



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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FALL SESSION BEGINS: SENATE OUTLINES AGENDA – As legislators returned to Lansing this week for the beginning of fall session, *Senate* leaders noted which key issues the chamber will address in the coming weeks. Among the top issues listed, local government pension reforms and amendments to the state’s auto no-fault insurance system are the most highly contentious issues, with each having previously seen action in both chambers.

The local government retirement issue saw defeat during last year’s *Lame Duck* session, with many groups opposing the proposed reforms including the lessening of benefits for retirees and changes to their overall health care retirement plans (also known as *Other Post-Employment Benefits (OPEB)*). In response to the action (or lack thereof), **Governor Rick Snyder** formed *The Responsible Retirement Reform for Local Government Task Force* to address the state’s unfunded liabilities totaling \$17.4 billion for pension and *OPEB* obligations.

The 20-member task force released a report in July detailing the state’s deficit and outlining recommendations for improvement (the report can be viewed [here](#)).

As for the auto no-fault issue, leaders noted that finding a balance between rate relief and adequate coverage is key, something the *Legislature* has not yet been able to manage. **Senate Majority Leader Arlan Meekhof** (R-West Olive) noted that the education of *Senate* and *House* members would need to be addressed, so that each chamber is fully aware of how insurance rates in Michigan (among the highest premiums in the country) affect almost every family in the state.

Mr. Meekhof and **House Speaker Tom Leonard** (R-DeWitt Twp) have been working closely with **Detroit Mayor Mike Duggan** on the issue as well, but **Mr. Meekhof** noted that if a plan comes from **Mr. Duggan** calling for mandatory rate rollbacks it will be “dead on arrival” in the *Senate* as it would “interrupt the free market.”

Other issues of importance will include: the possible veto override of passed legislation calling for the acceleration of phase outs applying the sales tax to the value of a trade-in automobile when purchasing one; more focus on efforts to provide career and technical education programs throughout the state; *Flint* related topics; and prescription drug prices and other opioid related reforms.

Both **Mr. Meekhof** and **Senate Minority Leader Jim Ananich** (D-Flint) cited bipartisan work as an important aspect moving forward, noting resolutions will come when work is done together in the *Senate* and with their colleagues in the *House*.

MENTAL HEALTH TASK FORCE: GAPS IN RESOURCES/ACCESS – Members of the *House CARES Task Force* held their fourth meeting on Thursday of this week to address the ongoing issue of mental health in the state, specifically addressing components of *Community, Access, Resources, Education and Safety (CARES)*.

Chair of the task force, *Representative Hank Vaupel* (R-Handy Twp), stated earlier in the week that members of the task force have learned from the previous meetings that there are large gaps in the accessibility of services for residents in need, shortages of professionals in the mental health field, and lack of resources in certain locations as they vary from county to county.

Mr. Vaupel commented on the state's lack of consistency in regard to access, stating, "The services that are there I think are quite good. It is a matter of having uniformity and having enough of the services to service the population."

Those that gave testimony at the hearing on Thursday included *Dr. Laura Hirshbein, University of Michigan Medical School; John Kinch, CEO of Macomb County Community Mental Health; and Dennis Bott, Executive Director of the Macomb Oakland Regional Center*. Representatives from *Peckham Inc.* and *MedCart Specialty Pharmacy* were also in attendance to testify.

Commenting on the importance of mental health care for all who need it, no matter the circumstance, *Dr. Hirshbein* told *Committee* members, "We need a continuum of care that makes sure patients get the right care at the right time. What we need is a continuum of care at all levels."

Mr. Bott agreed, noting that care also needs to focus on the exact illness, instead of lumping all mental illnesses and disabilities into one scope of treatment or one center. Telling members that Michigan is one of seven states that combines its mental health and substance abuse programs with developmentally disabled programs, *Mr. Bott* recommended action be taken to separate those who suffer from mental illness, substance abuse and developmental disabilities in order to improve attention, care and innovation for each group.

Along with the aforementioned issues, *Mr. Vaupel* noted the 14-member task force has to also take into account incarceration, drug abuse and veterans' issues while formulating recommendations for reform. Though transportation, housing and employment are not directly related to mental health services, they play a key role in the lives of those suffering from mental illness, especially if no care is available. Having toured multiple psychiatric facilities throughout the state in early August, the group was able to see firsthand the issues affecting those with mental health disorders in Michigan, as well as the services available and access to said services.

Mr. Vaupel noted the task force hopes to have its hearing process finished by late fall, with a report released by the end of 2017.

CHANGES IN MEGA CREDIT REPORTING NECESSARY – In its recently released review of the *Michigan Economic Growth Authority (MEGA)* tax credit program, the *Office of Auditor General (OAG)* noted that updates to the program's confidentiality provisions are necessary, so that Michigan citizens are aware of "essential" tax information. The program, run by the *Michigan Economic Development Corporation (MEDC)* and the *Michigan Strategic Fund (MSF) Board*, was created in 1995 and operated as a refundable tax credit to a business's *Michigan Business Tax* liability. However, the program was discontinued in 2011 as a part of the state tax overhaul.

