



# 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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**HOUSE DEMS DISCUSS ALTERNATE TAX CUT PLAN** – With the state’s income tax reformation still a highly contentious discussion for *House* members, *House Democrats* have begun to discuss their version of how the state could assist working families affected by the current income tax.

*Representative Robert Wittenberg* (D-Royal Oak) announced plans last week for the introduction of legislation that would bring a graduated income tax into use. The graduated income tax plan is used by the federal government, as well as 33 other states (including multiple “red states”), *Mr. Wittenberg* noted, and would save citizens money while also raising funds for roads and other priorities. Urging his colleagues on both sides to give the plan a fresh perspective, *Mr. Wittenberg* stated the conversation collectively is, and should be, “about saving taxpayers money.”

Starting to put his plan into action, *Mr. Wittenberg* offered an amendment to the current income tax proposal (which failed last week, *House Bill 4001*), that created new tax brackets. The new legislation, according to *Mr. Wittenberg’s* research and calculations, would save those earning \$35,000 a year 3 and a half times more than the aforementioned failed proposal.

The breakdown, as written in the amendment, is as follows: taxpayers would pay 3 percent on the first \$20,000 of income; 4 percent on income between \$20,000 - \$40,000; 5 percent on income between \$40,000 and \$80,000; 6 percent on income between \$80,000 to \$125,000; 7 percent for those earning between \$125,000 to \$200,000; 8 percent on income from \$200,000 to \$500,000; 9 percent for those earning \$500,000 to \$1 million and 10 percent on any income over \$1 million. If filing a joint return, the above percentages would be doubled, something *House Minority Leader Sam Singh* noted as definitely worth considering. Commenting on the to-be-proposed plan, *Mr. Singh* stated, “It does cut taxes for 95 percent of Michigan residents. The other 5 percent pay a little bit more, but that little bit more adds up to be a lot.”

However, some *House Republicans* think the graduated tax cut is unfair to those experiencing professional success as it calls for those with higher earnings to pay higher return percentages. *Representative Jim Tedder* (R-Clarkston), *Chair of the House Tax Policy Committee*, noted he believes the state’s income tax should not punish those top earners but that instead, as a state, “We should support upward mobility”. *Mr. Wittenberg* is expected to introduce the legislation in the coming weeks.

**DISTRICTS TO SEE NEW BENCHMARKS WITH MORE AT-RISK STUDENTS** – The proposed expansion of eligibility for school districts to receive funding for at-risk students (as outlined in *Governor Rick Snyder’s* budget proposal) would mean those districts would be required to meet a new set of regulations and benchmarks, according to the *Michigan Department of Education (MDE)*.

The proposal recommends an additional \$150 million (a 40 percent increase) for at-risk students, as well as the expansion or eligibility of the federal poverty level from 130 percent to 185 percent (bringing the total eligibility up to 680,000 students). By expanding eligibility and increasing funding, the per pupil allocation is expected to increase from an average \$673 to \$778, but would also see an increase in the amount of lower-income and at-risk students. **Mr. Snyder** noted that if those districts and charter schools do not comply with the newly outlined regulations that go along with the aforementioned proposals, the **MDE** will intervene. The new measures would require districts and charter schools to:

- Ensure the chronic absenteeism rate for economically disadvantaged students and English-language learners is not more than the rate set for other pupils
- Ensure the proportion of economically disadvantaged and English-language learners in the bottom 30 percent of a district's performance on the state standardized math test (taken in eighth grade) and the standardized **English Language Arts** test (taken in third grade), does not exceed the proportion of other pupils in the bottom 30 percent
- Ensure at least 65 percent of students in grades nine through 12 have enrolled in a career technical education program; advanced placement (AP) courses; international baccalaureate courses; or dual enrollment courses with a college or university and that 80 percent of those pupils complete those courses successfully

Districts across the state have praised the additional funding, as it would provide \$105 more per at-risk pupil, but noted they will pay close attention to the new requirements, including meeting them in the future as the funding comes into play. **Senator Geoff Hansen** (R-Hart), **Chair of the Senate K-12, School Aid and Education Appropriations Subcommittee**, agreed a closer look at the details might be necessary for retention of the new expectations for schools and students, stating, "We've got a lot of things we're trying to look at it to make sure we get it right so that the most at-risk students get the help they need."

