



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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AUTO NO-FAULT RECEIVES COMMITTEE HEARINGS: REMAINS THERE – The auto no-fault reform proposal brought forward by *House Speaker Tom Leonard* (R-DeWitt Twp) and *Detroit Mayor Mike Duggan* received its second hearing on Thursday, with members noting amendments need to be added before moving the bill out of committee.

Members of the *House Insurance Committee* discussed *House Bill 5013*, with both caucuses expressing concern over a few key items including personal injury protection (*PIP*) and reimbursement rates. As written, the bill would eliminate the state’s current requirement for drivers to purchase *PIP* providing unlimited lifetime coverage and instead allows for drivers to choose a lower level of coverage for a lesser price.

Representative *Tim Greimel* (D-Auburn Hills), *Minority Vice-Chair* of the *Committee*, opined he would like to hear testimony from the *House Fiscal Agency* on how the choice option would affect *Medicaid* costs in the state, noting from estimates reported so far, it would increase costs to \$150 million per year by the 10th year of the reform. Commenting on his caucus’ comfort level with the *PIP* portion of the bill, *Mr. Greimel* stated he does not believe “a significant number of Democrats will support a bill with the kind of broad *PIP* choice” as outlined.

Republican members also voiced their concerns with the proposal, noting amendments will be necessary for reimbursement rates for ambulances and non-emergency ground transportation services. *Vice-Chair* of the *Committee*, *Representative Curt VanderWall* (R-Ludington), noted until those reforms are made, his support would not be given but also that citizens are pushing for rate relief so decisions need to be made quickly.

Speaker Leonard, *Mr. Duggan* and *House Insurance Committee Chair Representative Lana Theis* (R-Brighton) agreed more hearings on the proposal are necessary over the coming weeks, to find a plan that is suitable for everyone and addresses the concerns expressed, including looking into more reports and research on the effects of *HB 5013* if enacted. *Ms. Theis* asked committee members to submit their amendments so forward movement can be made, but when asked, she was unsure of when a vote would take place.

SHORT-TERM RENTALS TO REMAIN UNDER LOCAL CONTROL? – Legislation currently in the *Senate Local Government* and *House Outdoor Recreation and Tourism Committees* is under heavy scrutiny from local governments and the tourism industry, with the bills calling for short-term rentals to no longer remain under local government control (*Airbnb*, *VRBO* and *Home Away*, for example). Under *Senate Bill 329* and *House Bill 4503*, local governments would be prevented from using zoning

ordinances to reclassify properties rented out by owners as commercial instead of residential, something tourism industry officials claim would provide an unfair advantage compared to hotels and motels.

Currently, home rental owners are not required to pay taxes on those properties, while sectors of the lodging industry are, another reason industry officials oppose the legislation. Local government officials also expressed their opposition to the legislation, noting the properties put a burden on local communities as such properties currently do not have local regulations.

Commenting on the bills, *Spring Lake Township Supervisor John Nash* stated, “This is a local issue that should be determined by local people.” *President and CEO of the Michigan Lodging and Tourism Association (MLTA) Deanna Richeson* echoed that sentiment, noting that if passed, the bills would override local control, undermine communities, fail to ensure safe rental properties, and encourage unregulated growth of vacation rentals in some neighborhoods.

Those in support of the bills however, claim the legislation protects property value, property rights and local economies. The bills remain in their respective committees, with no hearings scheduled thus far.

MARITIME INDUSTRY: REGULATIONS ARE COSTING MI JOBS – Officials within the state’s maritime industry spoke with members from the *House* and *Senate* on Tuesday, telling them the current ballast water restrictions enacted by former *Governor Jennifer Granholm* more than 12 years ago are now causing Michigan to lose jobs as shipping companies are taking their business elsewhere.

Speaking to members of a joint *Senate Commerce Committee* and *House Commerce and Trade Committee* meeting, leaders in the industry noted the outdated regulations are also not inducing the desired effect originally intended of getting other *Great Lakes* states or *Canadian* provinces to join in on the strict regulations. Currently, as written in *Public Acts 32 and 33 of 2005*, ships wanting to discharge ballast water into a Michigan port must first get a permit from the *Michigan Department of Environmental Quality (DEQ)* to ensure the water is clear of foreign species. Any unpermitted ballast water discharge would result in a \$2,500 to \$25,000 fine.

Paul LaMarre III, director of the *Port of Monroe* testified in the hearing, telling members “We have the most stringent standards, but we need to be realistic.” *Mr. LaMarre* also noted that Michigan still handles the most commercial maritime tonnage than any other *Great Lakes* state and generates \$2 million in local and state taxes with 60 million tons of coal, aggregates for construction, grain, and iron ore moved each year at the state’s 33 active ports.