According to the audit, though the *MEGA* tax credits were ended, some businesses within the state have

credits yet to expire, one of the issues cited as needing reform. Also, currently there is no requirement for businesses or the state to report the capped liability, the credit expiration date, or the credit's total estimated value. The audit found that the above information was omitted from reports for the 2014 and 2015 fiscal years, as well as for previous ones, noting the *MSF* reported only current certificate amounts for the reporting year. In its report, the *OAG* also outlined recommendations for improvement as well as a suggestion for new legislative action and updates.

Issues noted as points of interest for reform were:

- Defining the type of tax information to be precluded from disclosure
- Establishing whether the aforementioned preclusion should exist only for amount of taxes paid and/or taxable income, or also to include estimated tax credits negotiated with public funds
- Outlining the circumstances in which state officials have the discretion to negotiate confidentiality provisions into individual agreements in which public funds are involved
- Determining if the aforementioned agreements limit transparency and consistency among other taxpayers and program participants
- Determining a clear definition in the *MSF Act* as to what type of information could cause the applicant "significant competitive harm"
- Investigating the effects of information (i.e. agreed-upon amount of estimated and capped tax credits) on a business's competitive advantage

MEDC spokesperson *Otie McKinley* noted that the agency, along with the *MSF*, will incorporate any appropriate legislative reforms to the law, stating, "In the event changes to the law are considered, the *MEDC* and *MSF* will engage in open and transparent dialogue with the Legislature and other policy makers to ensure the implications of such changes are fully understood."

ELECTIONS

- *Washtenaw County Commissioner Michelle Deatrick* (Democrat) announced her campaign for the *18th Senate District* on Tuesday, with the seat currently held by term-limited *Senator Rebekah Warren* (D-Ann Arbor)
- *Dayna Polehanki*, owner of the *Detroit Casting Company*, announced her campaign as a Democratic candidate earlier this week for the *7th Senate District*, currently held by term-limited *Senator Patrick Colbeck* (R-Canton)
- Former *State Representative Bruce Rendon* (Republican) announced his plans to run for the *35th Senate District* seat in 2018, with the seat currently held by term-limited *Senator Darwin Booher* (R-Ewart)
- *Marsha Kosmatka*, Republican and former assistant prosecutor for *Oakland County*, announced she will be running for the *39th House District* in 2018, with the seat currently held by term-limited *Representative Klint Kesto* (R-Commerce Twp)
- *Senator Steve Bieda* (D-Warren) told media outlets on recently he is "actively exploring the possibility" of seeking the Michigan *Democratic Party's* nomination for *Attorney General*

ODDS & ENDS

- New home to the *Detroit Red Wings* and the *Detroit Pistons*, the *Little Caesars Arena* opened to the public on Tuesday as a part of legislation passed in 2012 that calls for the allowance of *Ilitch Holdings* to use the *Downtown Development Act* to gain *Tax Increment Financing Authority* revenue for the 50-block redevelopment project
- *Senator Mike Shirkey* (R-Clarklake) announced his reintroduction of legislation that would allow

