



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 XXIX – Issue 12
2017

March 24,

TAX INCENTIVE LEGISLATION HEADED TO SENATE FLOOR – Legislation calling for the allowance of large-scale employers to collect certain percentages of their employees’ personal income tax withholdings was unanimously voted out of the *Senate Economic and International Development Committee* on Thursday of this week, moving the bills to the full *Senate*. *Senate Bills 242-244* are sponsored by *Senators Jim Stamas* (R-Midland), *Senator Wayne Schmidt* (R-Traverse City) and *Senator Steve Bieda* (D-Warren), respectively, and would allow only businesses that expand or add locations to receive the incentive. Having died in the *House* during last session’s *Lame Duck* session, the package, labeled as the *Good Jobs for Michigan* package, has been a top priority for legislators this session as well. The bills outline the following regulations:

- Eligible businesses (those that create at least 500 new jobs that pay the average wage or above for the region where the business is located) would be allowed to receive up to a five-year, and up to a 50 percent abatement on the personal income tax withholdings of their new employees
- Eligible businesses (those that create at least 250 new jobs that pay 125 percent of the average wage or above for the region where the business is located) would be allowed to receive up to a 10-year, and up to a 100 percent abatement on the personal income tax withholdings of their new employees

The bills also state that if a business fails to provide the required amount of jobs or pay, it would not receive the incentive that fiscal year, but could be eligible for the following year(s) if the number of jobs and pay has met the requirements under the legislation.

OPIOID ABUSE PREVENTION PACKAGE INTRODUCED – The state’s fight against opioid abuse continued on Thursday this week as multiple bills were introduced in both the *House* and *Senate* from both political parties, with the legislation calling for more practices for prevention and education. The bills introduced were: *House Bills 4403-4408* and *Senate Bills 270, 272-274, 166-167, 171-172* and *236-237*. The main highlights of the package call for the following:

- The requirement of prescribers to use the new *Michigan Automated Prescription System (MAPS)*-set to launch next month) before prescribing or dispensing controlled substances (*Schedule 2-5*) with sanctions for violators (*SBs 166-167*)
- Increased penalties for pharmacists and physicians who incorrectly prescribe, dispense, distribute or manufacture controlled substances (*SBs 171-172*)
- Prescribers would have to have a legitimate patient-physician relationship before prescribing the aforementioned *Schedule 2-5* controlled substances (*SB 270*)

- New education practices and efforts to be implemented and offered to students to inform them about the dangers of opioid medications and abuse via the ***Prescription Drug and Opioid Abuse Commission (SBs 236-237 and HBs 4406-4407)***
- Additional limits would be put into place on opioids used for chronic and acute pain sufferers (***SB 274***)
- Parental consent would be required in order for minors to receive an opioid prescription for the first time (***HB 4408***)
- The provision of options for those addicted to opioids that are also ***Medicaid*** beneficiaries, including inpatient care, clinical stabilization services and acute treatment services (if a medical necessity) (***HB 4403***)

In 2015 alone, Michigan saw 1,981 drug overdose deaths, with opioids (including heroin) causing the majority of those overdoses. The issue, legislators and ***Governor Rick Snyder*** have noted, continues to grow as the amount of opioid medications prescribed also continues to climb, making the legislation calling for more intense regulation all the more urgent and necessary. ***Mr. Snyder***, along with ***Lieutenant Governor Brian Calley*** and ***Attorney General Bill Schuette*** expressed support for the bipartisan package of bills, stating that it is an important step forward in the state's effort to combat the epidemic.

STUDY FINDS MENTAL HEALTH SYSTEM HAS SAVED STATE \$13 BILLION – With multiple changes surrounding the state's ***Medicaid*** system expected, the ***Michigan Association of Community Mental Health Boards (MACMHB)*** recently announced results of a study in which it was found that the state's mental health system has saved more than \$13 billion since 1998, despite commercial health insurance rate increases.

Following the release of the ***Section 298 Workgroup Report***, which discusses the heavily debated integration of the state's physical and mental health Medicaid payment systems, the issue of funneling ***Medicaid*** mental health funding through the same health maintenance organizations (***HMOs***) as physical health care services remained a concern for the mental health community.

Those in opposition to the integration noted that if it were to occur, the routing of mental health monies would be replaced via prepaid inpatient health plans, with those plans then contracting with the local community mental health boards. Commenting on the ***Association's*** support for continuing the current funding system, ***MACMHB CEO Robert Sheehan*** stated the importance of the report's findings, saying, "The study finds that Michigan's public mental health system has shown tremendous return on investment, saving the state billions of health care dollars over the past two decades."

