



# 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 48

December 8, 2017

**OPEB REFORM PASSES: CODIFIES TASK FORCE REPORT** – Legislators worked into the early hours of Thursday morning to find a solution to the issue of unfunded liabilities throughout the state. Groups on both sides of the issue praised the efforts as the proposed legislation was eliminated and a new, less controversial proposal was introduced and approved by both chambers.

The previous legislation, scrapped last night and replaced with the current plan, called for a controversial state appointed financial management team (similar to an emergency manager), something opposing groups claimed was too “heavy handed” in assisting local governments in implementing plans to fund other post-employment benefits (*OPEB*) for retirees. The proposed financial management team was pushed heavily by **Governor Rick Snyder** and legislative leaders, but those in opposition to the proposal convinced legislators that any laws should instead focus on **Mr. Snyder’s Responsible Retirement Reform for Local Government Task Force’s** recommendations as released earlier this year. The recommendations made by the **Task Force** were approved by police and fire groups, as well as local governments, organized labor officials and legislators from both chambers and major parties.

The new plan was passed via **House Bills 5298, 5300-5301, 5303-5310, and 5013** and **Senate Bills 686 and 689-699**. The packages outline four stages of requirements for local governments regarding *OPEB* and municipal retiree funding. They are as follows:

- **Stage 1:** All local governments are required to report pension and retiree healthcare liability annually and in identical fashion to the **Michigan Department of Treasury**. Local governments would also be required to prefund retiree health care costs for new employees.
- **Stage 2:** **Treasury** officials would review the information from Stage 1 and determine a local government (there are roughly 600 in the state that offer *OPEB*) is underfunded if the system was funded less than 40 percent for health care and less than 60 percent for pensions.
- **Stage 3:** **Treasury** officials will be allowed to complete an internal review of the systems and discuss changes and further action with the local government’s designated officials. A waiver could be issued to a local government from **Treasury** officials if said municipality already has a plan in place and is on the right path.
- **Stage 4:** If no plan is currently in place at the time a determination is made, a corrective plan of action must be submitted to a three-person **Municipal Stability Board**, with members appointed by the serving governor; members are to include one state official, one local government representative, and one local employee representative. Action plans would need to be continually submitted until the **Board** approves one as appropriately addressing the local government’s unfunded liabilities.

The legislation, as passed, codifies the *Task Force's* report and also gives local government options such as closing a pension plan, reducing or eliminating benefits, and implementing multiplier limits. *House Speaker Tom Leonard* (R-DeWitt) and *Senate Majority Leader Arlan Meekhof* (R-West Olive) both stated the passage was a step in the right direction, something police and fire groups agreed with, expressing gratitude for the changes and work to remain consistent with the framework outlined in the *Task Force* report. *Dave Hiller*, *Executive Director* of the *Michigan Fraternal Order of Police (MFOP)* thanked legislators for their work on the issue and noted the *MFOP* looks forward to continued joint efforts on any future changes. *Democrats* in both chambers noted their support of the plan as well, noting communication on the issue will need to remain open from all parties involved for it to be successful and for future discussions to occur. Ultimately, both parties in the *House* and *Senate* overwhelmingly supported the passage of this legislation.

**LARA RELEASES EMERGENCY RULES FOR MEDICAL MARIJUANA** – With the date for applications under new state law roughly two weeks out, the *Michigan Department of Licensing and Regulatory Affairs (LARA)* announced emergency administrative rules that will be in effect for at least six months, though an extension is possible. The rules, signed by *Governor Rick Snyder* and filed with the *Michigan Department of State* on Monday, outline more procedures and requirements for those seeking medical marijuana licenses on December 15. The new law calls for the allowance of licenses to be approved for provisioning centers, growers, processors, transporters and safety compliance facilities.

Under the emergency rules released Monday, applicants for the above licenses will have to pay a \$6,000 fee per license application and undergo extensive background checks, including fingerprinting and handwriting exemplar submission to the state. If an applicant fails to comply with rules or is operating a facility after December 15 without a license, the application can be denied. However, for facilities operating in a municipality that has issued them a license, an application to the state is due by February 15, 2018 with proof of the municipal license. All facilities in the state must have a state license by June 15, 2018 and licenses will be eligible for renewal annually.

