

CAPITOL NEWS UPDATE

WEEK OF DECEMBER 17, 2018

Integrity, Individual Attention. Precision Strategy. Proven Results



LAME DUCK LASTS INTO MORNING HOURS ON FRIDAY, \$1.3 BILLION IN NEW SPENDING APPROVED

Republicans moved as many bills as possible during the last days of the legislative Lame Duck session, ending voting early Friday morning after an all-night session at the Capitol. Legislation which moved onto Gov. Rick Snyder's desk included a \$1.3 billion supplemental spending plan, online gaming, wetland bills, changes to ballot proposal processes, allowing the Legislature to intervene in state court cases and more. Below is a rundown of the most noteworthy bills.

LEGISLATURE TANGLES WITH SUPPLEMENTAL BILL

Bill shifts online sales tax revenue from schools to road funding and environmental cleanup

Legislators unveiled the details of a \$1.3 billion supplemental spending agreement late into the night on Thursday and passed it early morning Friday. The spending plan includes a shift in the way new online sales tax revenue is used, moving it from K-12 schools to roads and environmental cleanup, and allocates money from increased revenues, federal matching funds, and lapsed funds.

The money is divided in two supplemental bills, including the school tax shift. One of the bills covers general expenditures and one covers school expenditures.

Modified in the Senate, the amended main supplemental bill uses \$114 million for road repairs, \$69 million for the "Renew Michigan Fund" to clean up toxic sites, fund landfill oversight and recycling efforts.

The main supplemental, Senate Bill 601, passed 84-23 in the House and 34-4 in the Senate. The school supplemental passed 96-11 in the House and 38-0 in the Senate.

The agreement does not cut school spending, but does limit additional funding for K-12 schools.

While proponents say the bill has a neutral impact on the schools because it does not cut current spending, public education groups say the diversion of the online sales tax revenues could cause two-year losses for some school districts.

Some of the extra revenue is a result of the state being able to require all online and mail-order retailers to pay Michigan's 6 percent sales tax after the Supreme Court case *Dakota v. Wayfair*.

SENATE PASSES ONLINE GAMING BILLS

The Senate passed far-reaching legislation late Thursday to legalize internet gaming and fantasy sports through Detroit and tribal casinos.

The bill package included three internet gaming bills, a bill that eases restrictions on who is allowed to hold supplier licenses, and a bill to legalize and regulate gambling on fantasy sports.

The main bill was supported by all 11 Senate Democrats, and passed the Republican-led Senate 33-5.

Senate amendments to the package addressed concerns from Detroit by ensuring the city would continue to receive at least \$179 million a year in gambling tax revenue, regardless of how many players visit its three casinos.

Under the plan, revenue from internet games would be taxed at eight percent, (in-person casino gambling revenue is taxed at 19 percent). Also of the new revenue, 55 percent goes to Michigan's gaming fund, 30 percent would go to Detroit, and additional revenue would be spent on schools, roads and horse racing.

Internet gaming through tribal casinos would be taxed differently, with 75 percent going to the state's gaming fund and 25 percent to the Michigan Strategic Fund, which promotes economic development and job creation.

If signed into law, Michigan would become the fifth state in the country to legalize internet gambling.

REVISED WETLANDS LEGISLATION HEADS TO GOV. SNYDER

Legislators approved a bill to overhaul wetland protections in the state early Friday morning after the legislation was changed to protect more wetlands than in previous versions.

The revised bill would protect wetlands larger than five acres, even if they were not connected to another body of water; and protect wetlands, regardless of their size, if they were considered rare or imperiled, or if they were home to threatened or endangered species of birds or other animals.

The initial bill would have only provided protection for wetlands larger than 10 acres.

Senate Bill 1211, sponsored by Sen. Tom Casperson (R-Escanaba) passed the House in a 61-46 vote and the Senate in a 25-12 vote and was sent to the governor.

BILLS WOULD ALLOW LEGISLATURE TO INTERVENE IN STATE COURT CASES

With Democrats soon to take over as Governor, Attorney General, and Secretary of State, the Senate passed legislation to allow the House and Senate to intervene in any state court on litigation involving state law.

Republicans pushed the bill in order to protect their in-place policies, while Democrats have claimed the measure is encroachment.

The bill passed the Senate 26-12 with Sen. Tory Rocca (R-Sterling Heights) voting against it. It requires a final House vote before heading to Gov. Snyder's desk.

Changes in the original bill clarify that either legislative body can claim intervention is necessary "because a party to that action challenges the constitutionality of a state statute, or the validity of legislation or any action of the Legislature." Added language also states that the bill "does not limit

any right or duty of the attorney general provided by law” and spells out that legislative intervention is not a waiver of legislative immunity.

GATHERING SIGNATURES FOR BALLOT PROPOSALS WILL BE MORE DIFFICULT

Legislation passed in the Senate on Friday creates several hurdles for groups who want to put proposals on the ballot, including counting only 15 percent of the signatures turned in per congressional district toward the total signature threshold.

The legislation also changes the certification requirement so that the individual who submits the petitions is required to put in writing a good faith estimate of the number of signatures that are being submitted per congressional district.

In addition with this bill, if a person submits a summary of a proposed amendment to the Board of State Canvassers, the summary must be: prepared by the Director of Elections with the board’s approval; not more than 100 words; be a true and impartial statement of purpose, and inform the petition signers of the subject matter.

The Senate voted 26-12 on the House Bill 6595 after 6 a.m. on Friday morning.

NO-FAULT DEAD IN LAME DUCK, SPONSORS VOW TO TAKE UP ISSUE AFTER NEW YEAR

No-fault auto insurance reform was a casualty of lame duck this week, dying in the House on Thursday after a last-ditch effort to find votes.

The latest version designed to fight auto-insurance costs in Michigan, would’ve allowed drivers to choose their level of medical coverage vs. the current mandatory lifetime benefits requirement.

Quicken Loans Chairman Dan Gilbert made news in recent weeks as he worked to revive the no-fault effort created in 2017 by Detroit Mayor Mike Duggan and House Republicans.

Oakland County Executive L. Brooks Patterson publicly criticized Gilbert, calling his actions an “act of arrogance.” Gilbert said Patterson supported an “unethical and amoral scheme,” causing Detroit drivers to pay far more for auto insurance than other cities.

As proposed, a draft amendment to the Senate legislation would allow auto insurance customers to choose from a tiered medical coverage system; give Seniors with Medicare the option to opt out of personal injury protection; limit family-provided attendant care to 84 hours per week; and mandate an audit of the Michigan Catastrophic Association.

Gilbert has said he will continue pushing for the legislation, and would consider taking the issue to the ballot in 2020.

Reps. Tom Barrett (R-Pottersville) and Joe Bellino (R-Monroe) promised to take up the issue after the first of the year.

Calendar of Important Events

Jan. 1 Inauguration of the 49th governor
Location: 12 p.m., East steps of the Capitol, Lansing