



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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STATE OF THE STATE – SNYDER BRIEFLY ADDRESSES MULTIPLE ISSUES – In his seventh *State of the State* address on Tuesday of this week, **Governor Rick Snyder** covered a multitude of issues the state has faced during his tenure, and the changes his administration has made in response. **Governor Snyder**, first elected in 2010 then re-elected in 2014, noted in his address the progress and shortfalls the state has seen since taking office, touching on the areas of health, education, infrastructure, energy and technology.

One of the major topics **Governor Snyder** discussed was the issue of **Healthy Michigan** and the possible changes the program may see following the anticipated repeal of the federal **Patient Protection and Affordable Care Act (ACA)**. **President Donald Trump** and **Congressional** members have begun the repeal process already, however, **Governor Snyder** highlighted the state's expanded **Medicaid** program in his address as a model for the country.

Under the **ACA**, Michigan was able to establish the **Healthy Michigan Medicaid** expansion plan, with the federal government assisting in paying the majority of the plan for roughly 640,000 Michigan residents. Therefore, **Mr. Snyder** noted, without the **ACA** the state would have difficulty in paying for that coverage on its own, meaning many people throughout the state will go uninsured once more. **Governor Snyder** commented on the success of the plan noting that since 2013, the cost of uncompensated care had dropped by 44 percent in Michigan hospitals and has also led to 400,000 preventative care visits and 2.8 million primary care physician visits.

With the future of **Healthy Michigan** awaiting federal action, **Governor Snyder** also mentioned another much debated topic that remains unsolved throughout the state: unfunded liabilities/municipal retirement. According to **Mr. Snyder**, 334 communities across the state have unfunded liabilities totaling more than \$14 billion, something his administration and lawmakers attempted to find a solution for during the **2016 Lamé Duck** session but were unsuccessful in doing so. **Governor Snyder** noted on Tuesday that he plans to create a commission to address the issue, and members will include local government officials, legislators and local employees, while also noting that the unfunded liability issue is a “huge burden”. The process, he continued, will take input from all involved and will need to ensure both local worker benefits are protected and local services are delivered efficiently.

Governor Snyder also spoke on the need for infrastructure updates and the **Flint Water Crisis**. In regards to updates throughout the state, the governor mentioned the construction of a second lock at the **Soo Locks Canal** and the creation and implementation of an integrated asset management pilot program. The second lock, **Mr. Snyder** noted, was federally approved for construction in 1986 but no movement has been made, something he said the federal government needs to pursue as it would help grow Michigan's

economy as well as the nation's.

As for the aforementioned pilot program, **Governor Snyder** noted in his address that implementing such a program would assist in better planning an execution of repairs on all infrastructure needs throughout all areas in the state instead of a multitude of various projects in various areas. **Acknowledging Flint Mayor Karen Weaver** in the audience and thanking her for her dedication and partnership during the **Flint Water Crisis** and its aftermath, **Governor Snyder** mentioned **Flint** as the reference point for which improving infrastructure in the state should be built from. The state's copper and lead rule also needs to be altered and strengthened, according to the **Governor**, another item pertaining to **Flint** that must remain urgent among legislators and administrative officials. Though **Mr. Snyder** mentioned his administration will continue to work diligently on the issue, no policy or proposal was officially announced for the city and its continuous water and infrastructure issues, much to the dismay of many listening and/or watching.

As he addressed what still needs to be done during his roughly hour long speech, **Governor Snyder** also praised his administration and the **State Legislature** for their work on multiple issues, including energy policy reform and autonomous vehicle research and production/technology. The governor thanked the **98th Legislature** for its work on finalizing the state's energy plan, noting that both chambers put forth the effort needed to get a plan in place before the end of 2016 and during a **Lame Duck** session. He also applauded the approval of multiple autonomous vehicle legislative proposals, including the acquisition of **Willow Run** for a new testing and production facility as well as the designation of highway test tracks in metro **Detroit**. Both pieces of policy will help Michigan's economy improve even more than it has since the **Recession**.

