

CAPITOL NEWS UPDATE

WEEK OF JULY 20, 2020

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SENATE FAILS TO OVERRIDE WHITMER VETO ON BILLS TO PROTECT WHISTLEBLOWERS

After being vetoed by Gov. Gretchen Whitmer, the Senate attempted – and failed – to override Whitmer’s veto and resurrect a bill designed to protect whistleblowers who are state employees which had passed unanimously a month ago.

Sponsored by Sen. Tom Barrett, (R-Charlotte), Senate Bill 686 would have protected state employees that bring information to the legislature by banning a state department, senate or house supervisor from punishing the employee “for communicating with certain individuals in the legislative branch.”

Passed unanimously in the Senate on Feb. 6 and the House on June 24, Whitmer vetoed the bill on July 8 citing political jockeying and saying it violated the Michigan constitution’s separation of powers since “whether and how to discipline employees is a core executive power entrusted in part to the Governor and in part to the Michigan Civil Service Commission.”

The 22-16 vote to override the veto failed to reach the two-thirds majority needed to override the veto.

Senate Republicans were disappointed by the failure to override, pointing to the original bipartisan nature of the bill and the need to protect state employees who bring credible information to the legislature.

BIPARTISAN AGREEMENT REACHED ON 2019-20 BUDGET FIX

House and Senate appropriations committees approved a bipartisan plan this week to address the state’s dramatic revenue loss from the coronavirus pandemic and a \$2.2 billion deficit for the 2019-20 fiscal year.

The plan is expected to be approved quickly in both the House and Senate.

The agreement, finalized by Budget Director Chris Kolb, House Appropriations Committee Chair Rep. Shane Hernandez (R-Port Huron), and Senate Appropriations Committee Chair Sen. Jim Stamas (R-Midland), includes an Executive Order and a supplemental appropriations bill to cut \$2.2 billion from Michigan’s nearly \$60 billion budget.

The plan includes reductions in most state agencies, transferring funds from the state's Rainy Day Fund, and using federal dollars from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Other details include:

- Cuts of \$256 million to K-12 schools and \$200 million to colleges and universities will be replaced by CARES Act funds to help prepare for the upcoming school year, along with a total of \$53 million in hazard pay to teachers who stay.
- Local governments will receive \$53 million to cover pandemic-related costs.
- State Police and the Department of Corrections payroll costs which would usually be paid out of the state's general fund, will be paid from federal CARES Act money, saving the state \$393 million on Corrections spending and \$115.1 million on State Police spending.
- \$350 million will be transferred from the state's Budget Stabilization Fund, or Rainy Day Fund, to state operations and \$166 million will be transferred from other various restricted funds to the general fund.
- Savings include \$84 million from stalled planned projects, \$27 million from a hiring freeze, \$47 million from a freeze on discretionary spending, and \$27 million by furloughing state employees one day a week through July.

The three budget leaders plan to begin immediately working to balance the 2020-21 fiscal year budget which starts October 1.

LOCAL GOVERNMENTS BAIL ON PROPERTY TAX DEFERMENT VERSION 2.0

A second go-round for legislation to defer summer property tax bills for taxpayers was passed in the House on Wednesday of this week with mostly Republican support. Following its passage, however, cities, townships, counties, and school groups who had previously worked on similar legislation which was vetoed by Gov. Whitmer, removed their support from the bills over concerns that it is a watered-down version of the original that could lead to confusion and open local governments up to litigation.

Whitmer vetoed the original version of the bill, sponsored by Rep. Jim Lower (R-Spring Lake), due to concerns that a new program would have the state Treasury lending money to local governments until the money was paid by the property owners.

The new version, sponsored by Sen. Pete MacGregor (R-Rockford), doesn't include a borrowing option, and instead places the cost on the locals. Local governments are also concerned that there would not be enough time to create the procedures and policies needed with the new plan.

