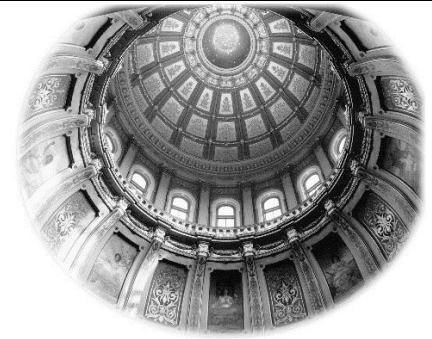


CAPITOL NEWS UPDATE

WEEK OF SEPTEMBER 21, 2015

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REWORKED THIRD GRADE READING BILL CLEARS HOUSE COMMITTEE

It took several changes before the House Education Committee moved a less controversial wide-ranging bill (HB 4822) aimed to boost reading scores in Michigan schools

The measure generally requires students to demonstrate they can read at a third-grade level before moving to the fourth grade – a requirement that would take effect for third-grade students during the 2017-2018 school year if the bill becomes law.

Also included in the legislation is an intervention system for students having difficulty with reading from kindergarten to third grade with literary coaches, screenings and individual improvement plans.

Although the bill now provides further clarification relating to students with disabilities, more work reportedly is needed on the bill before there is a vote on the House floor.

PANEL MOVES MEDICAL MARIJUANA BILL TO HOUSE FLOOR

The House Judiciary Committee has moved medical marijuana regulation legislation (HB 4209) to the full House for action.

The measure does not legalize recreational pot according to the bill's sponsor Rep. Mike Callton R-Nashville, but would allow medical marijuana to be sold at provisioning centers with an 8 percent excise tax in addition to a 6 per cent sales tax.

Forty percent of the money collected from the excise tax would go to the state, 27.5 percent each to municipalities and counties and the remaining five percent to law enforcement.

In addition, the bill includes the use of secure transport company to bring the substance from producers to processors and from processors to the provisioning centers where the marijuana would be sold.

Combined with HB 4210 and HB 4827, the medical marijuana package creates separate business tiers of producers or growers, testing facilities, transport companies and the sellers. The measures also require background checks and training for people working in the marijuana industry.

GAMRAT AND COURSER FILE TO RECLAIM HOUSE SEATS

After being expelled by the House over allegations of misconduct and misuse of taxpayer funds, former Rep. Cindy Gamrat (R-Plainwell) has filed to run in the special election to fill her 80th District seat.

Former Rep. Todd Courser (R-Lapeer), who was involved along with Gamrat, resigned rather than face expulsion over the same allegations also filed to run in the special election to fill his 82nd District seat.

Other candidates in the 80th District race include Eric Dewitt; former Allegan County Commissioner Bill Sage; attorney James Siver; Allegan County Commissioner Jim Story; Shannon Szukala; law clerk Kevin Travis; and Allegan County GOP Vice Chair Mary Whiteford. Retired Oregon judge David Gernant is the lone Democrat to file.

Other candidates in the 82nd race include: Arcadia Twp. Clerk Sharna Smith; Lapeer County Commissioner Ian Kempf; Lapeer County Intermediate School District President Gary Howell; GOP consultant Jake Davison; Lapeer County GOP Chair Jan Peabody; Chris Tuski from Lapeer; retiree James DeWilde; Allan Landosky; Russ Adams; and Rick Guerrero, Jr., of Imlay City.

The primary election to fill the vacancies is Nov. 3 and the general election will take place March 8, 2016.

Meanwhile, legislation is being prepared by Rep. Lisa Posthumus Lyons (R-Alto), chair of the House Elections Committee, that would prevent future lawmakers to resign or are expelled from immediately being able to run for their old seats.

ALJ DOESN'T BUY TOTAL UTILITY RATE REQUEST

An administrative law judge's recommendation is \$52 million below Consumer Energy's \$163 million electric rate increase the utility filed with the Michigan Public Service Commission (MPSC) last December.

However, six months after the utility files its rate cast, it is allowed to self-implement some or all of the rate changes it seeks which it did – putting in place \$110 million in rate increases.