The report issued to the ***Legislature*** did not provide a recommended funding model, another issue mental health advocates pointed out. The study was completed by the ***Association's*** research sector known as the ***Center for Healthcare Research and Innovation***.

DARK STORES ISSUE TO BE REINTRODUCED – ***Representative David Maturen*** (R-Brady Twp) announced this week Tuesday his plan to bring back legislation that would alter how local governments assess the taxable value of big box stores, an issue that has seen much opposition in the past including failure to pass a ***Senate*** committee last session. Currently, the ***Michigan Tax Tribunal*** allows said big box stores' buildings to be assessed on their minimal values while vacant, causing some local governments to claim the stores are not paying the appropriate amount of taxes but instead, taking advantage of local services.

House Bill 4397 would, according to ***Mr. Maturen***, contain a more detailed system of

evaluation, something the previously failed version lacked. Issues seen within the current system however include the comparison of the vacant big box stores to newly opened ones, meaning the value is low and the placement of deed restrictions when a business vacates a location so as to keep competitors from moving in. While **Mr. Maturen** voiced his positive outlook for the legislation, **Senator Jack Brandenburg** (R-Harrison Twp) expressed his opposition of the proposal once more, reaffirming his position from last session when the bill stalled in the **Senate Finance Committee** (which **Mr. Brandenburg** chairs).

CHARITABLE GAMING BILLS SET FOR HOUSE VOTE NEXT WEEK – Alterations to the state’s charitable gaming laws were heatedly discussed on Wednesday of this week during a **House Regulatory Reform Committee** meeting, with officials from some charities claiming the current limits on amounts that can be raised via “millionaire parties” and **Vegas** night events have prevented charities from raising necessary monies.

Officials from multiple charities in the state noted that since the regulation of charitable gaming was transferred to the **Michigan Gaming Control Board (MGCB)** in 2012 by **Governor Rick Snyder**, their fundraising efforts have been hindered by the limits, one group citing a roughly \$5,000 decrease in charity gaming revenue each year since 2014. **Michael Horvath** with the **Knights of Columbus in Okemos** said his organization saw that change due to the alteration in licensing and limit regulations. **Kim Spalsbury** with the **Grand Ledge Lions Club** also noted drops in numbers as well, stating opportunities for the charitable gaming decreased by approximately two-thirds after the regulations were put in place.

Representative Tom Barrett (R-Pottersville) and **Senator Rick Jones** (R-Grand Ledge) both introduced legislation that would overturn many of those regulations as well as increase the amount of chips those participating in charitable gaming can sell at the aforementioned events. The legislation, **House Bill 4801** and **Senate Bill 35** (sponsored by their respective legislator), calls for said increase to go from \$15,000 to \$20,000, or up to \$80,000 total for multiple-day events (up to four days). A 33 percent increase in the amount charities could raise annually was also included, moving from \$240,000 to \$320,000.

Those in opposition to the bill, including **MGCB Executive Director Richard Kalm**, argued the current limits and rules were necessary to decipher which charities are illegitimate and assist in eliminating immoral suppliers and venues. Commenting on the legislation and the rules enforced under his overhaul of the regulations, **Mr. Kalm** told committee members, “This isn’t about charities and their right to get money. This is really about oversight we had to engage in because there were problems.”

Following the discussion, **Committee Chair Representative Brandt Iden** (R-Oshtemo Twp) noted he plans to call for a vote to move the bills out of committee next week, which if passed by the full **House**, the bills would be the first legislation regarding charitable gaming since the transfer of powers in 2012 to do so.

COMMITTEE DISCUSSES BROWNFIELD BILLS – ADDS AMENDMENTS – This week Wednesday members of the **House Tax Policy Committee** reassessed the package of bills that would allow developers in the state to capture a portion taxes when redeveloping certain sites, adding in amendments including a sunset of the bills by 2022. The legislation (**Senate Bills 111-114**), if passed, would allow developers to collect portions of income, sales and use taxes as an incentive to build on and redevelop previously unusable or abandoned sites. Along with the addition of the sunset, committee

members adopted the following amendments:

- The **Michigan Strategic Fund (MSF)** would be allowed to approve only five transformational projects in any one community (currently, the **MSF** is set to allow only five projects annually)
- 35 percent of all plans approved would need to be located in areas and communities with less than 100,000 residents
- The minimum investment required to begin the project (previously set at \$15 million) could be waived if the community has less than 25,000 people or if the **MSF** determines the project is not economically feasible without the (now) amended program
- If the projected rent rate changes, the state's reimbursement rate to developers would also be subject to change to avoid overpaying by the state

Senator Ken Horn (R-Frankenmuth), main sponsor of the package, was supportive of the amendments and spoke to the committee members in favor of its passage in the **House**. **Chair** of the committee **Representative Jim Tedder** (R-Clarkston) noted that though he is not ready to have his members vote on the legislation, he does support the concept and plans to hold at least one more hearing on the bills.

