



This Week in Lansing

MHSA • Muchmore Harrington Smalley & Associates, LLC

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

Volume XXVIII – Issue 28

July 8, 2016

SNYDER VETOES ROAD BILL-KNOLLENBERG CONSIDERS OVERRIDE – Governor

Rick Snyder vetoed his 50th bill last Friday, causing the bill’s sponsor, *Senator Marty Knollenberg* (R-Troy), to consider a possible override of the veto, among other options to revive the legislation. The bill in question, *Senate Bill 557*, passed through the *House* and *Senate* on 109-0 and 37-0 votes respectively despite opposition from the *Michigan Department of Transportation (MDOT)*. *Senate Bill 557* calls for the elimination of the share some cities pay toward state road projects in their jurisdictions, such as the 12.5 percent in funding *Troy* was potentially facing for the major *I-75* project. According to *MDOT*, the state’s current five-year funding plan for roads assumes \$4.4 million annually will be a result of contributions from cities statewide in the program, with 45 projects currently affecting said cities.

In his veto letter, *Mr. Snyder* commented on the division of contributions between state, city and county saying, “If this bill becomes a law, it would pull \$22 million from roadwork at a time when aggressive investment is necessary, without any source of funding replacement. This will likely result in certain projects being delayed or resources reallocated from other projects.” *Representative Peter Pettalia* (R-Presque Isle) agrees with *Mr. Knollenberg*, calling the issue one of fairness. Though he did not approve of the legislation from its inception, *Mr. Pettalia* now questions the costs for cities compared to the *MDOT* budget on the whole and plans to discuss the veto with the *Governor* and his administration with the hopes of coming to a compromise. *Mr. Knollenberg* plans to discuss options with the *Governor* as well, but first will meet with *Senate Majority Leader Arlan Meekhof* (R-West Olive) on next steps and possibilities of bringing the legislation back to the *Legislature* and *Mr. Snyder*.

LINE 5 PROTESTERS TARGET SCHUETTE HOME – Demanding action to shut down the

Line 5 pipeline owned by *Enbridge Energy*, an estimated 40-60 protestors congregated at the home of *Michigan Attorney General Bill Schuette* this week Wednesday. Throwing “unknown substances” at the house and driveway, the protestors also hung banners on the property and pounded on the windows and doors. *Mr. Schuette* was not home at the time of the incident, however his wife was inside. In a statement released by the group, *Michigan Coalition Against Tar Sands* and another group, *Earth First!*, one person is quoted as saying, “If public officials continue to threaten our safety, then we will continue to threaten their security.” Also noted in the press release, the group said this is the first demonstration they have held against the pipeline at the home of a public official, with the protests claiming the pipeline is violating the 1953 easement by carrying petroleum products under the *Straits of Mackinac*. Spokesperson for *Mr. Schuette*, *Andrea Bitely*, commented on the event, stating, “While these thugs failed, what happened today was an outrageous attempt to intimidate and bully the Schuette family and the people of Michigan through Bill’s role as the attorney general of Michigan.” *Midland* police, *Michigan State*

Police and the local sheriff's office were called to the scene but no arrests were made. With the pipeline carrying more than 500,000 barrels of petroleum a day, *Enbridge* has said the pipeline is run safely but *Mr. Schuette* has acknowledged it will need to be shut down eventually, but only when other methods of product transportation are found and in place.

JUVENILE LIFER RESENTENCINGS RECEIVE FEDERAL RESTRAINING ORDER – *Federal District Judge John Corbett O'Meara* issued a temporary restraining order on all prosecutors in the State of Michigan from filing motions for the resentencing of juvenile life sentence prisoners. After overseeing the federal suits on the question of whether juveniles sentenced to life without parole would be eligible for parole hearings, *Mr. O'Meara* ordered the state to respond to the temporary restraining order by July 18 and to appear at a hearing on July 28. The order was issued following a motion that was filed that brought about the possibility of state prosecutors filing motions for resentencing instead of for parole hearings.

