



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 47

December 1, 2017

CALLEY ANNOUNCES BID FOR GOVERNOR – *Lieutenant Governor Brian Calley* officially announced his long-awaited run for governor in 2018, noting he and current *Governor Rick Snyder* “are the biggest change agents that this state has ever seen” and he will continue the efforts if elected. In the announcement video, *Mr. Calley* focused on the economic successes the state has seen during the past seven years and noted his administration would take Michigan “to the next level”.

Meeting with multiple media outlets following the early morning announcement on Monday, *Mr. Calley* outlined several policy goals for his campaign, including ensured reading by third grade, a flexible curriculum, the filling of 100,000 skilled trade jobs in his first term, emphasis on working in the social service system, and increasing efforts to combat the opioid epidemic.

Governor Rick Snyder, though not officially endorsing the *Lieutenant Governor*, met with media outlets in *Detroit* alongside him on Monday afternoon to speak on the state’s comeback. When asked if *Mr. Calley* is an underdog in the gubernatorial race, *Mr. Snyder* stated, “Look at the track record of success both in terms of what we’ve done collectively to turn Michigan around and the particular projects he’s been the point person on and that he’s led for the state. That’s a track record of experience that no one else can match.”

Democrats in the state reacted to the announcement with a dismissive tone, noting it as anti-climactic and denouncing the idea of a “de facto third Snyder term.” In the race for the *Republican* nomination, *Mr. Calley* currently faces *Attorney General Bill Schuette*, *Senator Patrick Colbeck* (R-Canton Twp) and *Dr. Jim Hines*.

LINE 5 TO REMAIN VIA TUNNEL UNDER STRAITS – *Enbridge Energy’s Line 5 Pipeline* will be allowed to continue to operate, though with conditions and additional safety measures, according to a deal reached between the state and the company announced Monday. Three possible options for the pipeline were outlined, including: building a tunnel for the replacement pipe to run through; burying the pipeline; and horizontal drilling. However, the state noted, a complete shutdown of the pipeline also remains a possibility if the issues are not addressed quickly and efficiently.

Recently, *Enbridge Energy* reported that of the 128 anchor locations along the pipeline running under the *Straits of Mackinac*, 48 have been inspected and found to have gaps in protective coating, causing those in opposition to the *Line* to call for action to be taken. The agreement, made on the premise of protecting the *Great Lakes* and other waterways, also calls for the temporary shutdown of the pipeline should waves exceed eight feet for more than an hour.

A state-hired official will also be required to work alongside *Enbridge* officials in the evaluation and implementation of new technologies for the pipeline, including but not limited to: enhancing leak detection, improving the determination of the pipeline's protective coating; taking measures to avoid ship anchors striking the line; and introducing alternatives to replace the portion of the line currently at the bottom of the *Straits*.

Multiple state and federal officials praised the agreement but noted the issue is not yet solved, and more work with *Enbridge Energy* is necessary to continue the protection of the *Great Lakes*. *U.S. Representatives Fred Upton* (R-St. Joseph) and *Debbie Dingell* (D-Dearborn) both applauded the move and noted they will continue working at the federal level to address the concerns raised over the pipeline.

Governor Rick Snyder also noted the agreement reached is progress, but that the state will continue to monitor the company's every day and future operations. *Enbridge Energy* also released a statement, noting they will continue to work to gain the trust of Michigan residents and thanked state officials for their efforts. The agreement can be viewed [here](#).

OPEB CHANGES INTRODUCED IN BOTH CHAMBERS – Highly anticipated legislation that would make significant changes to how local units of government contend with “*other post-employment benefits*” (*OPEB*) was finally introduced in both legislative chambers yesterday after weeks of speculation. The 16 bill package is being spearheaded by *Senator Stamas* and *Representatives Albert and Lower* with *Senator Shirkey* anticipated to play a pivotal role as *Chair of the Senate Competitiveness Committee* where the *Senate* bills (SB's 686-701) were sent. House Bills 5298-5313 were also sent to the *House Competitiveness Committee*.

The legislation creates a five-stage process with the first two stages establishing uniform reporting requirements, funding ratios and triggers that if met, would allow the state to label a retirement system underfunded. Five year waivers could be issued to local governments if they are actively working to solve their unfunded liabilities-the third stage. The fourth stage would require a corrective plan to be negotiated with local stakeholders within 180 days of meeting the underfunded designation. The final stage would place a local into financial emergency and oversight by a three-person financial management team appointed by the *Governor*. The team would be vested with broad authority which would include requiring the local government to amend its budget, sell assets “or take any other action relating to the operation of municipal government. It's this particular aspect of the bills many interest groups oppose.

Although groups representing the state's 30,000 police officers and fire fighters have been engaged in conversations with legislative leadership, they remain opposed to the bills as introduced. However, all parties are continuing to communicate their concerns in hopes of finding a balanced solution to the remaining *OPEB* issues. Public safety representatives support the recommendations outlined in *Governor Snyder's Responsible Retirement Reform for Local Government Task Force* report issued earlier this year. The *Task Force* voted unanimously to support the report, and therefore, according to the public safety groups, the *Task Force* plan should be implemented first to see if it works before another proposal is pursued.

Committee hearings are expected to begin on the bills next week with some speculating a final vote before the legislature recesses for the year.

