



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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JOBS PACKAGE BILLS INTRODUCED IN SENATE – The *Senate* introduced a package of bills allowing for business expansions or new locations meeting certain requirements to receive a certain percentage of their employees’ personal income tax withholdings. *Senate Bills 242, 243 and 244* allow businesses creating at least 500 new qualified jobs paying the average wage or higher for the prosperity region where the business is located to be eligible to receive up to a five-year, 50 percent abatement on the personal income tax withholdings of new employees. Businesses creating at least 250 qualified new jobs paying wages at 125 percent or more of the prosperity region average wage would be eligible to receive up to a 10-year, 100 percent abatement.

Senator Jim Stamas (R-Midland), lead sponsor of the package, indicated if a company fails to meet the required amount of jobs, they would not receive the incentive. If the company met the required threshold the following year, they could apply for the incentive again if it was still within the specified timeframe. *Mr. Stamas* said “We’ve come a long way and with timely, fiscally sound investments, we’ve been able to make strategic investments” into roads, education and other areas. We’ve provided a climate for businesses to grow ... but we’re still 300,000 short of Michigan’s peak employment from right before the great recession. This incentive is to grow hundreds of new jobs to our state that are good-paying jobs.” *Senator Stamas* made clear that the legislation is not a *Michigan Economic Growth Authority* tax credit or an incentive to retain jobs.

A site selector based in Michigan, *Dan Foster*, reiterated how beneficial it would be for Michigan to implement these types of incentives. “The other states you’re competing against ... all have very significant incentive programs. For companies, it’s part of the process. You have to compete on that level. Michigan is lacking in that department, and we see it.” Corporate Vice President at *Whirlpool Corporation* in Benton Harbor, *Jeff Noel* stated “We’ve got lots of people coming to see us ... I know what the incentive wars looks like, and we’re not even close. We were founded in Michigan. We love Michigan. But the world is so competitive, the only way we’re going to win is to have the talent,” and talent comes from growth that is lacking in Michigan.

The incentive package, currently in the *Senate Economic Development and International Investment Committee*, would be limited to 15 new projects per year with a maximum value for all outstanding projects at any time capped at \$250 million. *Mr. Stamas* noted there would be an audit conducted yearly of businesses seeking to claim the incentive and said there is no “wiggle room” for companies to, for example, come to the *Michigan Strategic Fund (MSF)* to request an exception due to circumstance.

SENATE COMMITTEE HEARS TESTIMONY ON TAX REFORM – Following the unsuccessful attempt to pass an income tax cut in the *House*, the bills have now been sent to *Senate* members for review, with the first public testimony having been heard by *Senate* committee members on Tuesday of this week. Members of the *Senate Finance Committee* received comments regarding *Senate Bill 4* as introduced earlier this year by *Senator* (and *Committee Chair*) **Jack Brandenburg** (R-Harrison Twp.), which calls for the elimination of the state’s *Income Tax* over a five-year period. Noting his support for the elimination will only move forward if an alternate revenue stream is agreed upon, **Mr. Brandenburg** stated leaving the state with a \$9 billion hole in revenue source is not and will not be an option for him.

Rachel Richards, legislative coordinator for the *Michigan League for Public Policy (MLPP)*, told *Committee* members that her organization believe the current tax policy is “upside-down” and that the state has not maintained its budget as necessary with recent inflation rates. Commenting on the current policy, **Ms. Richards** stated, “When adjusted for inflation, the budget is below the 1968 level. When adjusted for inflation, what we spend on schools is below the 1995 level.” The *Committee* was also given insight by **James Hohman** to the other side of the argument: the state could cut the income tax from 4.25 percent to 3.9 percent without harming the budget. **Mr. Hohman**, *Assistant Director of Financial Policy* for the *Mackinac Center for Public Policy*, made the argument that because tax revenues have increased by \$3.6 billion since 2010, Michigan could eliminate one of its basic taxes without a replacement, also noting no other state has made that move yet.

One major consensus agreed upon by committee members and presenters was that this process will take time, whether some agree it should or not. **Mr. Brandenburg**, who has been out due to hip replacement surgery, met with four other members of his income tax rollback workgroup earlier last week to discuss ideas and forward movement. Commenting on issues that need to be addressed to make Michigan one of the most competitive when it comes to tax structure, **Mr. Brandenburg** noted some of those issues include population growth, per capita income and regulatory reform, each of which will play a crucial role in the tax reformation.

