



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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OPEB REFORM SIGNED BY GOVERNOR – *Governor Rick Snyder* signed a multi-bill, bipartisan piece of legislation into law on Wednesday, with the bills addressing the state’s unfunded liabilities for local government employee pensions and other post-employment benefits (*OPEB*). The issue has been a top priority for the *Republican*-controlled *Legislature* and *Governor Snyder*, with the package of bills finally seeing passage after weeks of contentious meetings and discussion earlier this month.

As passed, the bills (*House Bills 5298, 5300-5301, 5303-5310, and 5013* and *Senate Bills 686 and 689-699*) give local governments the option to close a pension plan, reduce or eliminate benefits, and implement multiplier limits to address the issue of unfunded liabilities in their communities. The bills also outline four stages of requirements for local governments regarding *OPEB* and municipal retiree funding, and codify *Mr. Snyder’s Responsible Retirement Reform for Local Government Task Force’s* recommendations as reported in July of this year. The four stages, as previously reported, 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.

Legislators worked with police and fire groups on the issue, with all sides agreeing the bills are a step in the right direction. Members from both parties in both chambers overwhelmingly passed the bills.

LAWSUITS FILED IN OPIOID CRISIS – Multiple lawsuits have been filed by nine Michigan communities with the *U.S. District* court against pharmaceutical companies and retailers for their alleged

involvement in the ongoing opioid crisis in the state and country. Six counties (*Macomb, Genesee, Saginaw, Grand Traverse, Delta, and Chippewa*) along with three cities (*City of Detroit, City of Lansing, and City of Escanaba*) filed the suits early Tuesday morning, claiming the 25 defendants used “racketeering, aggressive over-promotion, fraudulent claims regarding the safety of opioids, and reckless production and distribution” to entice those using prescription drugs or opioids.

In doing so, the claim alleges, the companies and retailers have contributed to the crisis and should be held accountable. Attorney **Mark Bernstein** announced the suits, noting they are intended to force the defendants and others in the industry to change policies and practices, but also to assist communities in recovering costs incurred by medical care, rehabilitation and treatment, overdoses and deaths, police and public safety response/increased personnel, and foster placement for minors of parents suffering from addiction. Commenting on the severity of the crisis, **Mr. Bernstein** noted, “The opioid crisis is the most fatal drug crisis on record in American history. Over 100 Americans die every day from opioid overdose.”

The plaintiffs in the case note they are not seeking financial compensation for individuals affected by the crisis but rather the communities and local governments, also stating some of the funds returned would be used to improve prevention and treatment programs in those areas.

AMAZON HEADQUARTERS PROJECT TO USE GJFM PROGRAM – As *Amazon* continues to consider *Detroit* as a site for its second headquarters, those involved in the bidding process note the *Good Jobs for Michigan (GJFM)* program will come into play, allowing for incentives to play a key role in the company’s decision. In the bid document released Wednesday, it is noted that \$120 million would be allocated for job training and tax credits, a renaissance zone would be promised for the company’s building, and income tax recapture would be approved via the *GJFM* program.

With the renaissance zone distinction, *Amazon’s* office space would be exempt from state and certain local taxes for up to 30 years, if approved by the *Michigan Strategic Fund Board*. The *Board* would also have the power to adopt the *GJFM* plan that would allow *Amazon* to keep its employees’ income tax payments for 10 years, with the amount depending on the number of employees and pay levels under the law.

Noting the governmentally allocated funds will be for a more general incentive, spokesperson for *Governor Rick Snyder Ari Adler* told media outlets the \$120 million for job training funds would not be specific to *Amazon* but instead be available to increase the amount of people seeking technology-related jobs. However, the \$120 million would not all be allocated at one time, subject to the *Legislature’s* approval, \$95 million would be available in the first year with the remaining amount distributed over the following years.

Commenting on the bid and the money associated with it, **Mr. Adler** noted the overall impact of the plan would be more far-reaching than just *Detroit*, stating, “It would be to improve the talent pool throughout all of Michigan so that more Michiganders can take advantage of the opportunities arising in the state, with or without Amazon.” Though the exact amount of jobs that will be available if the bid is selected is unknown, the company has noted it is expecting to need 8 million square feet in space for up to 50,000 employees over the next 15 years.

ELECTIONS

- **Democrat** and former *NFL* player **Joe Tate** announced he will seek election to *House District 2* in 2018, with the seat currently held by **Representative Bettie Cook Scott** (D-Detroit) who may be running for the *1st Senate District*

- According to a recently released *EPIC-MRA* poll **Republican** gubernatorial candidate *Attorney General Bill Schuette* slightly leads **Democratic** gubernatorial candidate former *Senate Minority Leader Gretchen Whitmer* in the race for governor
- *U.S. Representative Dan Kildee* (D-Flint) is planning to seek his fourth term in *Congress* in 2018
- **Democratic Ingham County Commissioner Sarah Anthony** announced she is running for the *68th House District* in 2018, with the seat currently held by *Mayor-elect Andy Schor* who is set to take the *Lansing Mayoral* seat in the new year
- According to a 600-person survey conducted by *Strategic National*, *Lieutenant Governor Brian Calley* is down 11 percentage points to *Attorney General Bill Schuette* in the race to become the state's next **Republican** governor