Chris Hackbarth from the Michigan Municipal League said, "We negotiated as part of a good process for two months in good faith on something that would have provided everyone balanced relief. The bill we have now does none of that."

SUPREME COURT RULES ON TAX AUCTION PROCEEDS

A decision by the Michigan Supreme Court to give the surplus money gained from tax foreclosure sales back to property owners will impact funding for many Michigan counties.

Currently, if a property owner is delinquent on their taxes, county treasurers can foreclose on the property, auction the property off, use the proceeds to satisfy the tax debt, and then keep the surplus proceeds to fund county government and cover county expenses.

Last week, however, the Supreme Court ruled this unconstitutional, arguing that former property owners should be able to keep the excess profits from the sale of their foreclosed property after their tax debts are paid.

“The purpose of taxation is to assess and collect taxes owed, not appropriate property in excess of what is owed,” Justice Brian Zahra said in an opinion.

In one of the situations in the case, Oakland County profited when it sold a foreclosed property for \$24,500 after the former owner only owed \$8.41 in taxes, and \$285 after penalties and interest.

The Supreme Court opinion said, “The remedy for a government taking is just compensation for the value of the property taken. The property 'taken' is the surplus proceeds from the tax-foreclosure sale of plaintiffs’ properties to satisfy their tax debts. Therefore, plaintiffs are entitled to the value of those surplus proceeds as just compensation.”

MM&A Briefs

Metal Detectors or Weapons Ban in Capitol Building Could Cost Over \$1M

If the State Capitol Commission voted to ban all weapons in the State Capitol, costs for metal detectors, x-ray machines and employees to operate the checkpoints could run anywhere from \$500,000 to \$1.3 million, according to the commission. Other options the commission is considering include continuing to allow weapons in the building or banning only long guns from the building.

Marquette Chosen for Space Launch

The Michigan Aerospace Manufacturers Association has chosen an undeveloped 3-mile area along Lake Superior about 16 miles north of Marquette to host a vertical launch site which could become operational in the next five to six years. The site joins the Oscoda-Wurtsmith Airport which was chosen in February to handle horizontal launches. According to the association, both sites would host environmentally safe launch operations with as many as 300 launches in Oscoda and a few dozen near Marquette each year.

Whitmer Taps Scripps to Head PSC

Gov. Whitmer appointed Dan Scripps, a current commissioner, to serve as Chair of the Michigan Public Service Commission. Scripps was appointed to the commission by Whitmer in February 2019. A former state representative, Scripps, an attorney, was also previously the Midwest policy program director for the Energy Foundation and has served as president of the Michigan Energy Innovation Business Council and Institute for Energy Innovation.

Tlaib Doubles Up Jones in Most Recent Polling

Heading into the Aug. 4 primary, U.S. Rep. Rashida Tlaib, (D-Detroit) is making a strong show with recent polling giving her a huge lead of 52% to 24% against her opponent in the primary, Detroit City Council President Brenda Jones. The polling by Ed Sarpolus from Target-Insyght in Lansing surveyed 500 likely primary voters.

Calendar of Important Events

July 24 Rep. Julie Alexander (R-Hanover) Fundraiser

Location: 3 p.m., 400 North Mechanic St., Jackson

July 26 Rep. Jack O'Malley (R-Lake Ann) Fundraiser

Location: 10 a.m., Cedar Rod & Gun Club, 8075 South Sullivan Road, Cedar
(Registration with shooting at 10 or registration at 1 p.m. with shooting at 1:30 p.m.)

July 27 Sen. Curt VanderWall (R-Ludington) Fundraiser

Location: 10:30 a.m., Crystal Mountain, Mountain Ridge Course, 12500 Crystal Mountain Dr., Thompsonville

Rep. Sarah Anthony (D-Lansing) Fundraiser

Location: 6 p.m., Virtual

July 30 Rep. Kyra Bolden (D-Southfield) Fundraiser

Location: 4 p.m., Virtual