**MTHRIVE STATUS UNSURE: INCOME TAX FAIL STALLING PROGRESS** – According to **Representative Jim Tedder** (R-Clarkston), the **Senate** bills reintroduced as **MThrive**, also known as the "Brownfield bills", do not have a clear path in the **House** following the failure of the income tax reduction package last week. As **Chair of the House Tax Policy Committee**, **Mr. Tedder** noted that though **Senate Bills 111, 112, 113, 114** and **115** have been sent to his **Committee**, members will not see the legislation for approval for some time due to the optics of the situation.

**Mr. Tedder** stated that though he is open to holding discussions on the issue of allowing additional tax incentives for brownfield projects, now is not the time, with income tax still up in the air. When asked if progress has been made on the income tax plan, **Mr. Tedder** noted that despite the heated and lengthy session surrounding the bill, discussions have been productive and the bill is in good form.

Though the legislation is currently stalled until the **House** passes an income tax plan, two **Brownfield Redevelopment Authorities** received approval from the **Michigan Strategic Fund** for local and school captures. The captures, approved to redevelop brownfield conditions in specified locations, total roughly \$7.2 million in **Kalamazoo County** and \$675,065 in the **City of Grand Rapids**.

**MOBILITY COUNCIL APPOINTEES ANNOUNCED** – **Governor Rick Snyder** announced his appointments to the **Michigan Council on Future Mobility** on Monday of this week, with the **Council** set to be housed within the **Michigan Department of Transportation (MDOT)**. The **Council** has been tasked with making recommendations for the state to ensure "Michigan continues to be the world leader in automated, driverless and connected vehicle technology".

**MDOT Director Kirk Steudle** will co-chair the **Council** with **John Peracchio** of **Peracchio & Company, LLC**. (a consulting services company dealing with customers in the intelligent systems, product and technology arena). Members of the **Council** are as follows:

- **Senators Mike Kowall** (R-White Lake) and **Rebekah Warren** (D-Ann Arbor)
- **Representatives Michele Hoyenga** (R-Manton) and **Kevin Hertel** (D-St. Clair Shores)
- **Steve Arwood**, **CEO** of the **Michigan Economic Development Corporation (MEDC)**
- **Stephen Buckley**, senior technical fellow and senior manager in electrical engineering for **FCA US, LLC**
- **David Bulkowski**, executive director for **Disability Advocates of Kent County**
- **Mark Davidoff**, Michigan managing partner for **Deloitte, LLP**
- **Eric DeLong**, deputy city manager for the **City of Grand Rapids** and chairperson of the **Grand Valley Regional Biosolids Authority**, the **Grand Rapids Building Authority** & the **Utility Advisory Board**
- **Ryan Eustice**, vice president of autonomous driving for **Toyota Research Institute**, associate professor at the **University of Michigan for the Department of Naval Architecture & Marine Engineering** and courtesy appointee in the **Department of Electrical Engineering & Computer Science** and the **Department of Mechanical Engineering**
- **Emily Frascaroli**, counsel for **Ford Motor Company**
- **John James**, president of **Renaissance Global Logistics** and **James Group International**
- **Amy Mass**, vice president and general counsel for the **Hanover Insurance Group/Citizens Insurance**
- **Jeremy McClain**, director of systems and technology for **Continental Automotive Systems, Inc.**
- **Gary Smyth**, executive director of **Global R&D Laboratories for General Motors Company, Global Research and Development**
- **Pat McPharlin**, director of the **Michigan Department of Insurance and Financial Services (DIFS)**
- **Michael Senyko**, designee of **Secretary of State Ruth Johnson**
- **David Behen**, **Director** of the **Michigan Department of Technology, Management and Budget (DTMB)**
- **Col. Kriste Kibbey Etue**, **Director** of the **Michigan State Police (MSP)**

The **Council's** recommendations are due no later than March 31.