Another issue **Governor Snyder** touched on during the speech was his support for transformative tax incentives, a topic which ultimately died in **Lame Duck** last year (known as the "TIF on steroids" package). The idea of the legislation would be to invest in public private partnerships in order to revitalize downtown areas within the state by allowing certain tax incentives to be approved.

Governor Snyder also mentioned his goal of returning the state to a population of more than 10 million people before the end of his term, calling for action from businesses and the state as a whole to put forth effort in welcoming 71,000 more citizens.

2017 SESSION BEGINS – The 2017 **Legislative** session officially began this week, with both chambers introducing the first sets of bills for the term. Though it was a short session week, incumbent **House** and **Senate** members did not waste time in bringing attention to unresolved issues from last session. New **House** members also did not hesitate to start their legislative careers by bringing some fresh ideas and policy making proposals to the chamber.

Senate members began their year with a full plate, introducing 52 bills that cover issues ranging from corrections reform to prevailing wage to tax reform. **House** members' introductions were also brought forward in mass and covered issues from school shootings to absentee voting and campaign finance law to vehicle registration fees.

The first three bills of the **Senate** session year address the 50-year-old prevailing wage law, following failed attempts to repeal that law over the past two session years. **Senate Republicans** have been attempting to repeal the law since 2015, with the current statute requiring workers employed on state-financed or sponsored construction projects to receive union-scale pay as established within the area of which the project is located. Those in opposition to the law claim the state and its taxpayers should not have to pay union level dues for state government projects. In the past however, any legislation on the repeal has been stalled via lack of floor votes or lack of movement in committee. Members began the effort again however, with **Senate Bill 1**, introduced by **Senate Majority Leader Arlan Meekhof** (R-West Olive); **Senate Bill 2**, introduced by **Senator Peter MacGregor** (R-Rockford) and **Senate Bill 3**, introduced by

Senator David Robertson (R-Grand Blanc).

With prevailing wage back at the top of the *Senate's* list, members also brought the issue of tax reform to the new year, specifically focusing on an income tax rollback. **Senator Jack Brandenburg** (R-Harrison Twp.) introduced *Senate Bill 4* on Wednesday of this week, calling for the reduction of the current 4.25 percent rate by .25 percent for the first year followed by a decrease of 1 percentage point each year after until the tax is at zero. *House* members also saw similar legislation with **House Speaker Tom Leonard** (R-DeWitt) noting it is one of his caucuses top priorities for the session year. **Representative Lee Chatfield** (R-Levering) introduced *House Bill 4001*, calling for the reduction in the first year by .35 percent and .1 percentage point every year after until the tax is at zero.

Another top priority for *House* and *Senate* majority leaders and their caucuses is the issue of corrections reform. **Senator John Proos** (R-St. Joseph) brought forward a 20-bill package (*Senate Bills 5-24*) to his colleagues for consideration, with the reform package being immediately referred to the *Senate Michigan Competitiveness Committee* as a starting point. The package focuses on an array of issues within the criminal justice system including parole and probation reform, housing reform and recidivism, among others. A resolution was also introduced (*SCR 4*) calling for the renaming of the *Michigan Department of Corrections* to the *Michigan Department of Corrections and Rehabilitation* so as to encompass its full purpose and scope of responsibility. *Senate Bill 50* was also introduced by **Senator Darwin Booher** (R-Evart), in which a jail bed savings program would be created if passed. On the *House* side, **Representative Peter Lucido** (R-Shelby Twp.) introduced *House Bill 4012* to his fellow members, calling for reform for probation and parole, as well as the issuance of search warrants.

Other top proposals include: extension of the *Health Insurance Claims Assessment (HICA)* (*SBs 30-32*); banning of e-cigarettes to minors (*SB 37*); credit expenditures by certain school teachers for school supplies (*SB 25*); eliminating the requirement for a concealed carry permit (*HBs 4003-4006*); and the creation of a *Michigan Infrastructure Council* (*SB 51*).

