

CAPITOL NEWS UPDATE

WEEK OF JUNE 27, 2022



McAlvey Merchant
& ASSOCIATES

LEGISLATURE, WHITMER MOVE \$76 BILLION BUDGET WITHOUT TAX CUTS

Lawmakers in the House and Senate approved a two-bill budget package after 2:30 a.m. Friday morning barely making their self-imposed deadline of July 1.

Both bills passed with overwhelming bipartisan support – SB 845 passed the Senate 35-2 and the House 99-7, while HB 5783 unanimously passed in the Senate and passed the House 97-9.

The approximately \$76 billion budget allocates \$19.6 billion toward schools and higher education, \$15.3 billion in General Fund spending and makes a \$180 million deposit into the Budget Stabilization Fund. Additional in-district proposals total \$1 billion, and the budget also pays down \$2.6 billion in debt. The plan also includes \$2.2 billion in supplemental spending for the current fiscal year, with \$10 million for a new state psychiatric hospital complex and \$7 million to help courts with current backlogs.

The budget did not include tax cuts for people or businesses and does not allocate about \$3.8 billion in General Fund spending or \$3.3 billion in School Aid Fund spending, which combined makes approximately \$7 billion in one-time surplus dollars and ongoing funding. Both parties have said they will continue conversations on tax cuts and spending the leftover amounts.

Addressing the collaborative effort, Gov. Gretchen Whitmer said, "I am proud that the budget will grow Michigan's economy and workforce, make record investments in every student and classroom, protect public health and public safety, expand mental health resources, and empower working families and communities." In the statement, she also called on the parties involved to continue "in this spirit of collaboration."

Budget Director Chris Harkins said, "In addition to prioritizing funding for our students, schools, public health, natural resources, and communities, we are paying down debt, shoring up pensions and setting money aside for a rainy day. I am proud to have a budget that invests in both our current needs and looks toward our future as we continue to move Michigan forward."

"A budget is a statement of priorities, and this budget prioritizes education, safe schools, road repairs, and job training," said Senate Majority Leader Mike Shirkey (R-Clarklake). "It also sets aside a substantial sum that Republicans are ready to return to Michiganders struggling with record-high inflation and gas prices."

Both Republicans and Democrats have been talking about a tax change. Whitmer has pushed for an expansion of the Earned Income Tax Credit, a repeal of the so-called "pension tax," and a \$500 rebate for undefined taxpayers. Whitmer has also vetoed several proposals from the legislature anchored by an income tax reduction and a child tax credit and would have cut taxes by more than \$2 billion annually. Whitmer is also in favor of more money to be deposited in the state's new economic development fund, while House Republicans are looking into more debt relief and Senate Republicans support a fuel tax pause.

BUDGET HIGHLIGHTS: SCHOOLS, ECONOMIC DEVELOPMENT AND REVENUE SHARING

The K-12 schools budget passed with overwhelming agreement and includes funding for mental health, teacher retention and increased per-pupil funding. The budget includes a \$450 per pupil increase which brings all school districts to \$9,150 per student. In addition, it increases state support of K-12 MPERS by \$1.2 billion, includes several programs aimed at recruiting and retaining teachers, and over 200 million for mental health programs, services, staff, school-based health centers and ISD mental health support services.

The Department of Labor and Economic Development budget which passed on Thursday includes \$205.3 million in Michigan Enhancement Grants, \$331 million in Special Grants, \$212.8 million in Michigan Infrastructure Grants and \$251.5 million in Economic Development and Workforce Grants.

The approved Department of Treasury budget will include a 6% increase in overall revenue sharing for local governments and hundreds of millions of dollars available for local government retirement systems. Constitutional revenue sharing for cities, villages and townships will have a 5% ongoing increase with an additional 1% one-time increase. Increases of the same size would be provided for statutory revenue sharing to counties.

