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Legislative Update for May 20th – June 7th

Enbridge filed a lawsuit against Michigan to enforce agreements between itself and the state related to the construction of a tunnel to enclose Line 5 in the Straits of Mackinac. The lawsuit comes after Attorney General Dana Nessel said she would take legal action during the month of June to shut down Enbridge's Line 5 in the Straits of Mackinac if discussions between the company and Governor Gretchen Whitmer on the subject don't succeed. The discussions began when Nessel issued an opinion earlier this year that the law enacted to give the state legal authority to enter into an agreement with Enbridge for the construction of a tunnel for the pipeline was unconstitutional. After that opinion was issued, Whitmer issued an executive directive barring state entities from taking any actions related to the pipeline. Despite the lack of clarity on the issue, Enbridge has indicated that it is moving forward as much as possible with initial work needed to complete the tunnel by 2024.

The legislature filed two lawsuits in the Court of Claims and Court of Appeals against Secretary of State Jocelyn Benson. The suits ask the court to direct Benson to follow changes made in 2018 to Michigan's election law that signatures gathered for initiative petitions could not have more than 15% of signatures from one congressional district. Benson requested an opinion on the law's constitutionality from Attorney General Dana Nessel who subsequently found that the provision was unconstitutional. After the opinion was issued, Benson indicated that her office would advise people to reflect the opinion.

The House of Representatives continued work on the budget by moving several appropriations bills to the full Appropriations committee. This included the transportation funding bill, which made public for the first-time details on a legislative proposal for road funding. The bill would eliminate 4 cents of the sales tax on gasoline immediately and eliminate the final 2 cents in Fiscal Year 2021. Simultaneously, a 4 percent tax on fuel would be imposed, with all revenue collected from the new tax dedicated to road funding. The plan raised concerns from democrats and others who view the shift as a potential threat to maintaining funding levels for local governments that currently receive sales tax revenue. The move would also eliminate \$500 million in the School Aid Fund typically used to fund higher education.

Governor Whitmer issued an executive order reorganizing the Department of Talent and Economic Development into a new Department of Labor and Economic Opportunity. The department will include the Michigan State Housing Development Authority, the Michigan Strategic Fund, and the Michigan Office of New Americans, which will be renamed the Office for Global Michigan. The governor also appointed Jeff Donofrio, current executive director of workforce development for Detroit, to head the new department.



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After weeks of negotiations between legislative leadership and Governor Gretchen Whitmer, an agreement was reached on language to amend Michigan's no-fault auto insurance law. Substitute language was put into SB 1, sponsored by Sen. Aric Nesbitt (R-Lawton). The compromise will implement, among other things, a hospital fee schedule, mandatory rate rollbacks for personal injury protection, an opt-out for qualified persons with certain levels of health coverage, and elimination of some rating factors. The legislation passed the House 94-15 and the Senate 34-4, and was signed by Governor Whitmer during the Mackinac Policy Conference. Several days after the signing, the legislature quickly approved HB 4397, sponsored by Rep. Jason Sheppard (R-Temperance). While the original language of HB 4397 mirrored SB 1, new language was substituted to make technical fixes to the main bill so that residents would not see a temporary premium increase during the legislation's implementation.

Senate Majority Leader Mike Shirkey (R-Clarklake) surprised many during the annual Mackinac Policy Conference when he indicated he intended to send a proposal to voters challenging the state's term limits at the end of his term. Shirkey noted that the state's term limits are the strictest in the nation and by the time many elected officials learn how to effectively legislate, they are forced to leave office.

The House Tax Policy Committee heard testimony on a bill package to codify the U.S. Supreme Court's decision in the *Wayfair* case. HB 4542 and HB 4543, sponsored by Rep. Mike Webber (R-Rochester) and Rep. Tenisha Yancey (D-Harper Woods), respectively, would put into statute the requirement that out-of-state retailers remit sales and use tax. It would also expand the requirement to cover independent sellers that utilize marketplaces like Amazon and Etsy. The bills received little to no testimony in opposition.

Dr. David Neff, the chief medical director for Michigan's Medicaid program who is widely considered a leader in responding to the state's opioid crisis, was suspended from his position following allegations in formal complaint that he violated laws concerning the prescribing of opioids. Neff has denied the allegations and requested dismissal of the complaint.