STATE PRISON ADJUSTMENTS CONTINUE– The *Michigan Department of Corrections (MDOC)* continues to address the ongoing issues with vendors hired for the state's prisons, this week announcing a penalty of \$2 million for *Trinity Services Group*, the contracted food service provider. *MDOC Director Heidi Washington* commented noted the penalty was imposed due to various violations, including the lack of adequate staffing (not meeting the 350-employee minimum); meal substitutions; meal delays and inadequate cooking of the food, among others.

Ms. Washington, having been director for 18 months, has faced multiple challenges within the prison system (expansion of *Vocational Village*; new prescription service contract; inmate escapes and unrest; etc.), however the largest issue was switching the food contract from the controversial company *Aramark* to *Trinity* in late 2015. According to spokesperson for the *Department*, *Chris Gautz*, *Trinity* currently has an 88.3 percent staffing rate with 309 employees, and the state is holding the company accountable for not reaching its quota, something officials failed to do with *Aramark*. *Mr. Gautz* commented on the violations and fines, stating, "We made it very clear ahead of time that when the contract isn't being met, fines are going to be assessed."

The company does have, however, 27 job candidates who have passed security checks, are going through training and are expected to begin their positions soon. Because of the failure in the details of carrying out violations and fines with *Aramark*, *Ms. Washington* made sure the contract with *Trinity* wrote specifics as to what would happen if violations occurred when she began as director. In order to gain more staff members for the company, the *MDOC* plans to work with the *Michigan Department of Talent and Economic Development* to broaden the search for applicants. The contract with the firm is worth up to \$158.8 million and is set to expire in July of 2018.

Outside of the food vendor issue, the state's prisons also saw three health care contracts merge into one, \$655 million contract, something *Ms. Washington* and *Mr. Gautz* noted as crucial for forming more integrated care in the prison system. The three contracts combined included those for physical health, mental health and pharmaceutical services, eliminating the three separate contractors and moving the single contract to one firm, *Corizon*. The contract is still being implemented statewide, *Ms. Washington* noted, but all facilities have been responsive and the *Department* is pleased with the progress it has made thus far.

AUTO NO-FAULT REFORM RESURFACES – *House* members brought back the issue of auto no-fault to the new session year, via three bills introduced in the chamber this week. *House Speaker Tom Leonard* (R-DeWitt) noted that auto no-fault is a top legislative priority this session year for the *Republican* caucus. *House Bills 4042* and *4041* sponsored by *Representative Peter Lucido* (R-Shelby Twp.) bring some aspects of past attempts into the current legislation, but also have new additions. *HB 4042* proposes the immediate removal and destruction of an unlicensed driver's license plate by police (same language as last year's bill) but also now calls for the implementation of a 10-day window between removal and destruction of the plate, during which the vehicle's owner could provide proof of insurance for said vehicle. As for *HB 4041*, the legislation calls for the creation of a reporting requirement for insurers to notify the *Secretary of State* when an individual's auto insurance policy has been terminated or has lapsed without renewal. The bill also imposes a \$1,000 fine for drivers having been caught more than once without insurance.

House Democrats also brought in their own piece on the issue, with the introduction of *House Bill 4049*, as sponsored by new member *Representative Patrick Green* (D-Warren). The bill reintroduces reporting requirements for the *Michigan Catastrophic Claims Association (MCCA)* and would also require all data used to calculate the *MCCA's* premium, expected losses and expenses to be posted on its website.