Those in operation must also report changes in location, contact information, members, managers and any adverse reaction to a product to the state, as well as any theft or criminal activity on the premises (this must be reported within 24 hours of the incident's occurrence). To prevent such criminal activity, it is also required for facilities to maintain an alarm system, submit security plans to the *Department*, maintain visitor logs, and have a 24-hour video surveillance system. As for enforcement of the rules and law, *LARA* officials will be allowed to inspect, audit and examine records of the licensee and to also enter the premises without notice to inspect the facility. If violations are found, the *Department* can charge civil fines totaling up to \$5,000 per individual or \$10,000 per licensee (or an amount equal to daily gross receipts).

Also listed in the rules, marijuana products to be sold must be entered into a statewide monitoring system, as well as tagged and packaged, within the first 30 days of the license issuance. The products themselves, as written, must not be advertised in a way visible to the general public, i.e., billboards, and must also not be targeted toward minors via cartoons, candy look-alikes, etc. A major issue outlined in the rules is that of capitalization levels, which, as written, are:

- Grower, Class A: 500 plants, \$150,000
- Grower, Class B: 1,000 plants, \$300,000
- Grower, Class C: 1,500 plants, \$500,000
- Processor: \$300,000
- Provisioning Center: \$300,000
- Secure Transporter: \$200,000
- Safety Compliance Facility: \$200,000

Commenting on the release of the rules and the upcoming application process, *Director of the Bureau of Medical Marihuana Regulation Andrew Brisbo* stated, “The emergency administrative rules are designed to preserve patient protections and provide them with access to safe medical marihuana. These rules also allow growers, processors, secure transporters, provisioning centers, and safety compliance facilities to operate under clear requirements.”

**BEER/WINE/LIQUOR LEGISLATION SEES MOVEMENT** – Multiple bills dealing with issues regarding licensure, location, distribution and sales for alcohol in the state saw movement this week. Senate Bill 501 was part of the action, with the bill preserving the state’s current half mile rule (liquor store licensees must have a minimum distance of one half-mile between them). SB 501 passed the *Senate* on a 27-9 vote and reversed a decision made by the *Michigan Liquor Control Commission (MLCC)* to rescind the rule earlier this year.

The bill also calls for the reinstatement of exceptions to the rule that were in place before the *MLCC*’s decision, including: if a licensee purchased less than \$100,000 in spirits from the *Commission* during the previous calendar year; if the existing licensee holds either a *Class A* or *Class B* hotel license; if an applicant and existing licensee’s establishment are separated by a four or more lane road; and if an applicant and existing licensee’s establishment are each at least 100,000 square feet. *SB 501* also allows for GPS technology to be used to map out the half-mile distance between licensees.

Those in the beer, wine and spirits industry also saw movement in the *Senate Regulatory Reform Committee* on bills changing the *Grape and Wine Industry Council* to the *Craft Beverage Council*. Those bills, *Senate Bills 439* and *440*, passed the *Committee* unanimously on a 9-0 vote and call for the reduction of the *Council* membership from 12 members to nine. The two bills also split the *Council* positions between wine interests, beer makers and distillers, and restaurants with liquor licenses. Those in support of the bills (similar legislation in the *House* was reported out of the *House Regulatory Reform Committee* earlier this year, *House Bills 4667* and *4668*) claim they will allow those from all segments of the “alcoholic beverage industry” to receive the benefits the council offers.

Beer industry advocates also received notice that *Senate Bill 662* was reported out of the same *Committee*, a decision supported by the *MLCC*. The bill calls for the clarification of current statute allowing sales to non-local veterans club members; as reported, the bill will allow veterans clubs to sell beer to members of different and non-local chapters. Commenting on the move, *MLCC Chair Andy Deloney* noted the *MLCC* worked closely with the bill’s sponsor, *Senator Rick Jones* (R-Grand Ledge) to find a solution, stating, “Under this new legislation, veterans will have the freedom and the flexibility to buy themselves a beer as they visit with friends and other veterans. It makes a lot of sense to make these updates to the law and we were pleased to be part of the process.”

