



This Week in Lansing

MHSA • Muchmore Harrington Smalley & Associates, LLC

Highlights of the Latest Major Legislative, Administrative and Regulatory Activity in the State Capitol

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NEW OPIOID COUNCIL FORMED – Per an executive order signed today by *Governor Rick Snyder*, *Lieutenant Governor Brian Calley* will chair the new *Council on Opioid and Prescription Drug Enforcement (COPE)*. Following the recommendations of his previously established *Michigan Prescription Drug and Opioid Abuse Commission*, *Mr. Snyder* created the *Council* to coordinate Michigan’s local and state efforts with federal ones regarding law enforcement and regulations to combat the ongoing opioid epidemic.

Leading the *Council* alongside *Mr. Calley* will be *Shelly Edgerton*, director of the *Michigan Department of Licensing and Regulatory Affairs (LARA)* and *Kriste Etue*, director of the *Michigan Department of State Police*. The three principal members of the *Council* will also work with officials from the *U.S. Drug Enforcement Administration*, the *Michigan Attorney General’s* office and the *Prosecuting Attorneys Association of Michigan*. The aforementioned *Commission* will continue to operate and will share ideas and information with the *Council*, with members of the latter meeting monthly to discuss related topics in the state.

Neither members or a meeting schedule have been announced yet, however, in his statement announcing the new *Council*, *Mr. Snyder* noted, “We must ensure all partners are working together effectively if we are going to combat this epidemic. The council will open up lines of communication and allow for a better use of resources while working to reduce opioid abuse and prevent addiction from occurring in the first place.”

REVIEW OF PTL PROPOSAL: WHERE WOULD CUTS BE MADE? – In a recent review of the *Clean Michigan Committee’s* proposal for a part-time *Legislature* versus the current full-time *Legislature*, it was opined that cuts in multiple areas would need to be discussed, including staff employment and legislator pay. The state’s overall budget may be affected as well, according to the review, with those in support claiming that a consecutive 110-day session would force legislators to make cuts and streamline appropriations they do not necessarily make in the current full-time, spread out legislative session schedule.

Though the switch could save the state \$4.6 million in legislator pay alone, according to the *Capitol* publication’s review, staffing and other operational costs would still require significant budgetary appropriations. Generally, legislative branch appropriations are used (along with staffing and legislator pay) for offices, nonpartisan commissions, statehouse management and historic site funds, all of which would be affected should the proposal be approved.

Currently, Michigan lawmakers are paid fourth-highest in the country earning \$71,685 annually

with an additional \$10,800 expense allowance during session, as well as health care benefits. However, under the *Committee's* proposal, legislators would make half that, earning \$30,900 (though as written, final numbers would be determined by the *State Officers Compensation Commission*).

In order to add to the savings from salary cuts, legislative staffing cuts may also need to be made but aren't necessarily required, according to *Lieutenant Governor Brian Calley*, who is spearheading the initiative. The consolidation of general party staff is suggested as well, such as shared press secretaries and legislative assistants within the particular party.

Though the review also looked at other states with part-time legislatures (*Florida, Minnesota, Indiana, North Carolina* and *Virginia*), opponents of the proposal claim the model does not fit Michigan's diverse economy, geography and population composition.

Mr. Calley, however, disagrees, noting, "Most states, including very diverse states, have limited lawmaking schedules. Its only difficult for people to imagine because Michigan has done it like this for such a long time. The idea of having a part-time legislature, where people live the majority of their lives and careers in the districts that they're representing, I would argue that's a stronger base of experience to deal with all the diverse issues that face any state, including Michigan."

Following discrepancies over the current language, the proposal was reworked and resubmitted but is awaiting approval from the *State Board of Canvassers* before the signature collection process can begin.

FLINT FUNDING TOTALS \$477.5M – According to a *Senate Fiscal Agency* analysis released on Tuesday, state and federal officials have spent a combined \$477.5 million in response to the *Flint Water Crisis* over the past three fiscal years (FY). Funding from 12 state departments has been used for infrastructure, police resources, human services programs and education programs in *Flint*, while legislative transfers and budget appropriations also contributed to the total (\$211.8 million in *FY 2016*, \$128 million in *FY 2017*, and \$80.7 million in *FY 2018* via 15 public acts (*PAs*)). While direct federal monies equaled \$100 million, more than half came from the state's *General Fund* (\$246 million).

The *Michigan Departments of Environmental Quality (DEQ)* and *Health and Human Services (DHHS)* managed large amounts of funding as well, with totals for the *Departments* being \$157.7 million and \$142.7 million respectively. The state also set some monies aside in a reserve fund, with a balance of \$34.2 million. *Governor Rick Snyder* and legislators applauded the analysis and noted that public knowledge of the funding and ongoing improvements is necessary, especially since other communities may encounter similar issues due to aging infrastructure.

Commenting on the report, spokesperson for *Governor Snyder, Tanya Baker*, stated, "Governor Snyder has appreciated the cooperation of state legislators, Congress, the federal government and the city's leaders in helping to move Flint forward. Continuing with that sort of cooperation is what will lead to Flint's full recovery and eventually restore trust for Flint residents in those who are trying to help."

FORMER HOUSE FISCAL DIRECTOR ISSUES WARNING – The targeted \$1 billion amount for the state's *Budget Stabilization Fund (BSF)* may not be enough, according to former *House Fiscal Agency Director Mitch Bean* in a warning issued to policymakers on Thursday. In finalizing the budget last month, *Governor Rick Snyder* along with *Republican* legislators, appropriated an additional \$150 million into the *BSF* for *Fiscal Year 2018*, moving the projected surplus total to \$889.6 million.