More than \$1 billion was also allocated for various in-district projects including:

- \$10 Million - Mackinac Straits Health System professional building
- \$2 Million - Mackinac Straits Health System - Spinal surgery robot
- \$9.2 Million - Michigan Center for Adult College Success
- 1st year of 3-year phase in of floor funding for Oakland University
- \$8.3 Million - Safe Harbor - Salvation Army
- \$1 Million Van Andel Institute
- Benchmark Assessments - Curriculum Associates
- \$8 Million – Lakeshore Advantage

There will likely be additional opportunity for project funding throughout the coming months due to \$7 Billion left on the balance sheet.

As always, the McAlvey Merchant team stayed late and were the last to leave the tiles to see the budget through.

REPUBLICAN GUBERNATORIAL CANDIDATE DEBATE

The first debate featuring only the five final Republican candidates for governor — Tudor Dixon, Garrett Soldano, Ryan Kelley, Kevin Rinke and Ralph Rebandt — became contentious on Thursday at the Royalty House Banquet Facility in Macomb County.

This was the fourth Republican debate sanctioned by the Michigan Republican Party, with only 33 days left before the Aug. 2 primary election.

Candidates clashed over questions about gun control, the COVID-19 pandemic, whether fraud cost Republican Donald Trump the 2020 presidential election in Michigan, tax policy, workforce, education and abortion.

According to news sources, Soldano and Kelley appeared to have the most applause and support from the party's base, while Dixon and Rinke got heckled.

The debate, hosted by the Brighter Michigan PAC, was moderated by Charlie Langton while Detroit Free Press reporter M.L. Elrick and Patty McMurray with the right-wing blog 100percentfedup.com posed questions to the panel.

STATE ADAMANT ABORTION STILL LEGAL IN MICHIGAN

After *Roe v. Wade* was overturned by the U.S. Supreme Court last Friday, the state has maintained that Michigan providers can still legally perform abortions due to a court injunction holding back a 176-year-old ban. The decision has caused confusion in the state for several reasons including debate over whether prosecutors can enforce the law, pending court action on a dormant statute, and a major hospital system saying they would no longer perform abortions because of a 1931 ban, and then changing their course saying the practice would continue until the courts bring clarity to the issue.

Whitmer also took other action, according to *Gongwer* news, including sending a memo to state departments detailing her expectation that the agencies would also share it with stakeholders and like organizations and reiterating that abortion was still legal and that, for now, the Department of State Police would take no enforcement action for violations of the 1931 law. She also said emergency contraception such as Plan B would remain unchanged since emergency contraception is not medication abortion.

She also issued a statement on Monday doubling down on her belief that the state Supreme Court should take the case and that abortion was indeed still legal within state lines.

MM&A BRIEFS

GENESEE JUDGE NAMED TO FEDERAL JUDGESHIP

President Joe Biden nominated Genesee Circuit Judge Frances Kay Behm to a vacant judgeship in the U.S. District Court for the Eastern District of Michigan. Behm has served as a judge for the Genesee Circuit and Probate Court since 2009.

CAPITOL HERITAGE HALL OPENS TO PUBLIC ON JULY 5

The new underground visitor's center and Capitol restoration project to upgrade Heritage Hall will open to visitors on July 5. The project is not fully completed but the area will be open to the public with some ongoing construction.

CALENDAR OF EVENTS

July 5 Gov. Gretchen Whitmer - Evening Reception

Location: 5 p.m., Northport - Address provided upon RSVP

July 8 Community to Elect Rep. TC Clements (R)

Location: 8 a.m., Legacy by Arthur Hills Golf Club, 7677 US 223, Ottawa Lake

July 9 11th House District Candidate Marvin Cotton, Jr. (D) - Meet and Greet

Location: 4 p.m., Nazarene Community Outreach, 901 Melbourne, Detroit

July 11 Rep. Bryan Posthumus' (R-Cannon Twp.) Annual Golf Outing

Location: Scott Lake Golf & Practice Center, 911 Hayes Road Northeast, Comstock Park

Rep. John Damoose (R-Harbor Springs) for State Senate

Location: 12:30 p.m., Bay Harbor Golf Club, 5800 Coastal Ridge Dr., Bay Harbor,