## **ELECTIONS**

- *U.S. Representative Sander Levin* (D-Royal Oak) announced late last week he will not seek re-election, having served 18 terms representing the *9<sup>th</sup> Congressional District*. *Mr. Levin’s* son, *Andy Levin*, announced his candidacy to succeed his father, as did *Senator Steve Bieda* (R-Warren)
- *Democratic Suneel Gupta* from Livonia announced his campaign for the *11<sup>th</sup> Congressional District*, with the seat currently held by *U.S. Representative David Trott* (R-Birmingham) who is set to retire
- *U.S. Representative John Conyers, Jr.* (D-Detroit) announced his resignation following sexual misconduct allegations and endorsed his son, *John Conyers III* to succeed him. *Senator Ian Conyers* has also indicated his interest in running for the seat
- *Jim Haadsma*, a *Democrat* and former *Calhoun County Commissioner*, announced he will seek

election to the *62<sup>nd</sup> House District* in 2018, with the seat currently held by *Representative John Bizon* (R-Battle Creek) who is running for *Senate*

## ODDS & ENDS

- Legislators serving on the *Joint Select Committee on the Flint Water Public Health Emergency* have noted that while many of the more than 30 recommendations made by the *Committee* have yet to be enacted, progress is steady and they expect more of the proposed recommendations to be in place by the end of this legislative term
- New *Representatives Sara Cambensy* (D-Marquette) and *Tenisha Yancey* (D-Harper Woods) have been assigned to the following *House Committees* respectively: *House Agriculture*, *House Local Government*, and *House Natural Resources*; *House Michigan Competitiveness*, *House Tax Policy*, and *House Transportation and Infrastructure*
- The *Michigan Department of State Police's 133<sup>rd</sup> Trooper Recruit School* graduated 127 new *State Police Troopers* recently
- *Attorney General Bill Schuette* has joined 23 other state attorneys general in urging *Congressional* action on the issue of national concealed-carry reciprocity legislation
- *Senator Darwin Booher* (R-Ewart) has been named *Chair of the Great Lakes Legislative Caucus*
- According to the *Michigan Department of Licensing and Regulatory Affairs (LARA)* the state's minimum wage will increase to \$9.25 an hour beginning January 1, 2018
- The first application for the *Transformational Brownfield Plan* (a \$2.1 billion investment and proposal for a \$618 million incentive package) has been submitted to the *Michigan Strategic Fund Board* and is currently being reviewed by the *University of Michigan Research Seminar of Quantitative Economics* for possible action in early 2018
- Michigan's *First Lady Sue Snyder* announced on Monday 13 state universities, community colleges and private colleges have received grants to implement new and strategic sexual assault prevention programs
- *Attorney General Bill Schuette* announced on Monday he signed the *Americans for Tax Reform "Taxpayer Protection Pledge"*
- *U.S. Housing and Urban Development (HUD) Secretary Ben Carson* was in *Detroit* on Wednesday and Thursday to unveil a new initiative designed to assist households using *HUD* assistance in becoming more self-sufficient
- Members of the *House Communications and Technology Committee* reported *House Bill 5098* to the full *House* on Tuesday on a 6-3 vote, with the bill calling for the requirement of a local government or the *Michigan Department of Transportation (MDOT)* to notify a utility company that has equipment in a right-of-way of planned projects at least one year in advance via email so the company can relocate its lines/equipment and waive permit fees
- According to a report released by the *Citizens Research Council*, *Healthy Michigan* has kept health insurance premiums in the state lower overall and has allowed for and encouraged healthcare innovation
- *House Bill 4708*, sponsored by *Representative John Reilly* (R-Oakland Twp) calls for the inclusion of schools, colleges and universities in the state's electric choice program
- *Senate* members passed *Senate Bills 544-548* on Tuesday, with the package calling for the expansion of the *Michigan Education Savings Program (MESP)*
- *Enbridge Energy* announced on Tuesday the section of its *Line 5* pipeline running under the *Straits of Mackinac* was shut down that morning due to high winds/waves, per the agreement reached between the company and the state last week
- Members of the *House Judiciary Committee* discussed *House Bill 4842* on Tuesday, with the bill calling for the allowance of firefighters and emergency medical personnel to carry concealed