**PRISON REFORM REPORTED FROM HOUSE COMMITTEE** – This week Wednesday, members of the **House Michigan Competitiveness Committee** moved the 20-bill corrections package spearheaded by **Senator Rick Jones** (R-Grand Ledge), with the bill now headed to the full **House** for a vote. The package of bills saw multiple amendments added, including changes to **Senate Bill 22**, which now calls for youth rehabilitation programming instead of young adult-only prisons (“gladiator schools”) as initially proposed. Reporting requirements for those youth programs are also now outlined in the same bill.

Most of the bills saw unanimous passage, with the exception of a few, including **Senate Bill 14** in which incentives for businesses that hire veterans were created. **Representatives Abdullah Hammoud** (D-Dearborn) and **Jason Wentworth** (R-Clare) disagreed on the idea that hiring those on probation or parole would allow for companies to receive tax incentives, but the hiring of veterans would not. **Mr. Hammoud** did not vote to report the bill. The full **House** is expected to vote on the legislation sometime in the coming weeks, following a discussion next week between **House Speaker Tom Leonard** (R-DeWitt) and his caucus members.

Other alterations made to the package during the meeting include:

- **Senate Bill 8:** the creation of an act for the use of evidence-based supervision practices for probation and parole
- **Senate Bills 16 and 17:** creation of the **Parole Sanction Certainty Program** to use established sanctions for supervision of eligible parolees; the requirement of the **Michigan Department of Corrections (MDOC)** to adopt a regional incentive program to assist in the implementation of said supervision practices
- **Senate Bill 9:** the allowance of nonprofit organizations' representatives to enter correctional facilities and provide inmate re-entry services
- **Senate Bill 12:** the creation of an accelerated review and hearing process, based on the medical condition of a prisoner, for a reprieve, commutation or pardon
- **Senate Bill 11:** centralizing **Criminal Justice** related data collection
- **Senate Bill 21:** the requirement of increased reporting on use of the **Crime Victim's Rights Fund** and alterations to its administration
- **Senate Bills 13 and 15:** the limitation of the amount of days a probationer could be sentenced to temporary incarceration due to a technical violation; the allowance for a sentencing court to reduce a probationary period for a felon (under certain circumstances)
- **Senate Bills 18 and 19:** the requirement of field operators to provide the **Michigan Department of Health and Human Services (DHHS)** with a list of parole absconders; the prohibition of **DHHS** from granting any person with an outstanding felony warrant with food assistance and any person absconding from parole supervision with cash and food assistance

## ODDS & ENDS

- This week Tuesday the **Michigan Strategic Fund** approved \$187 in business investments, with the creation of 1,445 new jobs expected to follow
- **Senator Coleman Young** (D-Detroit) announced last week Friday his intention of running for **Detroit** mayor
- **House** and **Senate Democrats** announced their plan to bring back citizen oversight commissions that would allow public input and oversight of the **Michigan Department of Environmental Quality's (DEQ)** air quality, water quality and gas operations in the state in response to the **Flint Water Crisis**
- **Voters Not Politicians** announced last week Friday it will begin the process of winning the approval of a constitutional amendment that would end gerrymandering in the Michigan redistricting system by creating a citizens redistricting commission to oversee the reapportionment system
- A panel of the Michigan **Court of Appeals** announced on Friday of last week that front-end loaders fall into the category of "special mobile equipment" (which does not have to be registered with the state) and in turn do not have to carry no-fault insurance
- Current Lansing **Mayor Virg Bernero** announced this week Monday he will not seek a 4<sup>th</sup> term as mayor in this year's election
- **Abdul El-Sayed** announced this week he plans to run for **Governor**, leaving his current position within **Detroit's** public health system
- On Monday of this week, **House Appropriations Health and Human Services Subcommittee** members focused on discussing the **Michigan Department of Health and Human Services (DHHS)** budget, specifically the \$12 million cut for **Macomb County Community Mental Health** as a result of the state's changes in **Medicaid** reimbursements to health care providers
- Chairs of both **House** and **Senate K-12 Appropriations Subcommittees (Representative Tim Kelly** (R-Saginaw) and **Senator Goeff Hansen** (R-Hart)) noted on Tuesday of this week they will not support **Governor Rick Snyder's** proposal to fund cyber schools at 80 percent of the foundation allowance and directing the \$22 million in savings to high schools