- for dental therapists to perform certain routine procedures currently handled only by dentists
- **Michigan Court of Appeals Judge Mark Boonstra** released an opinion late last week stating that health care providers cannot sue the entities in charge of covering persons injured in traffic accidents without insurance
 - In the race for **House Speaker** for the **2018-19 Legislative Session**, **Representative Lee Chatfield** (R-Levering) is noted as the clear frontrunner, should **Republicans** keep majority in the **House**
 - According to a report released earlier this year by the **Kaiser Family Foundation**, health insurance plans available on the individual market will increase in cost for the upcoming year by (on average) 27.6 percent under the proposed **Affordable Care Act** (with those increases not taking into account tax credits' offset)
 - A ruling released by the **6th U.S. Circuit Court of Appeals** unanimously upheld the decision of the **U.S. District Court** in **Detroit's** opinion that former emergency manager of **Hamtramck Cathy Square** did not violate the **U.S. Constitution** when she enforced a requirement of retired city employees to pay higher deductibles and co-pays for health insurance provided by the city
 - **Moody's Investor Service** issued an A1A rating for Michigan, meaning the state outlook is stable
 - The **Michigan Lodging and Tourism Association (MLTA)** announced it recently commissioned a survey on local approval of any pre-**Labor Day** school start waivers, with 75 percent of those surveyed noting they want to be able to approve the waivers
 - According to the **Michigan Association of Public School Academies**, 11 charter schools closed and only five new ones opened for the 2017-18 school year, making it the first time since 1994 that the overall number of charter schools in the state decreased
 - In a statement released on Wednesday, the **Michigan Environmental Council** opined the cleanup criteria outlined by the **Michigan Department of Environmental Quality (DEQ)** will not be adequate in protecting public health as the rules cannot react quickly enough to changes in science
 - According to numbers released over **Labor Day** weekend by the **Michigan League for Public Policy**, Michigan's unemployment rate is at its lowest since 2000, coming in at 3.7 percent, and is due to both worker attrition and economic improvement (the state has lost 326,000 workers since 2000)
 - **Governor Rick Snyder** began another trade mission on Tuesday, this time heading to **Germany** and **Japan** to focus on investments in Michigan's automotive sector
 - **Standard and Poor**, a top **Wall Street** rating agency, announced the upgrade of Michigan's debt outlook on Tuesday, moving the state to an AA- rating on general obligation debt and an A+ on debt backed by appropriations
 - Former **Governor John Engler** is set to speak at the **Michigan Republican Party Mackinac Leadership Conference**, which is set to take place September 22-24 on the island
 - Former executive vice president and chief business development officer with the **Michigan Economic Development Corporation (MEDC)**, **Jennifer Nelson**, has been named vice president for public policy and economic development at **Business Leaders for Michigan (BLM)**
 - **Representative John Reilly** (R-Oakland Twp) has been named as chair of the newly formed **Affordable Energy Caucus**, which is set to focus on reducing energy costs and to discuss the financial impact of energy policy
 - **Enbridge Energy** confirmed on Tuesday that at least one spot on its **Line 5** pipeline where the protective coating is lacking was caused by the company as it worked to install support anchors on the pipeline
 - **Federal Judge Judith Levy** ruled recently against the state's request to reconsider her previous decision to consolidate the ongoing class action lawsuits against the state in regard to the **Flint Water Crisis**
 - When asked for a timetable on the possibility of a veto override for legislation accelerating the phase out of applying sales tax to the value of a trade-in when purchasing a vehicle, **Senate Majority Leader Arlan Meekhof** (R-West Olive) stated, "When it's the appropriate time. Sometime

before the end of 2018.”

- The **House Regulatory Reform Committee** discussed **Senate Bills 264** and **265** on Wednesday, with the legislation calling for updates to certain training and certification requirements for firefighters, as well as the expansion of the **Firefighters Training Council** (no action was taken on the bills)
- Members of the **House Regulatory Reform Committee** discussed **Senate Bills 356-358**, which call for the alteration of liquor salesperson licensing disbursement to an industry-based accreditation system (**SB 356**); the allowance of microbrewers to provide a refund for product replacement under certain conditions (**SB 357**); and the allowance of a manufacturer to provide an event/promotional sign to a licensed retailer during certain events (**SB 358**)
- The **Michigan Department of Transportation (MDOT)** announced 15,000 freeway lights have been replaced in **Wayne, Oakland** and **Macomb Counties** via a public-private partnership established in 2015
- \$400,000 in grants will be split among 40 Michigan communities to assist in the protection of water sources from contamination, as announced by the **Michigan Department of Environmental Quality (DEQ)**
- The **Michigan Liquor Control Commission (MLCC)** announced it will file a repeal request if the “half-mile rule” that calls for the allowance of a liquor licensed retailer to operate within a half-mile of another licensed retailer is allowed
- **Representative Tim Kelly** (R-Saginaw Twp) told members of his **House Education Reform Committee** to expect legislation in the coming weeks creating an accountability system, potentially with a letter grade, for schools throughout the state
- **House Speaker Tom Leonard** (R-DeWitt Twp) and **Senate Majority Leader Arlan Meekhof** (R-West Olive) are hoping to come to an agreement next week on **Senate Bill 335**, which calls for the prohibition of coordination between an independent committee and a candidate on how the committee would spend money raised in support of a said candidate
- **Senate Democrats** introduced **Senate Bills 531-538** on Thursday, with the package outlining proposals to fix the **Unemployment Insurance Agency’s** issues that wrongfully accused 37,000 applicants for unemployment benefits of fraud
- In a letter delivered to the **Legislature** Thursday, the **Michigan Department of State** asked members to clarify whether entities contributing to super political action committees need to register and report expenditures
- The campaign titled “**One Fair Wage for Michigan**” officially began its run to be placed on the ballot next year, with the effort seeking to increase the state’s minimum wage to \$12 an hour while also phasing out the lower wage for tipped workers
- According to a report published by the **Michigan Municipal League**, 100 percent of the 27 **State of the City** addresses given this year spent “significant time” on issues of economic development within that community
- The **Michigan Department of Health and Human Services (DHHS)** announced recently its new public assistance application (to be revealed in January) has been cut from 42 pages to 18 in an effort to make the process more “user-friendly”

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