



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 PLANS FOR AUTONOMOUS VEHICLES AT FLAT ROCK – Announced on Tuesday of this week, *Ford Motor Co.* will no longer be creating a new plant in *Mexico* to build the *Ford Focus*, but will instead create a *Manufacturing Innovation Center* at its *Flat Rock Assembly Plant*, with the hopes of bringing 700 new jobs to Michigan. The announcement, as praised by *Governor Rick Snyder*, confirmed the *Focus* will be built in an already existing *Mexico* plant and that the new center will be slated for autonomous and electric vehicle production.

The expansion of the *Flat Rock* plant is expected to also generate more than \$700 million in total investment and see completion by 2020. *Ford Motor Co.*, currently employing roughly 47,000 Michigan residents, announced the creation of the plant a few weeks after *General Motors* announced its plans to build and test autonomous vehicles in metro *Detroit*. As mentioned in December's last issue of *This Week In Lansing*, *General Motors (GM)* released plans (shortly after Governor Snyder signed the legislation approving the process) to manufacture said vehicles at its *Orion Assembly Plant* early next year and test them on metro *Detroit* roads.

Both companies received praise for their investment in Michigan and forward movement in the automotive industry, with *Michigan Economic Development Corporation (MEDC) CEO Steve Arwood* stating *Ford's* additional announcement is, "another capstone on our work to lead in automotive mobility and will have a tremendous positive effect on our world-leading supply base." *Governor Snyder* echoed that sentiment and expressed gratitude for the support of the state and its working class, saying, "In the next decade, Michigan will lead the world in reimagining transportation with the acceleration of next generation advanced technologies. We are excited that Ford has chosen Michigan as its innovative home for their fully electronic and autonomous hybrid vehicles. Thank you, Ford, for your continued confidence in our state and our people."

LIEUTENANT GOVERNOR SNYDER SIGNS OPIOID OVERDOSE BILLS – Legislation calling for the allowance of opioid overdose protective medication to be available without prescription was signed into law just before winter break by *Lieutenant Governor Brian Calley*, moving the attempt to prevent overdose deaths within the state forward. *Mr. Calley*, signing legislation as *Governor Rick Snyder* was out of the state, commented on the legislation and noted its importance, stating, "Increasing access to medications that prevent overdose deaths is a common-sense reform that will save lives." The package, including *House Bill 5326 (PA 383)* and *Senate Bills 805 (PA 384)* and *806 (PA 385)* also calls for the allowance of schools to have the medication prescribed to keep on hand in case an overdose was to happen. Members of the *Michigan Prescription Drug and Opioid Abuse Task Force* offered recommendations on the issue earlier this year, and echoed the support shown by the *Legislature* and *Governor Snyder's*

Administration.

2017: TOP LEGISLATIVE PRIORITIES – As the new year begins, so does the work for returning and newly elected legislators, with multiple issues already being placed at the forefront of this year’s legislative session discussions. Perhaps the largest and most heavily debated issue that was not resolved last year and is expected to be taken up in the coming months is that of municipal retirement and other post-employment benefit liabilities (*OPEB*). Unable to find a solution at the end of 2016, legislators will continue discussions with local governments and the state to implement a system for current employees, future hires and retirees that would contain and eventually curtail the state’s unfunded liabilities. **Governor Rick Snyder** noted last session that more information needs to be gathered and more discussions to be had, something he plans to be actively involved in again this session year.

While municipal retirement and benefits will be high up on the to-do list, so will the issues of auto no-fault reform; income tax repayment shift (from *General Fund* to *School Aid Fund*); teacher pension reform (switching from hybrid to *401k* style plan); *Healthy Michigan* (pending changes to the federal *Affordable Care Act* by *President-Elect Donald Trump*); brownfield redevelopment (business tax incentives); and juvenile justice reform. Each of these issues saw some action and movement during the 2016 *Lame Duck* session, however none garnered enough traction to move through both chambers for signature. Both *House Speaker Tom Leonard* (R-DeWitt) and *Senate Majority Leader Arlan Meekhof* (R-West Olive) expressed the importance of getting these issues resolved but acknowledged getting new *House* members up to speed may take some time.

Work will begin on these legislative issues after *Governor Snyder’s State of the State* message on Tuesday, January 17. The *Legislature* is slated to kick off the *99th Legislative Session* this Wednesday, January 11 at noon, as prescribed by the *State Constitution*. The *House* will not announce committee appointments until after the swearing in day at the earliest.

STATE SPENT \$45M ON FAILED COMPUTER UPGRADE – According to its annual report given to the *Legislature* one day before winter break began, the *Department of State* reported having spent more than \$45 million in 2015 for the state’s business application modernization (*BAM*) project and transition costs after the project failed. The *Secretary of State* entered into a contract with *Hewlett Packard Enterprises (HP)* to design and implement a new software system, upgrading the state’s current computer and data system. However, after failing for over 12 years to complete the back-end upgrades necessary and therefore failing to complete the entire project, the *Secretary of State* canceled the project in August 2015 and entered into a lawsuit with the software company. The report also stated that total transition costs for the state to move back to its current system in order to begin a new modernization process (since cancelling the contract) have been \$1.37 million. The ongoing lawsuit (filed in federal court) calls for *HP* to repay the state for a large portion of the failed project and subsequent transition costs, as well as \$10.93 million in liquidated damages. The report was presented to the *Legislature* on December 29, 2016 as it was due January 1, 2017.

