the bill. Residents would still be responsible for paying the sewer portion of their water bills.

The credits would not take effect until the plan goes through the full state budget process and is signed by the governor.

The Senate acted quickly on Wednesday unanimously passing Senate Bill 0136 as a vehicle bill to use \$30 million in General Fund dollars to cover the water consumption portion of Flint residents' water bills.

Senate Minority Leader Jim Ananich (D-Flint) offered an amendment that would have upped the amount to \$60 million. It was voted down.

Last week, Snyder signed a \$28 million supplemental spending bill for Flint that will be used to supply free bottled water, faucet filters and testing kits for Flint residents, put nurses in local schools to monitor student health, provide better nutrition for students and infants through WIC and in-school nutrition programs, assist with home lead abatement costs, as well as replace fixtures in schools, daycares, nursing homes and hospitals and treat any children who have high levels in the blood.

Meanwhile, Genesee County is asking the state and federal government to cover \$1 million in costs connected to Flint's water crisis...a cost that will only go up as relief efforts continue.

In yet another development, Snyder has requested an Economic Disaster Declaration for Genesee County and the city of Flint from the U.S. Small Business Administration (SBA) to provide financial assistance for Flint residents and businesses impacted by the contaminated water problem.

SNYDER FORMS PANEL TO SEEK LONG-TERM SOLUTIONS, OPENS NEW FLINT OFFICE

Governor Rick Snyder has announced the formation of panel, named the Flint Water Interagency Coordinating Committee (FWICC), that will include water researcher Dr. Marc Edwards and public health professional Dr. Mona Hanna-Attisha as well as several state department directors, to look at long-term solutions for the city of Flint.

The new Flint office will be headed by Snyder's right-hand man Rich Baird. Lt. Brian Calley will also be spending a significant amount of time in Flint.

Snyder also announced expanding Medicaid for people under the age of 21 in Flint and replacing water fixtures in Flint's public schools.

EARLEY TO LEAVE EARLY AS DPS EM

Detroit Public Schools Emergency Manager Darnel Earley, who is under strong criticism for his role in that position as well as his former position as emergency manager in Flint, says he plans to leave the DPS at the end of this month even though his contract, which was signed in January 2015, does not end until June of this year.

Notice of Earley's earlier departure was contained in a letter to Gov. Rick Snyder this week informing the governor of his intent "to leave my position." His announced departure came a day before he was asked to appear before a Congressional hearing on the Flint water crisis. Earley declined the invitation.

A Snyder spokesperson said Earley was not asked to step down. Snyder is expected to name an interim DPS emergency manager before the end of the month.

MILLER: FEDS SHOULD COUGH UP \$1 BILLION FOR FLINT

U.S. Rep. Candice Miller (R-Harrison Twp.) said the federal government's dollar commitment to tearing Flint's lead water pipes out of the ground and replacing them with pipes that won't leach toxins should be \$1 billion in federal aid to Flint because, according to her, the US. Environmental Protection Agency (EPA) has some "culpability" in the lead-laced water in Flint.

Last week, Michigan's U.S. Senators and U.S. Rep. Dan Kildee (D-Flint Twp.) called for a \$400 million/\$400 million federal/state matching plan to fix and replace Flint's water pipes.

ALTERNATE DPS FUNDING SOURCE SOUGHT BY SNYDER ADMINISTRATION

It is looking like the Snyder administration will look at other options than the state's School Aid Fund (SAF) to come up with the \$715 million the governor is asking for to resolve the struggling Detroit Public Schools (DPS) system.

Budget Director John Roberts suggested last week that the administration doesn't want to go to the SAF adding "we are doing everything we can to minimize the impact on other districts."

Schools were facing a possible \$50-per-pupil hit if the foundation grant was used, but Snyder had not taken that option off the table.

Look for an alternative when the administration presents its FY 17 budget recommendations on Feb. 10.

Meanwhile, creation of a Detroit Education Commission (DEC) proposed by Detroit Mayor Mike Duggan to oversee the opening and closings of all public schools in Detroit may be the biggest obstacle in getting a DPS package through the Legislature.

