

CAPITOL NEWS UPDATE

WEEK OF MARCH 25, 2019

Integrity. Individual Attention. Precision Strategy. Proven Results



MSHDA BOARD VOTES TO REMOVE EXECUTIVE DIRECTOR POLESKI

With the Michigan State Housing Development Authority board now being made up of a majority of Governor Gretchen Whitmer's appointees, the board voted 4-2 on Thursday to remove Earl Poleski from his position as executive director of MSHDA.

The board voted to remove Poleski after he refused a request to resign. Poleski, a former Republican House member, began the position when most of the board was made up of former Governor Rick Snyder's appointees.

On Wednesday, Gov. Whitmer replaced two Snyder appointees on the MSHDA board whose terms were expiring. Whitmer appointed Regina Bell of Detroit to replace Luke Terry and she reappointed Jennifer Grau of Lansing. The terms for both will now expire March 10, 2023.

The MSHDA board named Gary Heidel as acting executive director.

NESSSEL ISSUES OPINION CALLING LINE 5 AUTHORITY UNCONSTITUTIONAL – WHITMER HALTS WORK

Attorney General Dana Nessel issued an opinion on Thursday arguing that the law that created a new authority to approve Enbridge's Line 5 tunnel agreement with the state—negotiated by former Gov. Rick Snyder—is unconstitutional.

Nessel wrote that the law is unconstitutional "because its provisions go beyond the scope of what was disclosed in its title." Because the content of the new law does not match its title, Nessel argued that it violates the Title-Object Clause of the Michigan Constitution.

The opinion will likely set Nessel and Whitmer in opposition to the Republican-controlled Legislature in court, where they will continue to battle over the legality of the law which was passed during Lamé-Duck in December.

If a court ruling finds the law unconstitutional, it would apply retroactively, making the authority, its board, and any of its actions void. This includes voiding the board's approval of the Line 5 tunnel.

After Nessel issued her opinion, Gov. Whitmer signed an executive directive to order all state departments to stop any work related to the utility tunnel that, according to the agreement, is meant to house Enbridge's Line 5 oil pipeline under the Straights of Mackinac.

MINIMUM WAGE AND PAID SICK LEAVE TO TAKE EFFECT FRIDAY WHILE UNDER LEGAL REVIEW

Two controversial laws passed during lame-duck in December—regarding minimum wage and paid sick leave—will take effect on Friday, even though they are still under legal and judicial review.

According to the new laws, the state's minimum wage will increase by 20 cents from \$9.25 to \$9.45 per hour, and businesses with more than 50 employees will be required to offer workers one hour of paid medical leave for every 35 hours worked.

Both laws were created by legislative changes to voter-initiated proposals. Because the legislation was adopted and then changed, both the Michigan Supreme Court and Attorney General Dana Nessel are reviewing the changes.

The Republican-led House and Senate asked the Michigan Supreme Court for an advisory opinion on whether lawmakers acted within their constitutional authority when they adopted and amended the minimum wage and paid sick leave laws during the same term.

Sen. Stephanie Chang (D-Detroit) also asked Attorney General Dana Nessel to issue an opinion on the issue.

With fair wage supporters and others hopeful that the Supreme Court will issue an opinion against the amendment, small business associations are in support of the changed laws and have called on Nessel to honor a prior opinion by former Attorney General Bill Schuette ruling the Legislature's strategy legal, and to wait for the Supreme Court opinion before issuing an Attorney General opinion.

WHITMER ORDERS AUDIT AFTER MCCA POSTS \$220 ASSESSMENT FEE PER VEHICLE

The Michigan Catastrophic Claims Association announced Wednesday that it will charge Michigan motorists an assessment of \$220 per vehicle beginning July 1—a nearly 15 percent increase.

Following the announcement, Governor Gretchen Whitmer ordered an audit of the MCCA by the Department of Insurance and Financial Services, in the name of transparency to see if the fee increase is necessary.

The association said the increase is a result of increasing costs for increasing claims. The announcement also served as a catalyst for more calls to action for no-fault auto insurance reform, and for more transparency for the MCCA. Currently, the MCCA, which is a state-created consortium of private insurers, is not subject to public records and meeting laws.

Rep. Jason Wentworth (R-Clare), chair of the House Select Committee on Reducing Car Insurance Rates, said that MCCA fee increase only makes the problems in the no-fault system more visible, and the issue of high car insurance premiums worse.

The \$220 MCCA fee includes \$177 to cover expected new claims, along with \$43 per vehicle to go toward an estimated \$3.9 billion deficit for past claims.

Currently, Michigan' no-fault law calls for the MCCA to reimburse automobile insurers for medical claims that total more than \$580,000. Between 2014 and 2018, the number of this type of claim has reportedly increase 47 percent.

MM&A Briefs

Trump in Grand Rapids Thursday, talks about “Collusion Delusion”

President Donald Trump spoke for about 90 minutes in front of an estimated crowd of 15,000 people at Van Andel Arena in Grand Rapids on Thursday, declaring the “Collusion Delusion” over, discussing immigration and promising full \$300 million in funding for the Great Lakes Restoration Fund.

L. Brooks Patterson fighting cancer, not seeking re-election

Oakland County Executive L. Brooks Patterson earlier this week announced that he has stage 4 pancreatic cancer and is not seeking re-election. Patterson is undergoing treatment and plans to serve the remainder of his final term.

Calendar of Important Events

April 9

Rep. Karen Whitsett (D-Detroit) Fundraiser

Location: 7:30 a.m., Karoub Associates, Lansing

Sen. Paul Wojno (D-Warren) Fundraiser

Location: 8 a.m., Michigan Beer and Wine Wholesalers, Lansing

Sen. Jeff Irwin (D-Ann Arbor) Fundraiser

Location: 11:30 a.m., Karoub Associates, Lansing

April 10

Rep. Diana Farrington (R-Utica) Fundraiser

Location: 7:30 a.m., Michigan Municipal League, Lansing

Rep. Tim Sneller (D-Burton) Fundraiser

Location: 11:30 a.m., Michigan Health and Hospital Association, Lansing

Rep. Cynthia Johnson (D-Detroit) Fundraiser

Location: 4 p.m., Michigan Association of Counties, Lansing

Rep. Jim Lilly (R-Park Twp.) Fundraiser

Location: 4 p.m., Michigan Beer and Wine Wholesalers Association, Lansing

April 11

House Speaker Lee Chatfield (R-Levering) Fundraiser

Location: 8 a.m., Karoub Associates, Lansing

April 11

Rep. Thomas Albert (R-Lowell) Fundraiser

Location: 8 a.m., Grand Traverse Pie Company, Lansing

Rep. Tenisha Yancey (D-Harper Woods) Fundraiser

Location: 10 a.m., Michigan Beer and Wine Wholesalers, Lansing

Sen. Marshall Bullock (D-Detroit) Fundraiser

Location: 11:30 a.m., Michigan Beer and Wine Wholesalers, Lansing

House Democratic Caucus Fundraiser

Location: 5:30 p.m., Shield's Pizza, 25101 Telegraph Road, Southfield