Echoing that sentiment, *Paul Pathy, Chief Executive Officer of Fendav* (a key partner in the international shipping market that has adopted Michigan’s ballast standards), told *Committee* members Michigan is eliminating itself from more economic activity, stating, “You’re blocking yourself from being able to export cargo from the state’s ports...”.

Committee members agreed to look more into the issue, noting that if it is in fact eliminating jobs and economic opportunities, changes will be made.

CALLEY HOLDS FIRST TOWN HALL – *Lieutenant Governor Brian Calley* discussed his part-time legislature proposal and his thoughts on auto no-fault reform, among other topics at his first town hall meeting as part of his decision to run for governor in 2018. *Mr. Calley* spoke with more than 40 attendees on Monday in *Grand Rapids*, with most questions regarding his proposed part-time legislature effort, including where it stands signature wise, the amount of constituent engagement if enacted and how the experience of legislators would be affected.

Mr. Calley noted that if enacted, the part-time legislature would mirror *Congress* and lead to a “more productive system” while keeping legislative staff size intact so experience and knowledge remain in terms of the legislative process and policy issues. As for constituent relations, **Mr. Calley** told attendees he would expect part-time legislators to conduct similar efforts within their communities and to also make themselves as available as local mayors and or county commissioners currently do. In doing that, he said, they will be more effective.

Regarding the auto no-fault debate currently unfolding in the *Legislature*, the *Lieutenant Governor* told attendees he is confident progress will be made yet this fall as both chambers are working with the *Governor’s* office on the issue. On the highly contentious fee schedule portion of the no-fault reform, **Mr. Calley** stated that addressing the issue should be doable but dealing with lifetime benefits is going to be very difficult, as will any attempt at making rate reductions mandatory.

Mr. Calley also touched upon the *Patient Protection and Affordable Care Act*, stating his top priority to gain support for the reform is that of repealing the individual mandate as he believes “mandating the purchase of something” is not an ability the federal government should have. *Lieutenant Governor Calley* also held a town hall in *Detroit*, with future events in *Lexington*, *Kalamazoo* and *Traverse City* planned.

ELECTIONS

- **House Speaker Tom Leonard** (R-DeWitt Twp) officially announced his campaign for *Attorney General* in 2018 on Thursday
- Son of former *Senator Gerald Van Woerkom*, **Republican Greg Van Woerkom** announced his campaign for the *91st House District*, with the seat currently held by *Representative Holly Hughes* (R-White River Twp). **Tanya Cabala** of *Whitehall*, a *Democrat*, teacher and community activist, also filed for the seat
- **Democrat George Franklin**, former vice president of worldwide government relations of the *Kellogg Company* in *Battle Creek* and former chair of the *Western Michigan University Board of Trustees*, announced he will be seeking election for the *6th Congressional District* in 2018
- Former *Representative Bob Genetski* announced late last week he is running for the *26th Senate* seat in 2018, with the seat currently held by *Senator* and *Attorney General* candidate **Tonya Schuitmaker** (R-Lawton)
- **Tom Choske**, former staffer to *U.S. Senator Carl Levin*, announced his campaign for the *6th House District*, with the seat currently held by *Representative Stephanie Chang* (D-Detroit) who is running for the *Senate* next year
- **Ethan Baker**, a *Troy* attorney and former staff member in *President Ronald Reagan’s* post-presidential office, announced he will be running for the *41st House District* in 2018, with the seat currently held my term-limited *Representative Martin Howrylak* (R-Troy)
- **Lynn Afendoulis** (relative to *Representative Chris Afendoulis* (R-Grand Rapids)), announced the creation of a campaign committee for the *73rd House District* as the current *Representative* plans to run for a *Senate* seat
- **Eaton County Commissioner** and business owner, **Republican Christine Barnes** announced she will run for the *71st House District*, with the seat currently held by *Representative Tom Barrett* (R-Pottersville) who is running for *Senate*
- **Dan Haberman**, a *Democrat* and *Birmingham* business executive, announced on Wednesday his plan to run for *U.S. House District 11* following the decision of current *U.S. Representative David Trott* (R-Birmingham) to not run for re-election