ODDS & ENDS

- The **U.S. Environmental Protection Agency** announced late last week its approval of \$100 million in emergency funding for the city of **Flint** through the **Federal Drinking Water State Revolving Fund**, in response to the city's **Water Crisis** and its efforts to replace lead pipes
- Each of the 10 school districts with schools on the list of pending closures have announced their agreement to work with **State Superintendent Brian Whiston** to prevent closure and improve the schools, but if progress is not shown in 18 months the agreement would be terminated
- According to the **U.S. Bureau of Labor Statistics**, Michigan was listed as 9th in the nation in employment gains, but 14th in regard to highest unemployment rate
- **Governor Rick Snyder** announced last week two terms of **Michigan Public Service Commission** members would be switched: **Norm Saari** will now serve until 2019 and **Sally Talberg** will serve until 2021
- The **Detroit Public Schools Community District** filed a law suit late last week arguing that the aforementioned agreements between the state and schools facing possible closure are unconstitutional, citing that because the **District** has only been in operation for one year, no one has jurisdiction to close any of its schools
- According to the **Senate Fiscal Agency**, revenue from the state's **General** and **School Aid Funds** totaled \$966.2 million in February 2017, a roughly 5 percent increase from last year's February totals
- Officials with the **Michigan Department of Natural Resources (DNR)** told members of the **Senate Appropriations DNR Subcommittee** on Tuesday of this week that in order to keep the state's parks updated and thriving, the **Department** would need more than the proposed \$10 million increase, noting the number would need to be at least \$285 million total
- The **Michigan Department of Treasury** published forecasts this Tuesday showing projections of the state's total employment to be at roughly 4.8 million jobs by 2024
- In recently released poll results, the **Center for Michigan** found that of the 2,000 Michigan adults polled in June of 2016 47 percent felt no changes were needed to the state's term limit law, 22 percent felt the law and limits need to be tightened, 12 percent felt the law and limits should be eliminated and 15 percent felt they should be lengthened
- The **Senate Appropriations Community Colleges Subcommittee** unanimously approved a 1 percent increase for the base funding for the state's community colleges this week, with the

allocation in the budget now totaling \$3.2 million

- The **Michigan Insurance Coalition (MIC)** and the **Insurance Institute of Michigan (IIM)** announced the merger of the two associations (which represent the state's major insurance companies), on Wednesday of this week, into what will now be known as the **Insurance Alliance of Michigan (IAM)**
- According to the **Michigan Department of Technology, Management and Budget (DTMB)** the state's unemployment rate in February increased to 5.3 percent, a 1.8 percent increase from that of February 2016
- A **Michigan Court of Claims** judge denied a request for a temporary restraining order against the **Michigan Liquor Control Commission (MLCC)** for rescinding the rule that prohibits retail liquor stores from having locations less than one half mile from one another
- **Senate** members passed **Senate Bill 223** this week Thursday which calls for the allowance of police agencies to review a file of a potential new hire's individual records as it pertains to reasons and circumstances in regard to his or her separation of service from a department
- The state's **Human Trafficking Commission** released its latest report on Thursday of this week, outlining various efforts and implementations to prevent trafficking and encourage education for officials on the issue, the report and other information about the **Commission** can be viewed [here](#)
- The **Michigan Association of State Universities (MASU)** held a press conference on Thursday of this week to address its concerns regarding the potential cut to the 2.5 percent increase for higher education as proposed in **Governor Rick Snyder's** 2018 budget proposal

MHSA NEWS: The **MHSA** family is happy to announce the birth of Lauren Clark Cazal, born March 21, 2017 at 7 lbs 21 inches. Please join us in congratulating Adrian and Erin and their families!

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

This message and any attachments are solely for the use of the intended recipient (s) and may contain information that is privileged, proprietary and/or confidential. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify by return email and delete this message from your system.