SECTION 298 INTERIM REPORT ISSUED TO LEGISLATURE – The state should maintain separate payment operations for mental and physical health *Medicaid* payments and should also incorporate changes to end gaps in coverage, according to the *Section 298 Interim Report* issued to the *Legislature* on Friday of last week. The report, presented and issued by the *Department of Health and Human Services (DHHS)* also calls for the state to screen for substance abuse problems; hold annual open forums for the public to discuss changes and proposals for the improved coordination of services; to create a separate infrastructure that would handle complaints if those complaints are not addressed at the local level; and to implement "person-centered" planning when outlining and executing public supports and services for citizens with developmental disabilities. In total, the report lists 70 recommendations for the *Legislature* and acknowledges those recommendations may be effected by federal or state policy or funding changes but asked that members attempt to comply with and achieve the recommendations regardless of those alterations. The final report will be issued to the *Legislature* in March, followed by another phase of recommendations focusing on developing models, goals and guidelines to be implemented as well. _

ODDS & ENDS – The *Michigan Departments of Health and Human Services* and *Environmental Quality* launched a new initiative last week which is to provide *Flint* homes with lead levels above 15 parts per billion with one new kitchen faucet and one new bathroom faucet...the *City of Flint* is now accepting bids to replace lead-tainted service lines running to 6,000 homes in 2017 according to *Flint Mayor Karen Weaver's* office...*Representative Jewell Jones* (D-Inkster) has been appointed as deputy chair of the *Democratic Caucus* as announced by chair of the *Caucus Representative Adam Zemke* (D-Ann Arbor)...*Representative Brian Banks* (D-Detroit) is set to stand trial on all four criminal charges filed against him by *Attorney General Bill Schuette's* office as his motion to have the charges dismissed failed last week Friday...of the 833 bills signed into law for the *2016-16 Legislative* term, roughly 11 percent were from *Democratic* legislators while 86 percent of those bills came from the *Republican* legislators...in

Opinion No. 7293 to **Senator Wayne Schmidt** (R- Traverse City) **Attorney General Bill Schuette** stated that Michigan law does not permit commercial aquaculture in the **Great Lakes**, but that the practice is allowed in privately controlled waters...former **Michigan Governor Jennifer Granholm** has been named senior political commentator for **CNN**...**House Speaker Tom Leonard** (R-DeWitt) told reporters on Tuesday of this week committee assignments for the year will be released next week following his work with **House Minority Leader Sam Singh** (D-East Lansing) on the assignments...a forum, sponsored by the **Institute for Public Policy and Social Research** at **Michigan State University**, was held this week Wednesday to discuss the effects the loss of **Healthy Michigan and Medicaid** in the state if **Congress** were to repeal the federal **Patient Protection and Affordable Care Act** with panelists noting no replacement strategy is in place federally or at the state level...according to a report released by **Moody's**, Michigan faces a \$4 billion infrastructure gape and capital investment in the state is shrinking more quickly than any other state (except **Nevada** and **Florida**)...**U.S. Representative Brenda Lawrence** (D-Southfield) called for an immediate re-opening of the **Flint Water Crisis Congressional** investigation via a letter sent to the **House Oversight and Government Reform Committee**...according to a preliminary estimate released on Wednesday of this week, the state's average unemployment rate for 2016 was 4.8 percent, making it 0.6 percentage points lower than that of 2015...according to a report from **Moody's**, Michigan's bond rating remains only one spot down from the highest rating a state can earn, and should continue to remain at AA1 for the foreseeable future...frequent visitors to the **Senate's** new **Capitol View (Binsfield) Building** can purchase a pass for \$20 as announced by the **Senate Business Office** this week...**Ronna Romney McDaniel** was elected to the post of **Republican National Committee Chair** on Thursday of this week in **Washington, D.C.**...the state will oversee the construction of a 36-inch water line set to deliver water from the **Karegnondi Water Authority** system to a connection point within the **Flint Water Treatment Plant**...**House Speaker Tom Leonard** (R-DeWitt) announced that financial disclosure for the **House** and its employees will soon include specific salary information after having been eliminated by former **House Speaker Kevin Cotter** last year...**U.S. Senator Debbie Stabenow** (D-Lansing) introduced legislation this week requiring **President Donald Trump** to withdraw from the **Trans-Pacific Partnership (TPP)**.

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