- firearms in areas otherwise prohibited
- **House Bills 5121-5123** passed the **House** on Tuesday, calling for a “**Bill of Rights**” to be put into place for foster children via several policies through the **Michigan Department of Health and Human Services (DHHS)** and the codification of **Foster Children Bills of Rights**
  - **House** and **Senate Democrats** introduced a five-bill package on Tuesday that attempts to prevent wage theft (**House Bills 5326-5330**)
  - **Senate** members passed **Senate Bill 400** on a 30-6 vote on Wednesday, with the bill calling for a 6-cent per month increase for those who call 911 from their cell phones
  - Officials from the **Detroit Regional Chamber**, the **Grand Rapids Area Chamber of Commerce** and **Business Leaders for Michigan (BLM)** sent a letter to **Governor Rick Snyder** recently, expressing their opposition to proposed changes to the **M-STEP**, the state’s standardized test
  - Members of the **Senate Natural Resources Committee** reported **Senate Bills 652-654** to the full **Senate** on Wednesday, with the legislation calling for the creation of three oversight panels within the **Michigan Department of Environmental Quality (DEQ)** to review, advise and discuss proposals, gubernatorial updates and permit rejections
  - **House Bill 4101-4103** saw discussion in the **House Appropriations Committee** on Wednesday, though no action was taken, with the bills calling for the allowance of medically or mentally ill prisoners to receive “medical parole” in certain circumstances
  - Representatives from **PEW Charitable Trusts** testified before both **House** and **Senate Appropriations Committees** on Wednesday, telling members the state should consider implementing parameters around deposits into, and withdrawals from the **Budget Stabilization Fund** in a year
  - **Governor Rick Snyder** announced **Cheryl Schmittziel** as the **Director** of the **Office of the State Employer (OSE)**, making her the representative of the state during 2018’s contract negotiations with state employee unions
  - **House Bills 5217-5219** passed the full **House** on Wednesday on votes of 96-14, 97-13 and 97-13 respectively, with the bills outlining regulations for the use of medical helicopters
  - **Representative Steve Johnson** (R-Wayland) introduced **House Bill 5318** on Wednesday, with the bill calling for the allowance of utility customers to control their personal electricity and natural gas usage information and data
  - In a report released by the **Detroit Financial Review Commission** roughly halfway through the fiscal year, the **Detroit Public Schools Community District** projected finishing its first school year with a surplus totaling \$4.3 million and a fund balance of \$92.8 million (though a portion of the surplus was due to employee vacancies)
  - **Co-Chair** of the **Clean Michigan Government** part-time legislature drive, **Tom McMillin**, stated recently the group sent out more than 100,000 petitions in their attempt to garner the desired 315,654 signatures
  - House members passed **Senate Bills 180-183** late Wednesday night, with the bills calling for the requirement of child care centers, family child care homes, group child care homes, foster family homes, children’s camps and children’s campsites to collect fingerprints from and conduct background checks on all employees
  - Spokesperson for **House Speaker Tom Leonard** (R-DeWitt Twp) **Gideon D’Assandro** noted the chamber hopes to pass **Senate Bills 606, 610-615, 624-625** and **House Bills 5040-5046, 5079-5080** before the end of the session year, with the packages of bills eliminating and forgiving driver responsibility fees
  - According to the **Federal Centers for Medicare and Medicaid**, through December 2 of this year, 115,595 people had signed up for **Healthy Michigan** coverage, slightly lower than 2016’s numbers which totaled 131,989 by December 10 of that year

**PLEASE NOTE** – **MHSA** will be closed at 3:00 p.m. today. Please contact a member of the **MHSA** team

with any questions or concerns. Thank you!

---

## MHSA • Muchmore Harrington Smalley & Associates, LLC

Patrick Harrington [pharrington@mhsa.com](mailto:pharrington@mhsa.com) | Jon Smalley [jsmalley@mhsa.com](mailto:jsmalley@mhsa.com) | Sandra Jones - [sjones@mhsa.com](mailto:sjones@mhsa.com)  
Adrian Cazal [acazal@mhsa.com](mailto:acazal@mhsa.com) | Bret Marr [bmarr@mhsa.com](mailto:bmarr@mhsa.com) | Evelyn Zois Sweeney [esweeney@mhsa.com](mailto:esweeney@mhsa.com)

124 West Allegan St., Suite. 1900 | Lansing, MI 48933 | Phone: 517-484-8800 | Fax: 517-484-4442 | Email: [rsmith@mhsa.com](mailto: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.