However, *Mr. Bean* referenced an example where \$1 billion was not nearly enough to cover even a "mini-recession", noting 16 years ago under *Governor John Engler*, \$3.2 billion in surpluses was spent in

18 months to cover state revenue losses. In that case, according to **Mr. Bean**, Michigan entered the “mini-recession” in 2001 with the aforementioned surpluses while also continuing to cut individual income taxes and the single business tax.

While the state had the money in the **BSF**, it was not enough, so cuts were forced to be made once more. **Governor Engler** issued an executive order in the beginning of November 2001 for the reduction of **General Fund** spending by \$463.7 million, including hard cuts totaling \$285.3 million and fund shifts totaling \$144.5 million. In the following years, with former **Governor Jennifer Granholm** in office, another \$483.6 million was cut out of necessity as part of **Executive Order 2003-23**.

Noting that the example shows even a small change in the state’s economy can cause quick and harsh consequences to befall the state budget, **Mr. Bean** stated, “The Snyder administration has expressed an interest in getting the BSF fund balance back up to at least \$1 billion and making sure they do not leave a structural budget shortfall. Those are laudable goals, but they will be difficult to achieve.”

Assuming the economy does not move backward, a recent report by the **Citizens Research Council** supported **Mr. Bean’s** warning by noting the state will face a built-in budget shortfall of roughly \$2 billion by **Fiscal Year 2021-22**.

ELECTIONS

- **Henry Gaudreau, Democrat** and retired **U.S. Air Force Colonel**, announced his campaign for the **32nd Senate District** last week, with the seat currently held by **Senator Ken Horn** (R-Frankenmuth)
- **Dana Nessel, Wayne County** lawyer and **Democrat**, formally announced her bid for **Attorney General** in the 2018 election
- **Representative Brett Roberts** (R-Eaton Twp) announced his campaign for the **24th Senate District**, currently held by term-limited **Senator Rick Jones** (R-Grand Ledge)
- **Shelby Township Clerk Stan Grot**, a **Republican**, is set to make an official announcement on Tuesday for his campaign in the **Secretary of State** race

ODDS & ENDS

- According to a state review released late last week, the **Michigan Unemployment Insurance Agency** incorrectly determined fraudulent benefit compensation in 70 percent of cases over nearly two years
- The **House** and **Senate Fiscal Agencies** reported revenue from sales tax collections continues to rise with each fiscal year, with this July reporting a 3.7 percent increase from July of last year
- The **Michigan Court of Appeals** released an opinion last week dismissing the **Michigan Liquor Control Commission’s (MLCC)** ban on the sale of “narcotics paraphernalia” by licensed liquor stores, claiming the language of the ban is too vague for enforcement
- The **Michigan State Housing Development Authority (MSHDA)** announced \$3.6 million in grants will be used in 19 communities across the state to allow for demolition of blighted properties
- Each of the 131 **Secretary of State** branch offices will advertise the closure of the **Mackinac Bridge** to regular traffic for the annual **Labor Day** bridge walk
- **House** and **Senate** members will return for fall session on Tuesday, September 5
- The trial for a lawsuit pushing for the allowance of **Tesla’s** manufacturer-direct business model into Michigan has been pushed to mid-2019, according to a federal court in **Grand Rapids**
- The **Michigan Court of Appeals** announced denial of the state’s request to hear an appeal on a ruling from a lower court that placed a preliminary injunction against the state in its appropriation of \$2.5 million to nonpublic schools for the reimbursement of costs incurred for complying with state mandates

- The launch of the statewide *Customer and Automotive Records System (CARS)* was announced on Tuesday by *Secretary of State Ruth Johnson*, with the system expected to be fully implemented in five years
- According to *Dominick Pallone*, director of the *Michigan Association of Health Plans (MAHP)*, *Priority Health*, *McLaren Health Plan*, *Meridian Health Plan of Michigan* and *Total Health Care* provided coverage to areas throughout the state that did not meet adequate coverage requirements
- The *Michigan Supreme Court* ordered the *Michigan Court of Appeals* to reexamine whether former *Senator Virgil Smith, Jr.* can serve on the *Detroit City Council* while on probation for a felonious charge
- Memorial services for *Associate Director of the House Fiscal Agency, Chris Couch*, will be held at 1:00 p.m. this Saturday (August 19) at *Central United Methodist Church of Lansing*
- The *Michigan Chamber of Commerce* is currently reviewing a possible proposal to change the operation of Michigan's term-limits system, according to *Chamber President Rich Studley*
- Former Michigan *U.S. Representative Vern Ehlers* passed away recently at the age of 83, following a 36-year political career (including serving in the Michigan *House* and *Senate*)
- According to a report from the *Michigan Department of Technology, Management and Budget (DTMB)*, the state's unemployment rate dropped 0.1 percentage point in July
- A new invasive species (*Brachionus leydigii*) has entered *Lake Erie*, according to *U.S. Environmental Protection Agency (EPA)* officials
- The *Michigan Board of State Canvassers* approved three major constitutional amendment petitions on Thursday that address the following issues: redistricting reform (*Voters not Politicians*); the allowance of employees to earn paid sick leave (*MI Time to Care*); and the legalization of agricultural, personal, recreational, commercial or other use of marijuana (*Abrogate Prohibition Michigan*)
- During the *Michigan Supreme Court* term that ended August 1, four justices (*Justices David Viviano, Bridget McCormack, Richard Bernstein, and Joan Larsen*) created the controlling bloc that assisted in forming the decisions issued affecting insurance, property taxes, liability and local government authority

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