Following the House and Senate's passage of bills that would outlaw dilation and evacuation abortion, a newly formed organization called Michigan Heartbeat Coalition announced that it would begin gathering signatures for a petition to outlaw abortions if a fetal heartbeat is detectable. The effort was criticized by a separate anti-abortion group, Right to Life of Michigan, as possibly undermining Michigan's current abortion ban that would return if *Roe v. Wade* was overturned.

Governor Whitmer signed SB 106 and SB 155, sponsored by Sens. Rick Outman (R-Six Lakes) and Marshall Bullock (D-Detroit) respectively, into law while also expressing "significant reservations." The legislation prohibits the sale to and possession of e-cigarettes and vaping devices by minors. Opponents of the bills advocated for including the devices in the definition of "tobacco product," thereby subjecting them to the same regulations as cigarettes.



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The U.S. Supreme Court temporarily stayed a federal court order that required Michigan's legislative maps to be redrawn and state Senate elections to be held two years early. Republican lawmakers acting as intervenors in the redistricting case filed a request for a stay, arguing there was insufficient time to develop and implement new district maps before 2020.

Miscellaneous

The Natural Resources Committee plans to meet on Tuesday to take a vote on the Rep. Yaroch PFAS legislation. Rep. Howell, Chair of the committee, convened a workgroup with several stakeholders including the members of the Fire Services Coalition to discuss possible changes to the bills. See attached for those recommended changes. The coalition is seeking a full ban of PFAS in firefighting foam as the next step in the legislative process.

Rep. Cherry introduced HB 4685 which would require insurance carriers to cover first responders when on the job as a volunteer. He was able to secure over 60 cosponsors for the legislation and is hoping to get a hearing in the Insurance Committee quickly.

We are working to secure funding outside the Department of Treasury for Task Force 1 and to move the operations to the Bureau of Fire Services. The current budget doesn't include money for the fund but the budget process is still ongoing and will be until possibly July or even as late as September.

Upcoming Committees:

Committee Natural Resources and Outdoor Recreation

Clerk Phone Number Amy Rostkowycz 517-373-1260

Number

Location Room 326, House Office Building, Lansing, MI

Date Tuesday, 6/11/2019

Time 12:00 PM

Agenda [HB 4389](#) (Rep. Allor) Environmental protection; hazardous products; firefighting foam containing PFAS; require reports on use of and require department of environmental quality to accept for disposal.

[HB 4390](#) (Rep. Yaroch) Law enforcement; fire personnel; use of firefighting foam containing certain substances; prohibit in firefighter training, and require certain training on use.

[HB 4391](#) (Rep. Yaroch) Labor; health and safety; firefighting foam concentrate containing PFAS; require promulgation of rules regarding firefighters' use of.

[HB 4567](#) (Rep. O'Malley) Natural resources; fishing; commercial fishing statute; update.



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[HB 4568](#) (Rep. Wendzel) Natural resources; fishing; commercial fishing statute; update.

[HB 4569](#) (Rep. Lilly) Natural resources; fishing; commercial fishing statute; update.

Upcoming Events:

There are no events scheduled at this time.

Bill Introductions:

[HB 4617 of 2019](#) Vehicles; equipment; child restraint safety seats; require positioning of car seats to depend on weight of child and make other revisions. Amends sec. 907 of 1949 PA 300 (MCL 257.907). TIE BAR WITH: HB 4618'19, HB 4619'19

[HB 4618 of 2019](#) Vehicles; equipment; child restraint safety seats; require positioning of car seats to depend on weight of child and make other revisions. Amends sec. 710d of 1949 PA 300 (MCL 257.710d). TIE BAR WITH: HB 4617'19, HB 4619'19

[HB 4619 of 2019](#) Vehicles; equipment; child restraint safety seats; require positioning to be based on weight of child. Amends sec. 710e of 1949 PA 300 (MCL 257.710e). TIE BAR WITH: HB 4617'19, HB 4618'19

[HB 4623 of 2019](#) Labor; hours and wages; employer violations regarding the payment of wages and fringe benefits; increase sanctions. Amends sec. 18 of 1978 PA 390 (MCL 408.488).

[HB 4629 of 2019](#) Labor; fair employment practices; commission on pay equity; establish, and specify duties. Amends 1976 PA 453 (MCL 37.2101 - 37.2804) by adding sec. 202b.

[HB 4630 of 2019](#) Civil rights; employment discrimination; actions for unequal pay; increase damages, and modify accrual date of claims. Amends sec. 801 of 1976 PA 453 (MCL 37.2801).