PSC TO INVESTIGATE UTILITY ASSESSMENTS LAW – The *Public Service Commission (PSC)* began its investigation this week into the law dealing with the issue of the amount of public utility assessments to be paid by regulated entities in future years. *PA 299 of 1972*, the law being investigated, created a funding system for the *PSC* and regulated public utilities to be assessed annually for the cost of that regulation. Considering revisions to the law, the *PSC* plans to focus on the fairness and equitability of the current division among utilities in regard to the cost of the commission's regulation. As a part of the investigation process, the *PSC* ordered all companies regulated by the commission to file a proposal concerning any suggested changes to the current allocation method within 30 days. After those proposals are submitted and another 30 days pass, staff will then make recommendations to the commission for their consideration.

HICA TAX TO BE UPHELD – Ruling Michigan's *Health Insurance Claims Assessment (HICA)* does not violate federal pre-emption, the *6th U.S. Circuit Court of Appeals* announced its decision on the controversial issue last week Friday. In the opinion, written by *Judge Karen Nelson Moore*, the court stated *HICA* did not violate the *Supremacy Clause of the U.S. Constitution* and *ERISA's* pre-emptive provisions, something they had previously ruled but were required to investigate more thoroughly by the *U.S. Supreme Court*. Created in 2011, *HICA* has failed to raise the intended funds needed to maximize matching funds the state could get from *Medicaid*. In an attempt to reach those matching goals, the *Legislature* approved a one-year extension of the program earlier this year. The opinion of the court was joined by *Judge Danny Boggs* and *Ohio Federal District Judge Michael Barrett*.

SCHUETTE BOWS OUT OF MPSERS APPEAL – *Attorney General Bill Schuette* announced Tuesday of this week that he will not be assisting *Governor Rick Snyder* in the pursuit of an appeal of the recent ruling requiring the state to repay employee retirement health care contributions to school employees. *Mr. Snyder* will be appealing the *Court of Appeals* ruling that the law requiring forced contributions toward their retirement health care by school employees was unconstitutional as it did not guarantee that health benefits would be provided. The court then ruled that the state did not have the right to keep those funds during the appeal process and pending the outcome of the litigation. *Mr. Schuette*, before *Mr. Snyder* announced his plans to appeal, noted in a statement he will appoint special counsel for the *Governor* but will not participate himself.

Union leaders did not approve of the *Governor's* appeal decision either, releasing statements of support for *Mr. Schuette's* choice to opt out. Commenting on the controversial issue, *Michigan Education Association President Steve Cook* stated, "In light of Attorney General Schuette's decision not to participate in any appeal of this matter, Governor Snyder's choice today can only be interpreted as a continued attack on school employees and a continued waste of taxpayer dollars on a politically-

motivated appeal, that the state has lost every step of the way.” **David Hecker, President of the American Federation of Teachers** echoed that sentiment, stating, “School employees deserve to have their hard earned money returned to them as soon as possible, but instead they will have to wait as Governor Snyder spends more time defending what is clearly an unconstitutional law.”

This is not the first time the **Governor** and **Attorney General** have disagreed on a major issue, the most recent being the reduction of pension payments for city of **Detroit** retirees as a part of the city’s bankruptcy provisions. Spokesperson for **Mr. Snyder, Anna Heaton**, said the retirement system’s solvency depends on those contributions, noting in a statement, “These payments are necessary for the long-term financial stability of the retirement system teachers rely on for health care benefits after their years of hard work come to a close. Keeping the money in the system will help their investments continue to grow and benefit Michigan educators for decades to come.”

REMINDER – The **Ellis Parking Structure** on the corner of Capitol and Allegan Streets (that most of you utilize when visiting our offices or the Capitol) is no longer open for public parking. Public parking is now available in the following parking structures: corner of Washtenaw and Townsend across from the Post Office, at the end of Allegan Street at Grand Avenue, and between Washtenaw and Kalamazoo Streets on Capitol (next to **Western Michigan University Thomas Cooley Law School**). If you visit Lansing on a regular basis, you may want to consider obtaining a monthly parking permit from **Ellis**. The number to reach **Ellis** is (616) 458-1179 and cost is \$150/month for first come first served or \$170/month for a reserved spot. With this change, **MHSA** is no longer be able to provide validation for parking. We apologize for any inconvenience.