ODDS & ENDS

- *Governor Rick Snyder* signed *House Bill 4320* into law on Wednesday, with the bill calling for the allocation of \$23.2 million for an in-state testing mechanism, remediation, response and at least 15 new full-time employees (within both the *Michigan Department of Environmental Quality* and *Michigan Department of Health and Human Services*) to address elevated levels of *polyfluoroalkyl substances (PFAS)* in 14 locations throughout the state
- Roughly 180 payments to the *Michigan Department of Transportation's (MDOT)* vendors and consultants have been on backlog since November, due to transition complications to the state's new central financial system, according to *MDOT's* finance and administration bureau director *Myron Frierson*
- *Governor Rick Snyder* signed *Senate Bill 524* into law last week, with the bill calling for an amendment to the *Michigan Commission on Law Enforcement Standards (MCOLES) Act* that would require fingerprinting and background checks to be completed for all applicants to law enforcement training academies
- The *Michigan Department of Education (MDE)* announced last week a new hotline is now available for parents seeking mediation services for special education disputes. The number is 833-543-7178 (833-KIDS1ST)
- *Governor Rick Snyder* told a Lansing media outlet recently that his primary focus for education in 2018 is the creation of an A-F grading scale for school buildings in order to improve *K-12* education
- In 2017, 67 percent of the members of the Michigan *Legislature* cast perfect voting records: 85 *House* members and 15 *Senate* members
- Roughly 250 supporters of the redistricting reform petition drive, *Voters Not Politicians*, submitted 188 boxes containing (reportedly) more than 425,000 signatures to the *Michigan Bureau of Elections* in an effort to get the petition on the 2018 ballot
- *Michigan State Treasurer Nick Khouri* announced on Monday the *City of Ecorse* has been released from state financial oversight, leaving *Flint* and *Hamtramck* as the only cities in the state with a *Receivership Transition Advisory Board (RTAB)* in place
- The *Michigan State Police's (MSP) Angel Program* is now active and operational at all 30 *MSP* posts statewide. The program is a pre-arrest diversion program for those struggling with drug and opioid addiction
- The *Michigan Department of Environmental Quality* announced an award of roughly \$64 million to 80 municipalities throughout the state on Monday, with the monies intended to assist with costs of planning for sewer system needs from the *Stormwater, Asset Management, and Wastewater program (SAW)*
- The *Bureau of Medical Marijuana Regulation* has received at least 41 applications for medical marijuana facilities since Friday of last week, the first day applicants were allowed to submit paperwork

- **Representative Gary Glenn** (R-Midland) announced he will introduce legislation in the 2018 session year that will create a deadline for governmental bodies to release documents once a **Freedom of Information Act (FOIA)** request has been approved
- The **Michigan Strategic Fund (MSF) Board** approved a brownfield work plan for **Illinois**-based **Indeck Energy Services** to build a 1,000 megawatt, \$967 million facility in the **Niles Industrial Park**
- **American Haval Motor Technology LLC** announced its plans to invest \$3.51 million in its first **North American** research and development facility in **Farmington Hills**
- The **Michigan Supreme Court** issued an order stating a 2010 law designed to extract three percent of public school employees' paycheck for retiree healthcare unconstitutional on Wednesday. As a result, roughly 275,000 residents will see an average refund of \$2,000 if they worked as public-school employees between 2010-2012. The refunds will be administered by January 22
- According to an audit by the **Office of Auditor General**, 71 percent of adults reviewed for potential foster homes did not receive a background check from 2012-2016. See the full audit [here](#)
- The **6th Circuit Court of Appeals** released an opinion on Wednesday that 200 Michigan inmates sentenced as juveniles to life in prison without parole will have a chance to appear before a parole board
- Michigan reported an unemployment rate of 4.6 percent in November of this year, down from 5.1 percent in November of 2016
- **State Demographer Eric Guthrie** recently stated he estimates Michigan's population will hit 10 million around 2020, with 2017 seeing the largest population increase since 2010 (Michigan saw an increase of 28,866 residents bringing the total to 9.96 million)
- **Governor Rick Snyder** signed **House Bill 4420** into law on Wednesday, with the bill calling for the extension of the duration of certain brownfield credits beyond 10 years
- The second **Electrical Vehicle Technical Conference** is set to be held in February 2018 at the office of the **Michigan Public Service Commission (MPSC)** as announced by **MPSC Commissioner Norm Saari**
- The **Michigan Gaming Control Board** announced a new website intended to allow for faster access to licensing forms. The website can be viewed [here](#)
- The **Michigan Department of Natural Resources** announced it will begin to charge a \$5 fee for purchasing recreational passports at state parks and recreation areas, instead of with license renewal, in 2018
- The **Michigan Department of Natural Resources (DNR)** announced 20 Michigan firefighters (including 13 **DNR** staff and seven from the **Bureau of Indian Affairs**) are being posted as standby firefighters for the **Sequoia National Forest in California**
- **Governor Rick Snyder** signed legislation on Wednesday that overhauls the **Michigan Unemployment Insurance Agency** via **House Bills 5165-5172**
- Beloved former **Representative George Mans** passed away at the age of 77 recently
- **Governor Rick Snyder** signed legislation into law on Thursday that outlines incentives for grocery stores in underserved, urban areas (**House Bill 4207**)
- According to a recent **EPIC-MRA** poll, 54 percent of men and 47 percent of women in Michigan are satisfied with the direction of the state's economy going into 2018; 41 percent of **African-American** voters and 51 percent of **Caucasian** voters are satisfied as well

PLEASE NOTE – **MHSA** will be closed beginning at noon on Friday, December 22 and will reopen on Tuesday, January 2 in observance of the holiday. Please contact a member of the **MHSA** team with any questions or concerns. We wish you all a safe and happy holiday and a Happy New Year!

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