- **State Elections Director Chris Thomas**, who was appointed to the position in 1981, announced he will retire in June of this year
- The **Michigan Public Service Commission** denied a proposal from **Consumers Energy** on Tuesday of this week that increased the fee for those opting out of the use of smart meters to \$163.82, a \$94 increase originally proposed
- According to the **Michigan Department of Environmental Quality's (DEQ)** solid waste report issued on Tuesday of this week, the amount of trash being imported to Michigan from **Canada** last fiscal year increased 36 percent from fiscal year 2012; from 6.5 million cubic yards to 8.9 million cubic yards
- **Michigan Department of Transportation (MDOT) Director Kirk Steudle** told **Senate Transportation Appropriations Subcommittee** members on Tuesday of this week that if the **Poe Lock** (one of the **Soo Locks**) were to close for 6 months as being contemplated by **President Donald Trump** (**Governor Rick Snyder** is pushing for \$580 million in federal funds to build a replacement), Michigan would see a 22.6 percent unemployment rate as 944,000 Michiganders would lose their jobs
- Members of the **Senate K-12, School Aid and Education Appropriations Subcommittee** discussed changes to the state's **Great Start Readiness Program** as outlined in **Governor Rick Snyder's** budget proposal, including the eligibility of children to be altered so that those that come from families with incomes of up to 250 percent of the federal poverty level could use the program, instead of the currently flexible percentage of between 250 and 300 percent of the federal poverty level
- **Governor Rick Snyder** has ordered all **U.S.** and Michigan flags in the **Capitol Complex** to be lowered to half-staff today in honor of former **Representative Stephen Monsma** who passed away Saturday, February 18 at the age of 80
- **Attorney General Bill Schuette** announced this week Wednesday he is joining a multi-state antitrust lawsuit against **Heritage Pharmaceuticals, Inc.; Aurobindo Pharma USA, Inc.; Citron Pharma, LLC; Mayne Pharma (USA), Inc.; Mylan Pharmaceuticals, Inc.; and Teva Pharmaceuticals USA, Inc.** over allegations that the six companies engaged in illegal behavior to reduce competition and manipulate prices for needed medications
- The **Criminal Justice Policy Commission** approved a contract on Wednesday of this week to study the cost implications of altering sentencing guidelines for 17-year-olds
- **Colleen Pero** will serve as the **Michigan Republican Party's (MRP)** new **Executive Director** as announced by **MRP Chair Ron Weiser** on Thursday of this week
- Under an adopted amendment to **Senate Bill 102**, as moved out of the **Senate** on a party-line vote on Thursday of this week, school boards or intermediate school boards would be banned from placing a deed restriction on the transfer of unused school buildings to a community foundation, if that deed restriction would prevent a charter school from moving in if districts attempt to use the foundation model
- **Representative Darrin Camilleri** (D-Brownstown Twp.) introduced **HJR H** on Thursday of this week which calls for the definition of literacy to be "a fundamental human right" in Michigan's constitution, forcing the state to become more active in ensuring children are learning to read in public schools
- **Senator Marty Knollenberg** (R-Troy) has been named as **Chair** of the new **Michigan Merit Curriculum Subcommittee** as announced by **Senate Education Committee Chair Senator Phil Pavlov** (R-St. Clair)
- **Senate Bills 152** and **153** were passed unanimously by **Senate** members this week, calling for an increase of the amount of state monies paid to medical providers who assist sexual assault victims by treating injuries, administering a sexual assault kit, etc, as well as an increase in the number of entities eligible for the compensation/reimbursement
- **House Judiciary Committee** members sent **House Bill 4013** to the floor for a full vote on Thursday

of this week, with the bill calling for the allowance of drivers to use an electronic proof of registration during a traffic stop

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