PASSED SUPPLEMENTAL BUDGET INCLUDES NEW FLINT ALLOCATIONS – In the last few weeks of the 2016 session year, legislators were able to pass a 2016-2017 supplemental budget bill (*Senate Bill 800*) which included the allocation of more than \$23 million a year to *Flint* for lead removal over a period of five years. The majority of the funds would come from the federal *Child Health Insurance Program (CHIP)* and *Medicaid* monies, and would be used to clean lead out in the city via whichever form it takes (paint, water lines, soil, etc.). Though the program is noted as focusing on *Flint* specifically, the state will be allowed to work in other communities to reduce lead contamination. In order to qualify for the program, according to *Michigan Department of Health and Human Services (DHHS)* deputy director and head of the state’s *Medicaid* office, *Chris Priest*, certain criteria would need to be met including: a

Medicaid or *CHIP* eligible child (someone under 19) must reside in the house; the child of a pregnant woman in the house must be eligible for *Medicaid* or *CHIP*; or the residence must be one a child visits often (i.e. grandparents or aunt/uncles could qualify). **Mr. Priest** noted there are still details to be worked out as incoming **President-Elect Donald Trump** has said changes to the *Affordable Care Act (Obamacare)* are among his top priorities once he takes office. The program was brought about following discussions between **DHHS**, **Governor Rick Snyder** and his administration, and was then sent to the federal *Centers for Medicare and Medicaid Services* where it received a waiver to begin.

ODDS & ENDS –According to figures released by the *Michigan Department of Technology, Management and Budget (DTMB)*, Michigan’s seasonally unadjusted unemployment rates for its 17 labor markets remained steady or decreased since November 2015...the *Michigan Court of Claims* announced just before winter break that **Dr. Eden Wells**, Michigan’s *Chief Medical Executive*, has been granted immunity from tort liability for conduct committed in the course of her job during the *Flint Water Crisis*...**Governor Rick Snyder** signed 23 bills into law before winter break including: **House Bill 4265** which calls for the expansion of community college tax districts...according to a survey conducted by the *Small Business Association of Michigan (SBAM)*, 43 percent of the 415 small business executives interviewed saw sales increase since the last survey six months ago, while 31 percent saw an increase in profits as well...members of the *State Senate* have begun to move into their new offices in the *Capitol View* building as of the first week of January...new *House* members gathered together in early December for a retreat intended to build relationships as they enter their new positions instead of on politics...according to an audit released before winter break by **Auditor General Doug Ringler**, the *Michigan Gaming Control Board* had not properly licensed roughly 213 casino employees between October 1, 2013 and May 31, 2015...under a new **Executive Order (2016-24)** from **Governor Rick Snyder**, the *Michigan Department of Technology Management and Budget (DTMB)* will now officially have full control over the implementation and use of the enterprise information management system as outlined in a 2013 directive...**Senate Bill 1172** was signed into law just before winter break by **Lieutenant Governor Brian Calley** as it calls for the use of Michigan’s use tax on *Medicaid* managed care to collect the state’s federal *Medicaid* match whenever Michigan’s *Health Insurance Claims Assessment (HICA)* expires...**Governor Rick Snyder** announced the appointment of former **House Speaker Jase Bolger** to the state’s *Civil Service Commission* at the end of 2016, bringing the *Commission* roster to two **Republicans**, one **Democrat** and one independent...according to *Michigan Agriculture and Rural Development (MDARD) Director Jamie Clover Adams*, Michigan saw roughly \$400 million in new investments in the food and agriculture sector in 2016...the *Michigan Department of Environmental Quality (DEQ)* announced the filing and implementation of new rules, exemptions, permits and limits for air emissions within the state just before the end of 2016...**Lieutenant Governor Brian Calley** signed legislation into law following the 2016 **Lame Duck** session which makes the use of non-emergency restraint and seclusion practices in schools throughout the state illegal...former **Senate Minority Leader Gretchen Whitmer** announced the first week of January that she will be running for governor come 2018, making her the first gubernatorial candidate officially announced...former **Representative Al Pscholka** has been named as the state’s next **Budget Director** by **Governor Rick Snyder** and will replace current **Budget Director John Roberts** who will leave the position in February...approximately \$500,000 a year will be dedicated to a new *Michigan Native American Heritage Fund* as a result of federal approval of an amendment to the casino compact between the state of Michigan and the *Nottawaseppi Huron Band of the Potawatomi*, with the funds helping to pay for ending the use of Indian mascots at schools and universities...previous *Department of Corrections Director Gus Harrison* recently passed away, having served over 20 years and under four different governors...a suit has been filed in the *Michigan Court of Claims* by the owners of *Detroit’s Ambassador Bridge* (and other related companies) arguing there is no authority to build the *Gordie Howe International Bridge* as the *Legislature* has not authorized such construction...of the original 78-point action plan announced by **House Republicans** for the 2015-2016 legislative term almost two years ago, 48 of those were signed into law according to **House Majority Floor Leader Dan Lauwers** (R-Brockway)...a report recently released by the *Office of the Great Lakes* noted that while most well-known issues

regarding the *Great Lakes* (algae blooms, invasive species, pipelines, etc.) have begun to be discussed, issues such as commercial net pens and wild rice habitats should be on the “to-do” list as well...*House Bills 4424, 4424, 4425, 4426* and *4427* were signed into law on Thursday of this week, with the package outlining increased speed limits on Michigan interstate highways, trunklines and *U.S.* highways...according to a *New York Times* article, *Detroit* has been named as one of *2017’s Places to Go*, coming in at number nine out of the 52 locations listed...*Governor Rick Snyder* signed *Senate Bill 1068* into law on Thursday of this week, ending the requirement of cities to contribute to the cost of state road projects occurring in their jurisdictions.

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