Senate Bills 0710 and 0711, along with five other companion bills, do not call for the creation of a DEC-like entity despite Gov. Rick Snyder initially calling for it.

POLITICS AND POLLS

Brandenburg drops bid for Congress. Sen Jack Brandenburg (R-Harrison Twp.) is bowing out of his bid for the 10th Congressional GOP nomination to replace departing U.S Rep. Candice Miller denying the move was due to any health problems, Brandenburg said “It just didn’t fit” as his reason.

Booher recall effort moves forward. Sen. Darwin Booher (R-Evart) is lawmaker number three to have a successful recall petition file against him. The State Board of Canvassers has approved the language filed by Kalkaska Tea Party Leader Tom Backers. The language mirrors that filed against Senator Wayne Schmidt (R-Traverse City) and Senate Majority Leader Arlan Meekhof (R-West Olive).

Miller named Macomb County treasurer. Rep. Derek Miller (D-Warren) has been selected as the next Macomb County treasurer to replace Ted Wahby who passed away in December. The first-term Democrat becomes the fourth House member to leave the 110-member chamber this term.

Dem presidential candidates to debate in Flint. Democratic presidential candidates Hillary Clinton and Bernie Sanders will square off in a debate scheduled for March 6. The time and location have yet to be determined. The debate occurs two days before Michigan’s March 8 presidential primary.

GOP presidential candidates to debate in Detroit. The remaining Republican presidential candidates will debate in Detroit on March 3. The event is being hosted by Fox News.

M M & A NEWS BRIEFS

DPS “sick out” bills moves to Senate floor. Teachers could be stripped of their teaching certificates and unions, representing those employees for an illegal strike or “sick-out,” could be decertified under legislation (SBs 0713, 0714 and 0715) that has been reported out of the Senate Education Committee and sent to the Senate floor. The legislation would simplify the process for declaring an illegal strike and provide for shorter deadlines for the Michigan Employment Relations Committee (MERC) and others to act.

“Tesla” bill is introduced. Legislation (HB 5312) that would open the door for California-based Tesla to sell their luxury cars in Michigan has been introduced in the House. Specifically, the bill would allow an auto manufacturer to sell its vehicles directly to customers as long as the manufacturer is 10 miles away from an existing auto dealership. Currently, only dealerships independent of an auto manufacturer are allowed to sell their vehicles in Michigan. The bill has been sent to the House Commerce and Trade Committee.

Fair Michigan ballot drive suspended. Apparent “infighting” amongst the gay community led to reluctance of the business community to pony up funding, Fair Michigan has pulled the plug on the LGBT rights constitutional ballot effort. Therefore, the 2016 petition drive has been suspended. The group is now looking ahead to a potential 2018 campaign.

Senate passes cats and dogs bills. The Senate, on a 37-1 vote, passed legislation (SBs 0219 and 0220) designed to keep animal abusers from adopting pets for five years after their convictions and make it easier for animal shelters to conduct criminal record checks.

Santana gets the boot. Rep. Harvey Santana (D-Detroit) says he was escorted out of the House Democratic on Tuesday and told not to come back. Santana has worked with and on occasion voted with the Republicans

SB 571 moves from committee. Under a newly-crafted SB 571/PA 269 “fix-it” bill, local governments and school district could use mailers, media ads, and robo-calls that are “factual” and “strictly neutral” information that could not “reasonably be interpreted” as persuading voters on a local ballot question moved out of the House Elections Committee this week. The new House Bill 5219 also removes the 60-day window created under PA 269 and mandates that the “strictly neutral” information be used wherever public money is spent on mailers or advertising.

CALENDAR OF IMPORTANT EVENTS

February 9 Rep. Al Pscholka (R-Stevensville) "Paczckis with Pscholka"
Location: 7:30 a.m., MI Restaurant Assn., Lansing

February 15 PRESIDENT'S DAY

February 25 Rep. Mike Callton (R-Nashville) Breakfast Reception
Location: 7:30 a.m., MI Beer & Wine Wholesalers, Lansing