[HB 4631 of 2019](#) Labor; fair employment practices; disclosure of certain wage information upon request; require of employer. Amends sec. 13a of 1978 PA 390 (MCL 408.483a).

[HB 4632 of 2019](#) Labor; hours and wages; employment discrimination; prohibit employers from engaging in certain discriminatory practices and allow remedies under Elliott-Larsen civil rights act. Amends secs. 9 & 13 of 2018 PA 337 (MCL 408.939 & 408.943).



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- [HB 4633 of 2019](#) Crimes; other; provision regarding wage discrimination based on sex; modify, and increase fines. Amends sec. 556 of 1931 PA 328 (MCL 750.556).
- [HB 4634 of 2019](#) Labor; fair employment practices; notice of employment discrimination website and telephone line; require employers to post. Amends sec. 602 of 1976 PA 453 (MCL 37.2602) & adds sec. 202b.
- [HB 4635 of 2019](#) Labor; fair employment practices; written job descriptions; require for companies with more than 5 employees. Amends title of 1978 PA 397 (MCL 423.501 - 423.512) & adds sec. 9a.
- [HB 4636 of 2019](#) Civil rights; employment discrimination; prohibited employment discrimination practices; expand to include asking a job applicant about past compensation. Amends sec. 202 of 1976 PA 453 (MCL 37.2202).
- [HB 4637 of 2019](#) Labor; fair employment practices; pay differentials for men and women; require state report and plan to reduce. Amends sec. 3 of 1978 PA 609 (MCL 408.903).
- [HB 4638 of 2019](#) Civil rights; employment discrimination; pay equity in the workplace award program; create. Creates new act.
- [HB 4639 of 2019](#) Labor; hours and wages; pay equity compliance certification; require for private businesses that contract with the state. Amends sec. 209 of 1976 PA 453 (MCL 37.2209) & adds sec. 209a.
- [HB 4640 of 2019](#) Labor; fair employment practices; deductions from wages without written consent of employee; revise notice period for certain deductions related to garnishment. Amends sec. 7 of 1978 PA 390 (MCL 408.477).
- [SB 0328 of 2019](#) Labor; fair employment practices; commission on pay equity; establish, and specify duties. Amends 1976 PA 453 (MCL 37.2101 - 37.2804) by adding sec. 202b.
- [SB 0329 of 2019](#) Civil rights; employment discrimination; actions for unequal pay; increase damages, and modify accrual date of claims. Amends sec. 801 of 1976 PA 453 (MCL 37.2801).



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- [SB 0330 of 2019](#) Labor; fair employment practices; disclosure of certain wage information upon request; require of employer. Amends sec. 13a of 1978 PA 390 (MCL 408.483a).
- [SB 0331 of 2019](#) Labor; hours and wages; employment discrimination; prohibit employers from engaging in certain discriminatory practices and allow remedies under Elliott-Larsen civil rights act. Amends secs. 9 & 13 of 2018 PA 337 (MCL 408.939 & 408.943).
- [SB 0332 of 2019](#) Crimes; other; provision regarding wage discrimination based on sex; modify, and increase fines. Amends sec. 556 of 1931 PA 328 (MCL 750.556).
- [SB 0333 of 2019](#) Labor; fair employment practices; notice of employment discrimination website and telephone line; require employers to post. Amends sec. 602 of 1976 PA 453 (MCL 37.2602) & adds sec. 202b.
- [SB 0334 of 2019](#) Labor; fair employment practices; written job descriptions; require for companies with more than 5 employees. Amends title of 1978 PA 397 (MCL 423.501 - 423.512) & adds sec. 9a.
- [SB 0335 of 2019](#) Civil rights; employment discrimination; prohibited employment discrimination practices; expand to include asking a job applicant about past compensation. Amends sec. 202 of 1976 PA 453 (MCL 37.2202).
- [SB 0336 of 2019](#) Labor; fair employment practices; pay differentials for men and women; require state report and plan to reduce. Amends sec. 3 of 1978 PA 609 (MCL 408.903).
- [SB 0337 of 2019](#) Civil rights; employment discrimination; pay equity in the workplace award program; create. Creates new act.
- [SB 0338 of 2019](#) Labor; hours and wages; pay equity compliance certification; require for private businesses that contract with the state. Amends sec. 209 of 1976 PA 453 (MCL 37.2209) & adds sec. 209a.
- [SB 0339 of 2019](#) Labor; fair employment practices; deductions from wages without written consent of employee; revise notice period for certain deductions related to garnishment. Amends sec. 7 of 1978 PA 390 (MCL 408.477).