ELECTIONS

- Current *House Speaker Pro Tempore Representative Lee Chatfield* (R-Levering) purportedly has sufficient support within the *Republican Caucus* to be elected the next *House Speaker* assuming

Republicans maintain majority

- **Attorney General Bill Schuette** announced he has received support from both **President Donald Trump** and **Vice President Mike Pence** in his 2018 gubernatorial race

ODDS & ENDS

- The preliminary examination of the state's **Chief Medical Executive Dr. Eden Wells** has been delayed once more as **Flint Water Investigation Special Counsel Todd Flood** cited the need to obtain text messages between **Michigan Department of Health and Human Services (DHHS)** officials and Dr. Wells
- **Congressman Dan Kildee** has joined other prominent democratic and republican officials requesting the resignation of **U.S. Representative John Conyers, Jr** amidst several sexual misconduct allegations
- The **Michigan Department of Environmental Quality (DEQ)** announced an additional informal information session on Monday regarding its proposed changes to cleanup criteria: December 8 at 10:00 a.m. in the ConCon Conference Room, Constitution Hall, 525 W Allegan Street
- **Detroit Mayor Mike Duggan** announced he will nominate **Lawrence Garcia** to be the city's **Corporation Counsel** following the departure of current **Counsel Butch Hollowell** at the end of the year
- **House Majority Floor Leader Dan Lauwers** (R-Brockway) announced the **House** will start session at 10:00 a.m. on December 12, 13 and 14, the last session days scheduled for 2017
- Michigan is roughly 22.6 percent short of funding needed for special education, according to a report released last week Wednesday by **Lieutenant Governor Brian Calley's Special Education Funding Committee**. The report can be viewed [here](#)
- The **Michigan Department of Technology, Management and Budget (DTMB)** needs to improve its documentation and bidding processes, according to a performance audit released by the **Office of Auditor General**. The audit can be viewed [here](#)
- According to its annual report, the **Michigan Department of Treasury** stated tax expenditures for Michigan will continue to increase as the total for the **2016-17 Fiscal Year** exceeded estimations by more than \$2 billion
- The **Michigan Department of Health and Human Services (DHHS)** is requesting an additional \$750,000 to cover its costs for the defense of state officials involved in the **Flint Water Crisis**, which, if approved, would bring the contract with **Willey and Chamberlain** of **Grand Rapids** to \$1.75 million
- **Paul Lauria** of **Mt. Pleasant** has been appointed to the **Michigan Prescription Drug and Opioid Abuse Commission**, succeeding **Mary Sclabassi** following her resignation. **Mr. Lauria** will represent law enforcement officers until September 1, 2018 and the appointment is subject to the advice and consent of the **Senate**
- The state could have \$260 million more **General Fund/General Purpose** revenue for **Fiscal Year 2018** according to **Mitch Bean** of **Great Lakes Consulting**, due to extra **General Fund** revenue and lower than expected **Medicaid** costs in Fiscal year 2017
- **Scott Ellis**, executive director of the **Michigan Licensed Beverage Association**, stated last week he is working on an update version of legislation allowing for smoking on outdoor patios at bars or restaurants following the 2009 ban
- Michigan's **Unmanned Aircraft Systems Task Force** released a report recently, stating drones in the state should be included in the mission of the **American Center for Mobility** next to the **Willow Run Airport** where work on autonomous vehicles is set to begin
- The **Michigan Strategic Fund Board** received insight into a \$2.1 billion downtown **Detroit** project on Tuesday, with **Board** members needing to approve the projected \$618 million in tax incentives over 30 years before the project can move forward
- **House Bill 4430**, as sponsored by **Representative Martin Howrylak** (R-Troy) and discussed by

members of the *House Judiciary Committee* on Tuesday, calls for the blockage of state assistance to the federal government in obtaining an individual's electronic data or metadata

- Under *House Bill 5245*, as sponsored by *Representative Klint Kesto* (R-Commerce Twp) and discussed by members of the *House Law and Justice Committee* on Tuesday, prisoners with deteriorating mental or physical health no longer posing a threat to society would be allowed to transfer out of the jurisdiction of the *Michigan Department of Corrections (MDOC)* to receive long-term medical or mental health care in a facility or home
- Members of the *House Transportation and Infrastructure Committee* reported *Senate Bill 97* to the full *House* on Tuesday, with the bill calling for the allowance of public-private partnerships
- *Michigan Department of Environmental Quality (DEQ) Director Heidi Grether* stated the replacement plan for the state's *Clean Michigan Initiative* bonds will be part of the *DEQ's* 2018-19 budget recommendation, as the state currently has only \$6.36 million left of the \$675 million bond as issued in 1998
- *House Bill 4735* has been reported to the full *Senate* for a vote as of Tuesday by *Senate Education Committee* members, with the bill calling for the allowance of students living within 20 miles of a state border with Michigan to attend an out-of-state college via dual enrollment
- The *Michigan Department of Education (MDE)* announced the *Career and Technical Education Playbook* on Tuesday, with the documents intended to assist local school districts in developing their career and technical education programs and curriculums
- *Senator Peter MacGregor* has replaced *Senator Jim Marleau* as Chair of the Department of Health and Human Services Appropriations Subcommittee, effective January 1, 2018.
- *Senate Bill 393* that would codify tax increment finance districts into a single act was reported out of the Senate Economic Development and International Investment Committee on Thursday
- *The Senate Natural Resources Committee* heard testimony on *Senate Bill 652-654* this week which would create three new business-supported oversight panels with jurisdiction over all rule-making over the *Michigan Department of Environmental Quality*, appeals for permit applications and advising the Governor on issues affecting the protection of the environment or management of natural resources respectively

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