So if the MPSC adopts the ALJ recommendation, Consumers would only be able increase rates \$1 million more. The MPSC is expected to make a decision by the end of the year after the parties have traded briefs over what the ALJ said.

SENATE PASSES FOR-PROFIT NURSING HOME BILLS

The Senate passed legislation (SBs 0065, 0067 and 0068) that makes various changes to state law to allow for-profit nursing homes to hire members of the “learned professions” – physicians, dentists and surgeons.

For years, they have had to contract for their physicians, mainly due to a long-standing “learned professions” doctrine, which has been detailed in a series of Attorney General opinions over the years which determined that some professions, like medicine, should not be practiced as corporate entities.

SOS CANCELS ITS COMPUTER SYSTEM CONTRACT; FILES SUIT

Roughly 12 years after then-Secretary of State Terri Lynn Land launched the Business Access Modernization (BAM) computer program, Secretary of State Ruth Johnson has pulled the plug on the \$40.1 million contract with Hewlett Packard (HP) and has filed suit against the company for failing to complete a \$49 million contract despite having 10 years to complete the project.

The contract with HP Enterprise Services was set to expire Sept. 1, 2016.

The suit, filed in Kent County, comes after months of negotiations which culminated in the state issuing a termination for cause in late August. The contract requires – that even if terminated—HP must still provide support to ensure services are not affected. However, according to Johnson, the HP staff has failed to report for work since Aug. 31.

SENATE TO INVESTIGATE PLANNED PARENTHOOD

Following in the footsteps of the House, the Senate has formed a five-member Oversight Committee to be chaired by Sen. Peter MacGregor (R-Rockford).

According to Senate Majority Leader Arlan Meekhof (R-West Olive), one of its first tasks will be to investigate Planned Parenthood's operations in Michigan based on issues regarding how the organization spends its money and whether any of its licenses have lapsed.

POLITICS AND POLLS

Poll: Voters split on recreational use of marijuana. A recent Marketing Resource Group (MRG) survey of *likely* voters 46 percent said they support the legalization of marijuana for recreational use for adults 21 years and older and 46 percent said they would vote no with voter support strongest among younger voters and those most likely to identify as Democrats. However, *most likely* voters to cast a ballot in 2016 oppose legalization 52 percent to 42 percent with the opposition strongest with self-identified Republicans over the age of 65 and super voters – those who say they vote in all elections.

M M & A BRIEFS

House Transportation Chair: Drop income tax rate. Rep. Peter Pettalia (R-Presque Isle), who chairs the House Transportation Committee, has introduced a bill (HB 4849) that would cut the state's income tax rate to 3.9 percent as a means of helping balance out other tax hikes needed to boost road funding. Under the bill, the rate would go from 4.25 percent to 3.9 percent on or after Jan. 1, 2016. The measure has been referred to the House Tax Policy Committee.

Signatures filed to end prevailing wage. Protecting Michigan Taxpayers has filed 390,959 signatures with the Secretary of State's office to repeal the state's prevailing wage law which the group says is costing schools and communities millions of dollars. If the Board of Canvassers approves the petitions, the Legislature has 40 session days to act or the proposal goes on the ballot for voters to decide.

MEDC to lay off employees. To help balance its FY 2016 budget, the Michigan Economic Development Corporation (MEDC) has announced it will lay off up to 65 staff members. The cuts will impact both corporate-paid staff and civil servants.

Currently, the agency's budget has 307 employees, but the next budget will support only 242 employees

Snyder forms new PAC. Gov. Rick Snyder has formed a new political action committee, Relentless Positive Action PAC, to support candidates at the state and federal level who back fiscal responsibility, debt reduction, job creation and economic development revival of cities, and education reform.

CALENDAR OF IMPORTANT EVENTS

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| Sept. 30 | Rep. Mike Callton (R-Nashville) Breakfast Reception
Location: 7:30 a.m., Michigan Beer & Wine Wholesalers, Lansing |
| Sept. 30 | Sen. Vincent Gregory (D-Southfield) Fall Reception
Location: 11:30 a.m., Karoub Associates, Lansing |