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[HB 4685 of 2019](#)

Insurance; automobile; coverage for certain emergency responders; require automobile insurance companies to offer. Amends 1956 PA 218 (MCL 500.100 - 500.8302) by adding sec. 3018.

[SB 0361 of 2019](#)

Animals; other; definition of livestock in the Michigan fireworks safety act; modify citation. Amends sec. 12 of 2011 PA 256 (MCL 28.462). TIE BAR WITH: SB 0174'19

Bill Activity:

PASSED, ENROLLED or ADOPTED By the CHAMBER

[HB 4066 of 2019](#)

Fire; other; requirement for manual fire alarm box in schools; exempt in certain circumstances. Amends 1941 PA 207 (MCL 29.1 - 29.33) by adding sec. 3d.

[HB 4067 of 2019](#)

Construction; code; requirement for manual fire alarm box in schools; exempt in certain circumstances. Amends 1972 PA 230 (MCL 125.1501 - 125.1531) by adding sec. 4h.

[SB 0150 of 2019](#)

Appropriations; zero budget; supplemental appropriations; provide for fiscal year 2018-2019. Creates appropriation act.

Articles of Interest

State Budget Done By July Realistic . . . Maybe 6/4/19

According to Senate Majority Leader Mike [SHIRKEY](#) (R-Clarklake), the Legislature getting the state budget completed by July is "absolutely realistic," but he doesn't know if that's what will happen or not.

"Is it going to get done by then? I don't know," Shirkey added. "I don't have a crystal ball. We should endeavor, as I've said from the beginning of session, to not lose the discipline created over the last eight years -- of getting the budget done relatively early compared with previous administrations and legislatures. I think we have a chance."

MIRS asked about the upcoming situation when the Senate chamber isn't expected to be



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available for use (from late June to early August) due to a scheduled refurbishing. (See ["Senate May Be In The House This July,"](#) 4/30/19).

The fact that the chamber's going to be worked on will not affect our ability to meet. I guarantee that," Shirkey asserted.

A reporter asked about the Attorney General's budget, as passed by the GOP-controlled Legislature, and claims that the cuts in it would negatively impact its investigations.

"This is the first step in a multi-step negotiation process for budgets," Shirkey said. "She (AG Dana **NESSEL**) shouldn't be too alarmed, yet. Let's let the process play out."

Chrysler Project Is Largest In MEDC History

FCA Chrysler's previously announced \$4.5 billion investment into auto facilities in the Detroit area will be assisted by \$223.5 million in state-approved incentives (See ["Fiat Chrysler Claims \\$4.5B In New Michigan Plant Investment,"](#) 2/26/19).

When FCA made its proposed investment announcement in February, it came with the expectation that both the state and the city of Detroit would follow suit with an incentive package to support it. Today, an incentive package was approved by the Michigan Strategic Fund (MSF) Board that the automaker says will help it create 6,433 new jobs in Michigan, including 4,950 jobs in Detroit.

Gov. Gretchen **WHITMER** said today at a press event the deal is the "biggest" involving an automotive assembly plant in the United States in a decade, and also the largest project the Michigan Economic Development Corp. (MEDC) has done in its existence.

The Governor's Office cited the Center for Automotive Research in saying that every auto assembly plant job created has a "multiplier" of creating eight jobs through the supply chain, leading Whitmer to predict 50,000 jobs could be created in Michigan as a result of this deal.

MEDC CEO Jeff **MASON** said Michigan would be getting the benefit of the economic equivalent of two new auto plants, and he said there's only been four of those across the country the past 20 years.

FCA plans to turn its Mack Avenue engine-making complex in Detroit into an all-new auto assembly plant, making it the first such plant built in the city in nearly 30 years. The automaker is planning to convert the complex into the future assembly site for the Jeep Grand Cherokee and a Jeep SUV, along with plug-in hybrid models, according to the Governor's Office.

The nearby Jefferson North assembly plant, also owned by FCA, was the last such plant built in the Motor City, and it too will be retooled as part of FCA's investment for continued production of the Dodge Durango and next-generation Jeep Grand Cherokee, according to the Governor's Office.