URBAN GROCERY STORE LEGISLATION INTRODUCED – Downtown areas across the state may see new development opportunities in the form of grocery stores with the hopes of eliminating “food deserts” in urban areas and commercial corridors. The *House Commerce and Trade Committee* met on *House Bill 4207* this week, a bill to allow for grocers to be eligible for state grants and loans via a *Michigan Strategic Fund (MSF)* award or another similar incentive.

The legislation, as introduced by **Representative Andy Schor** (D-Lansing), would allocate at least five percent of the currently appropriated monies for community revitalization within the *MSF* to the development of grocery stores in urban areas throughout Michigan. The bill would also define an urban food initiative as a retail food outlet in a downtown or commercial area that sells unprocessed *USDA*-inspected meat and poultry, fresh fruits and vegetables, and dairy products. **Mr. Schor** said though the topic is not a new one for the *Legislature*, he continues to hear comments on the lack of available grocery options and believes that by bringing more options to urban areas and downtowns, more young people and different talents will be attracted to those communities. **Mr. Schor** also stated that walkability was a key component of his legislation and to bring the stores to locations with high population density.

While the *Michigan Economic Development Corporation (MEDC)* provides similar incentives currently, **Mr. Schor** told members of the *Committee* that grocery store owners and developers “want assurance that grocery dollars are available.” **Representative Klint Kesto** (R-Commerce Twp.) expressed his

could (or have been) forgotten. **Mr. Kesto** cited the *Detroit City Market* as one of the 65 (out of 77) privately owned full-service grocery stores in *Detroit* that could be effected. **Mr. Kesto** noted he did not necessarily disagree with the legislation but that he wanted to bring the issues those stores may face to the discussion as well, as bigger stores have a competitive advantage over locally owned and operated ones.

Mr. Schor did note that while new developments and stores would be eligible for incentives and grants for infrastructure improvements and other project, so would already existing full-service stores. **Mr. Schor** also addressed concerns over the requirements for the stores, including what foods can and cannot be sold to qualify as a full-service grocery store. **Jeremy Hedges**, with the *Michigan Department of Talent and Economic Development*, voiced that though the *Department* remains neutral on the bill, concerns regarding sustainability for the potential projects are being expressed. Commenting on those concerns, **Mr. Hedges** stated, “It is not to say this necessarily harms anything we do, we just aren’t sure this would meet the needs that are out there, and solve the problem to the hopes that the (project) sponsor is having.”

The bill saw no action and remains in the *House Commerce and Trade Committee*, with *Committee Chair Eric Leutheuser* (R-Hillsdale) noting both sides of the issue have time to work on a solution as it is not tied to the current budget.

IPPSR: MORE FUNDING/ATTENTION FOR OPIOID ISSUE NECESSARY – Panelists at the *Michigan State University Institute for Public Policy and Social Research (IPPSR) Public Policy Forum on Opioid Addiction* told attendees that in order to end the epidemic of opioid addiction within the state, more resources need to be put toward the cause and more Michigan citizens need to be apprised of the situation.

The panel, comprised of medical experts, law enforcement officials and activists, told those in attendance that the first step is to recognize that opioid addictions stems from physiological changes, not necessarily from ill intent or weakness. Opioid overdoses have now surpassed car accidents as cause of death throughout the State of Michigan, the panel noted, with the number of overdose deaths increasing to 1,980 in 2015.

One major step towards ending the abuse would be alterations in prescription regulations at both the state and federal levels, including the retraining of physicians in prescribing oxycodone, hydrocodone and other opiates. A major issue in the overdoses and addiction is access to the drugs themselves, with some patients selling their excess medication for profit. Stricter regulations and “disincentives on illicit dealings” were also cited by the panel as methods to cut down on the distribution, and therefore consumption of, the opiates. It was also noted that *Michigan State Police* posts across the state have already begun to accept used medications or excess medications for destruction to combat the aforementioned issues.