CAMPAIGN NOTES – **House District 23 Democratic** candidates **Steven Rzeppa** and **Sherry Berez** released a joint statement last week stating they are teaming up to work on education reform and stricter oversight on charter schools. In the statement, **Mr. Rzeppa** commented on the joint effort, stating, “We are committed to putting a stop to anti-union, for-profit charter school operators making a profit while failing to educate kids. It’s just common sense: no uncertified teachers should be allowed in Michigan classrooms. Charters must be held to the same standards as our local public schools.”

House District 11 Democrats announced this week **Inkster City Councilmember Jewell Jones** will replace the late **Representative Julie Plawecki** on the upcoming primary ballot. **Mr. Jones**, currently in **Kentucky** training with the **U.S. Army**, will be the youngest legislator to serve in the state of Michigan if elected. The minimum age in the **Constitution** is 21, and **Mr. Jones** will not be 22 until April of 2017. As a **Councilmember**, his focus has been expanding economic development in the city as well as assisting its youth, something he would carry over into his work at the **Capitol**, according to his chief of staff **Javion Johnson**. **Senator David Knezek** (D-Dearborn Heights) expressed his support of **Mr. Jones** saying he looks forward to working with him at the state level after working with him to become a member of the city council. Noting he did support **Lauren Plawecki, Representative Plawecki’s** daughter, for the position, **Mr. Knezek** stated, “I think it is going to be great to have two young people working for the families in the 11th District. I have known him since he was a young man and it has been wonderful to watch him grow to a young leader, and I think we are going to make a great team.”

ODDS & ENDS – **Governor Rick Snyder** announced this week that a special election in **House District II**, to fill the vacancy after the unexpected death of **Representative Julie Plawecki** last month, will be held on August 30 for the **Primary** and November 8, coinciding with the **General Election...The Great Lakes Water Authority** has agreed to continue providing its water to the city of **Flint** without increasing its rates...according to a study released by the **Michigan Economic Development Corporation** the \$261.6 million in investments in the **21st Century Jobs Trust Fund’s Entrepreneurship and Innovation Program** have helped diversify Michigan’s economy and created jobs since its creation in 2005...tax

expenditures could total \$36.5 billion in *FY 2016-17*, a 3.2 percent increase from *FY 2015-16* according to an annual report from the *Department of Treasury*...authorities from the *Michigan Department of Environmental Quality* and the *U.S. Environmental Protection Agency* confirmed reports of the air in southeastern *St. Clair County* as exceeding federal standards for *sulfur dioxide*...reported Wednesday of this week, 11 cases of the *Zika Virus* have been confirmed in the State of Michigan according to Michigan's *Chief Medical Executive Eden Wells*...*Genesee County* has confirmed its first and only case of *Legionnaire's Disease*, with no other cases or outbreaks reported in that area or the rest of the state...*Blue Cross Blue Shield of Michigan* announced this week the insurer's freeze on rates for its *Medigap* program will end January 1, 2017, with plans to base rates on age, gender and geography in the new year...*Rachel Eubanks* has been appointed by *Governor Rick Snyder* to replace *John Quackenbush* to serve on the *Public Service Commission* as *Mr. Quackenbush* heads back to the private sector...for 2015, Michigan was found to be in the top 15 states for wage growth as a result of its 3.136 percent growth that year, according to the *University of Michigan*...in a report released this week from the *Senate Fiscal Agency*, Michigan's inflation-adjusted gross domestic product increased 1.4 percent in 2015... *Tara Nikolao*, represented by the *Thomas More Law Center* in *Ann Arbor*, filed a federal lawsuit in *Detroit* this week claiming the state's requirement that parents who seek a non-medical waiver from vaccinations for their children before they enter public schools receive in-person education is unconstitutional.

MHSA • Muchmore Harrington Smalley & Associates, LLC

Patrick Harrington pharrington@mhsa.com | Jon Smalley jsmalley@mhsa.com | Sandra Jones - sjones@mhsa.com
Adrian Cazal acazal@mhsa.com | Bret Marr bmarr@mhsa.com | Evelyn Zois Sweeney esweeney@mhsa.com

124 West Allegan St., Suite. 1900 | Lansing, MI 48933 | Phone: 517-484-8800 | Fax: 517-484-4442 | Email: rsmith@mhsa.com