The Detroit plants were approved for a \$10 million grant, as well as a 100-percent withholding tax



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capture under the Good Jobs For Michigan (GJFM) program that is worth \$99 million for up to 10 years.

The GJFM incentive was created by the Legislature a few years ago to give companies a certain amount of their employees' withholding taxes as a way to attract large projects. The law set a \$200 million cap on the program that's expected to sunset at the end of this year (See ["House, Senate Approve Controversial 'Good Jobs' Tax Incentive Package,"](#) 7/12/17).

With the FCA incentives, \$162 million in GJFM incentives have been now been committed.

The Jefferson North plant also will benefit from a 100-percent State Essential Services Assessment (SESA) exemption for up to 15 years that is worth up to \$13.4 million, and the Mack Avenue facility also will get a 100-percent SESA exemption for 15 years worth \$18 million. The SESA is typically required of manufacturers that don't pay personal property taxes on manufacturing personal property, according to the MEDC.

Also connected to the Detroit plant projects, the Detroit Brownfield Redevelopment Authority is getting a \$35 million performance-based grant and another \$20 million investment fund award to go toward the estimated \$107.6 million needed for the land acquisition and site preparation for the projects, which the MSF also approved today.

FCA is also planning investments at its truck assembly and stamping plants in Warren, as well as its stamping plant in Sterling Heights, and those projects are lined up to receive state-approved incentives as well.

To revamp the Warren truck plant, FCA is getting a SESA exemption over 15 years worth \$21 million, plus a 50 percent GJFM withholding tax capture for five years estimated at being worth \$6 million. The project involves the production of the Jeep Wagoneer and Grand Wagoneer.

The Warren stamping plant will get a five-year SESA exemption worth up to \$692,928, and the Sterling Heights stamping plant will get a five-year alternative SESA exemption worth \$180,900. The alternative SESA differs from a SESA in that an alternative SESA can be awarded to a project not located in what's considered a "distressed area."

The MEDC memos describing the projects note FCA has received state-awarded incentives before, including a Michigan Economic Growth Authority (MEGA) tax credit to retain jobs in Michigan. However, the memo states that job creation as a result of today's announced deal will "not count toward the MEGA Tax Credit" (See ["Chrysler Agrees To Cap Its MEGA Liability To State At \\$1.9B,"](#) 11/24/15).

Besides Whitmer and Mason, other officials at the Romney Building press conference today following MSF Board approval included FCA Chief Operating Officer for North America Mark **STEWART**, Macomb County Executive Mark **HACKEL** and Lt. Gov. Garlin **GILCHRIST II**.

Detroit Mayor Mike **DUGGAN** wasn't at the press conference but did thank the Detroit City Council for approving the final local agreements needed for the FCA plant projects to move forward. FCA noted today it would give Detroit residents some preference for applying for jobs at the plant.

Sen. Paul **WOJNO** (D-Warren) applauded the news today, both at the MSF Board meeting and also in a statement that said, "I couldn't be happier to see continued investment and support from Fiat Chrysler and look forward to the economic boost they'll bring to Macomb."



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Sen. Michael **MACDONALD** (R-Sterling Heights) also saluted the investment.

Nessel Joins Lawsuit Challenging Religious Exemption Health Care Rule

Michigan, along with 22 other state and local governments, has filed suit challenging a new rule established by President Donald Trump's administration allowing a health care provider to refuse to provide medical care services if the provider believes it would conflict with his or her religious beliefs or moral convictions.

Opponents of the rule have argued it could deny life-saving basic treatment, including ambulance rides and basic appointments, if a doctor, nurse, EMS technicians, ambulance driver or receptionist objects to a person or their need for treatment on religious or moral grounds.

Ms. Nessel said the rule shows an "alarming and terrifying" contempt for the principle of separation of church and state.

"Healthcare treatment should be dictated by approved medical standards and a patient's decisions about the type of care he or she wishes to receive, not the religious or personal beliefs of those who hold themselves out as medical professionals. The imposition of his rule catapults our nation one step further toward America devolving into a virtual theocracy," Ms. Nessel said.

The new rules were officially published by the federal government on Tuesday and are scheduled to take effect on July 22.

The rules require that government entities that get federal health funding maintain records, provide assurances to employees and cooperate with the federal civil rights division in the U.S. Department of Health and Human Services when investigating cases.