ODDS & ENDS

- **President Donald Trump** announced late last week his intention to appoint **Representative Tim Kelly** (R-Saginaw Twp) to be the **Assistant Secretary** for **Career, Technical and Adult Education** with the **U.S. Department of Education**
- **U.S. District Court Judge Arthur Tarnow** ruled the lawsuit claiming state and local authorities violated federal education laws for the children of **Flint** who were exposed to high lead levels can move forward despite state and local officials' attempts to get the case dismissed
- The **Michigan State Police** announced a policy change last week, calling for the limitation of police chases to felonies other than fleeing and eluding
- **Under Senate Bills 335 and 336**, as passed, any person or entity contributing \$500 or more to a **Super PAC** is no longer required to file a committee of their own with the **Bureau of Elections**
- The state's new technical system, **Project SIGMA**, was implemented over this past week, providing an updated platform for back-end financial functions and timekeeping for individual employees
- **House Bills 5027-5032** as introduced, would establish additional and increased penalties for those who physically or financially abuse the elderly
- Former **Governor John Engler** has been appointed by **U.S. Secretary of Education Betsy DeVos** to serve on the **National Assessment Governing Board**
- According to **John Szczubelek**, chair of the **Law Enforcement Officers Memorial Commission**, the **Commission** has the most funds it has had since 2009, but it is still not what is needed to build the memorial at the chosen site
- The **Michigan State Supreme Court** is set to hear arguments on whether the state can require teachers to allocate 3 percent of their salary for retiree health care on November 7
- According to **Robin Schneider**, finance director for the **Regulate Marijuana Like Alcohol** coalition, the campaign is "85 percent of the way" to its goal of gathering 366,000 signatures (only 253,523) are required for a proposal to be on the ballot)
- **Representative Kevin Hertel** (D-St. Clair Shores) and **Representative Klint Kesto** (R-Shelby Twp) held a "water town hall" with the **Michigan Department of Environmental Quality (DEQ)** in **Harrison Township** on Monday, with the intention being to start a conversation about developing a plan to prevent untreated or partially treated sewage from flowing into the **Clinton River** and **Lake St. Clair**
- The **State of Michigan** is seeking the dismissal of a federal lawsuit that claims the **Michigan Department of Health and Human Services (DHHS)** violated the constitution via its policy stating that foster and adoptive parents must keep their firearms locked in a safe
- Under a partnership with the **Project SEARCH** program, Michigan will assist high school students with disabilities in finding internships within 15 state department divisions and agencies
- Officials with the **Michigan Department of Health and Human Service (DHHS)** recently noted that though the state will not run out of funds for the **Children's Health Insurance Program (CHIP)** until May 2018, they are keeping a close watch on the plan at the federal level as **Congressional** members failed to reauthorize **CHIP's** spending (currently 116,000 children are covered under the plan in Michigan alone)
- Under a proposal expected to be approved by the **State Administrative Board** next week, the state will allocate an additional \$8 million in federal funds toward pipe replacement efforts in **Flint**
- Members of the **Senate Education Committee** discussed **Senate Bill 574** on Tuesday, with the bill calling for the inclusion of charter schools in the state funds made available by regional enhancement millages
- **House Bills 4350 and 4351** passed the **Senate Finance Committee** on Tuesday on votes of 6-0, with the bills calling for the exemption of sales and use tax on aircraft parts purchased for maintenance projects on general aviation at repair facilities throughout the state
- The **Michigan Department of Transportation (MDOT)** is looking for suggestions for research

priorities for the **2018-2019 Fiscal Year** through 2020-2021. More information can be found and suggestions can be submitted to mdot-research@michigan.gov

- **Governor Rick Snyder** met with members of the **Senate Republican Caucus** on Tuesday to discuss reforms for other post-employment benefits (**OPEB**) for public employees
- Members of the **Senate Regulatory Reform Committee** reported **Senate Bill 501** to the full **Senate** on Wednesday, with the bill calling for the continuance of the state's rule requiring a half-mile minimum distance between liquor store licenses (its **House** counterpart, **House Bill 4504** remains in the **House Regulatory Reform Committee**)
- **House Health Policy Committee** members reported multiple bills addressing the current opioid epidemic to the full House on Wednesday, including **Senate Bills 166, 167, 274, 47, 270** and **360**
- According to statistics recently released by **Michigan's Chief Medical Executive Eden Wells**, the amount of opioid related deaths in the state rose from 622 in 2011 to 1,689 in 2016, and the number of opioid prescriptions rose from 10,441,714 in 2011 to 11,028,495 in 2016
- **Michigan State Superintendent Brian Whiston** stated this week he would like to hear discussion on possible hybrid-style local school boards, meaning members would include appointed and elected persons
- **Under House Joint Resolution P**, as discussed in the **House Oversight Committee** on Thursday, the **Legislature** would oversee and monitor Michigan's public universities' and colleges' "free speech" violations on their campuses
- As passed out of the **House Education Reform Committee**, **Senate Bill 98** calls for the expansion of the number of promise zones in the state from 10 to 15
- **House Speaker Tom Leonard** (R-DeWitt Twp), in response to the mass shooting in **Las Vegas** last Sunday, stated that mental health and its broken system is the root of such events, noting mental health is one of his top issues to address yet this term
- In an advisory bulletin posted on Thursday, the **Michigan Department of Licensing and Regulatory Affairs (LARA)** stated it will now require medical marijuana testing at two points in the production process: after the plant's harvest and after its processing

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