

CAPITOL NEWS UPDATE

WEEK OF JULY 24, 2017

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FLINT WATER LAWSUITS ALLOWED

The 6th U.S. Circuit Court of Appeals today overturned a U.S. District Court ruling by allowing lawsuits seeking damages related to the Flint water crisis to continue. This includes lawsuits against the City of Flint and employees, individual state employees, and state-appointed emergency managers.

The ruling also dismissed parts of the cases against the state, Gov. Rick Snyder and the departments of Environmental Quality and Health and Human Services. Previously, the U.S. District Court had ruled that the pursuit of damages was prohibited by the federal Safe Drinking Water Act.

SNYDER VETOES “SALES TAX ON THE DIFFERENCE” LEGISLATION

Governor Rick Snyder vetoed a package of bills this week designed to speed up the elimination of taxes on the value of a trade-in vehicle when purchasing a new vehicle.

The bills, SB 94 and SB 95, would have increased the amount of a trade-in vehicle's value exempt from sales tax by \$1,000 a year, instead of \$500 a year, which is the current law. The bills also set the goal for total elimination of the tax by 2029 instead of 2039.

Snyder said the bills were a departure from the original compromise he made in 2013.

SNYDER SIGNS GOOD JOBS PACKAGE, FOXCONN STILL CHOOSES WISCONSIN

Gov. Snyder signed legislation this week focusing on bringing larger companies into the state by allowing them to capture up to 100 percent of income withholding taxes for new employees. The percentage of employee withholding taxes is determined by a three-tier system based on number of jobs created.

The bills were originally created to lure the Taiwanese electronics supplier Foxconn to the state. Foxconn announced Wednesday, however, that it will be building a \$10 billion factory in Wisconsin, where the state is giving the company \$3 billion in tax subsidies. According to the New York Times, the overall subsidies for the Foxconn plant in Wisconsin will equal \$15,000 to \$19,000 per job annually.

Joined by a bipartisan group of lawmakers, economic development officials, and union representatives, Snyder signed the “Good Jobs for Michigan” package in Oakland County. He said that the legislation now gives the state a tool for larger company opportunities. “By having this tool in

our tool box, we'll now be much more in consideration and have many more opportunities," Snyder said.

The legislation creates three tiers of businesses that can qualify to keep a portion of the income tax generated by their new hires. The percentage of income tax they can keep depends on the number of jobs created and the percentage. To be eligible to receive 100 percent of employee withholding for 10 years, companies must either create at least 250 jobs paying at least 125 percent of the average regional wage, or create at least 3,000 jobs total. Companies that create at least 500 jobs paying at least the average regional wage are eligible to receive 50 percent of employee withholding taxes for 5 years.

The bills were sponsored by Sen. Jim Stamas (R-Midland), Sen. Wayne Schmidt (R-Traverse City), and Sen. Steve Bieda (D-Warren).

JUDGE CONTINUES INJUNCTION AGAINST STATE FUNDS FOR PRIVATE SCHOOLS

Court of Claims Judge Cynthia Stephens recently extended a ban on using state funds to reimburse private schools for any expenses, including expenses incurred by meeting state mandates.

Stephens also ruled that a key provision in the state constitution does not discriminate against schools based on religious affiliation.

The judge granted a preliminary injunction requested by the American Civil Liberties Union of Michigan and public education groups fighting the \$2.5 million appropriation approved by the legislature.

The question was brought up before Stephens again, because of a recent U.S. Supreme Court ruling that said a Missouri policy violated First Amendment free exercise rights of a church, by denying grants to applicants owned or controlled by a church, sect or other religious entity.

Stephens determined that the Michigan Constitution is more general in nature and prohibits public funds for all "private" and "nonpublic" schools, religious and secular.

Advocates of using the funding say using it to reimburse nonpublic schools for state mandates is legally sound because the budget specifies it is for purposes "noninstructional in character" and for "ensuring the health, safety and welfare" of students.

The state appropriated \$2.5 million for private schools in the 2016-17 fiscal year and additional funds in the upcoming 2017-18 fiscal year.

BERNSTEIN OPTS OUT, OTHER WEALTHY DEMS COULD MAKE GOVERNOR'S RACE INTERESTING

Although well-known attorney Mark Bernstein has opted out of the gubernatorial race and thrown his support behind popular candidate Gretchen Whitmer, things could still get interesting as two more entrants have raised or given abundant amounts of money on their own to boost their chances.

According to a report filed with the Secretary of State's office, Ann Arbor business executive and University of Michigan Alumni Shri Thanedar's campaign fund includes \$3.3 million of his own money. The candidate holds a doctorate in Chemistry and grew up in India before attending U of M. He also owns a chemical testing company, Avomeen Analytical Services, which he sold a portion of in 2015 to spend more time on public service.

Another surprising super-fundraiser in the race is Dr. Abdul El-Sayed, who has raised \$1,017, 781 since starting his campaign on Feb. 10. Unknown in statewide political circles before then, El-Sayed has had strong support from physicians and others in the medical community. El-Sayed is a former Detroit health department director.

MM&A Briefs

Hoekstra nominated for U.S. Ambassador to Netherlands

President Donald Trump has nominated former U.S. Rep. Peter Hoekstra as U.S. ambassador to the Netherlands.

Hoekstra was born in the Netherlands before coming to the U.S. as a young child and living in Holland, Mich. He served in Congress from 1993-2011 representing west Michigan.

Former Rep. Darany becomes Education Ombudsman

Former Rep. George Darany, a Democrat from Dearborn, is now the equitable services ombudsman for the Department of Education under the federal Every Student Succeeds Act, where he will assist public and private schools to use federal at-risk funds.

Calendar of Important Events

- July 31 Sen. Wayne Schmidt (R-Traverse City) Fundraiser
Location: 7:30 a.m., Cambria Suites, Traverse City
- Sen. Wayne Schmidt (R-Traverse City) Fundraiser
Location: 11:45 a.m., Cambria Suites, Traverse City
- Rep. Hank Vaupel (R-Handy Twp.) Ice Cream Social
Location: 6 p.m., VFW Post, Fowlerville
- Aug. 11 Rep. Terry Sabo (D-Muskegon) Fundraiser
Location: 6 p.m., Pat's Roadhouse, Muskegon
- Aug. 14 Senate Republican Campaign Committee Fundraiser
Location: 6:30 p.m., Bay Harbor Golf Club, Bay Harbor