Another aspect would be to help those already addicted by offering better and more long-ranging treatment plans and options. The panel noted that the insurance-covered short term treatment programs are not enough as the addiction becomes neurobiological and lifelong, something even those who have been clean for years still struggle with, and therefore the necessity for long term care is apparent. While state lawmakers continue to work with advocates on creating legislation at the state level, *U.S. Representatives Debbie Dingell* (D-Dearborn) and *Tim Walberg* (R-Tipton) have reintroduced legislation that would allow physicians access to a patient’s addiction history and to aid in treatment plans.

FINAL REPORT: HEALTH INTEGRATION PROPOSALS FINALIZED– The *Section 298*

not outline a specific funding model for the integration of mental and physical health payments under *Medicaid* in the state. The report did call for the state to evaluate and assess the outcomes of the current pilot programs, and to make no decisions on financing and or integration management services until that evaluation was complete.

Encompassed in the 138-page document are 70 different proposals, including 42 for possible pilot and test programs; the implantation of a process by which model plans could be developed without policy or statutory changes; any integration proposals to be coordinated by *Medicaid* health plans and behavioral health systems; the creation of a venture capital fund on integration innovation to allow local and regional integration arrangements and for strong action in lessening services gaps for families, children and seniors in need of behavioral health services across the state.

Other issues addressed in the report include recommendations for schools to develop and implement better mental health screening techniques as well as for the system itself to be updated in regards to handling complaints and grievances brought by patients and/or their families. Alterations in staffing requirements were also outlined, including criminal background checks, wage increases, paid leave and tuition reimbursement. The report was presented to the *Legislature* as the *U.S. House of Representatives* continues its discussion on a replacement plan for the *Affordable Care Act* (“*Obamacare*”), something that the workgroup noted would undoubtedly affect the state’s Medicaid system.

ODDS & ENDS

- 63 percent of business leaders in the state believe Michigan’s economy will improve in six months, while 73 percent believe the *U.S.* economy will improve in that time frame as well, according to a survey conducted by *Business Leaders for Michigan*.
- The *21st Century Education Commission* presented its final report on Friday last week and received high praise after calling for multiple changes in the state’s education system as well as the coordination between preschool, *K-12* and higher education. The full report can be seen here: [Report](#)
- Michigan’s unemployment rate was reported at 5.2 percent in January of this year, up from 5.1 in December of last year and 5.0 percent in January of 2016.
- *Charlotte, Lapeer* and *Sault St. Marie* have been added to the *Michigan Economic Development Corporation’s (MEDC) “Michigan Main Street Program”*, in which communities receive five-years’ assistance from the *MEDC* to bring new residents, jobs and businesses to downtown areas.
- The *Michigan Catastrophic Claims Association* announced this week that the assessment fee paid by auto insurers to the *Association* will increase by \$10 per vehicle between July 1, 2017 and June 30, 2018, with the amount per vehicle to then total \$170.
- *President Donald Trump* made a stop to the *American Center for Mobility* in *Ypsilanti Township* on Wednesday to discuss the ongoing progress of automated vehicles with auto industry leaders.
- *Huntington Bank* announced it will create 60 new jobs and invest nearly \$5.4 million in *Flint* at its complex across from the *University of Michigan-Flint Campus*.
- *Representative Lana Theis* (R-Brighton) has set up a committee to run for the *22nd Senate District* in the 2018 election (currently held by term-limited *Senator Joe Hune* (R-Whitmore Lake) and former *Representative Joe Haveman* has set one up for the *30th Senate District* (currently held by term-limited *Senate Majority Leader Arlan Meekhof* (R-West Olive).
- *Senate Bills 72, 73* and *220* were voted out of the *Senate Judiciary Committee* on Wednesday calling for the allowance of certain prisoners imprisoned for drug-related offenses to be eligible for parole if they have served their minimum sentences.

Secretary for *Vice-President Mike Pence*.

- According to the *House Fiscal Agency*, the *General Fund* fell roughly \$19.6 million below forecasts for the month of February due to a significant decline in revenue from the *Michigan Business Tax* (revenues were reportedly -\$293.4 million in February).
- The *Michigan Agency for Energy* and the *Michigan Public Service Commission* announced on Wednesday the launch of a new website dedicated to the implementation of the new energy laws and the engagement of the public. The website can be viewed [here](#)
- According to a recently released *Denno Research* poll, *Detroit Mayor Mike Duggan* currently has a 46-21 percent lead over *Senator Coleman Young II* (D-Detroit) in the 2017 *Detroit* mayoral race.

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