Ms. Nessel said state and local governments face the prospect of losing billions in federal assistance and the rules provide the federal government with the sole discretion to determine if a government has complied.

Colorado is the lead state in the case joined by Connecticut, Delaware, the District of Columbia, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, and Wisconsin.



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New York City and Chicago have also joined the suit as has Cook County, Illinois. San Francisco filed suit separately on Tuesday.

Friday, May 17, 2019

Slight Bump In Revenue Agreed Upon In Consensus Forecast

Lawmakers will have a slight cushion of revenue to complete budget work in the weeks ahead for the current fiscal year and fiscal year 2019-20, according to the numbers agreed upon Friday by the state's Consensus Revenue Estimating Conference.

Economists and state budget officials delivering presentations before conference members Friday in the Capitol said while the state's economy remains strong during one of the longest periods of growth ever, there are concerns over tariffs and trade agreements that pose a threat to the current growth.

The conference agreed Friday upon numbers for the remainder of the 2018-19 budget year, estimating total General Fund and School Aid Fund revenue of \$24.334 billion, up \$14.9 million from the \$24.25 billion decided upon in January. While that overall change is tiny, there was a much more significant difference in the General Fund and School Aid Fund.

General Fund revenue for 2018-19 is expected to be at \$10.871 billion, an increase of \$151.5 million from the \$10.7 billion in January while School Aid Fund was at \$13.482 billion, a decrease of \$68.2 million from the \$13.55 billion set in January.

Appropriators will have for fiscal year 2019-20 total General Fund and School Aid Fund revenue of \$24.617 billion, an increase of 1.2 percent over the current fiscal year, or \$282.7 million.

General Fund for fiscal year 2019-20 is projected to be \$10.777 billion, down \$74.8 million from the January projection of \$10.717 billion and School Aid Fund is expected to be at \$13.840 billion, an increase of \$357.5 million from the January estimate of \$13.926 billion.

"We saw revenues are essentially flat," Treasurer Rachael Eubanks told reporters after the conference. "From our perspective, we are relatively stable. There's certainly uncertainties out there."



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She said as revenues remain flat, officials will continue to monitor them in the coming months to ensure everything stays on track.

When asked about the state bringing in revenue through taxes at a level \$10 billion under the constitutional revenue limit, Ms. Eubanks said it's primarily the result of tax policy changes.

"We have seen the General Fund remain flat for 20 years and it constrains the ability to be able to have money for new projects," she said.

[Budget Director Chris Kolb](#) said it's tough for the state to spend on its priorities with the same amount of money it had 20 years ago.

"Overall what it does show you is the reason we have these needs is we have not provided the resources that we need to fix our roads, fix our schools and clean our water," he said.

On the consensus numbers showing a slight decrease in the School Aid Fund and if that would affect [Governor Gretchen Whitmer](#)'s school spending plans, Mr. Kolb said in the grand scheme of things, it's not too different from January estimates.

"We know that the constraints are," he said. "We know what the needs are. We know that there's a solution out there and we just all have to come together to do that."

Those presenting projections were upbeat about the current economic strength but warned of the national economic policy matters such as tariffs that could affect the state.

"Michigan's economy right now continues to look strong," Gabriel Ehrlick, director of the Research Seminar in Quantitative Economics at the University of Michigan, said, adding that those hoping the economy continues to remain strong would keep their fingers crossed.

Mr. Ehrlick said the hope is that President Donald Trump's administration and China find a middle ground in addressing the ongoing battle over tariffs rather than any kind of ramping-up of actions between the nations.

Eric Bussis with the Department of Treasury agreed that the economic fundamentals are strong but leveling off. He echoed Mr. Ehrlick's concerns over tariffs and trade.



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Mr. Bussis told the revenue conference members if there are any sharp negative changes in economic policy in the next couple months that cause a larger tariff fight, the group should meet again and discuss the economic implications.

Other signs of economic growth slowing down included the projection of increased jobs in the state. State fiscal agency officials projected average job gains of 32,200 new jobs in the state this year, a drop from 49,500 new jobs in 2018 and the fewest since recovery from job losses began in 2011 during the last recession. For 2020, total jobs created were estimated to be 15,100 and only 12,500 in 2021.

Another surprise, according to Jim Stansell with the House Fiscal Agency, was that the projected increase in sales tax collections expected have not materialized to the levels projected following the *South Dakota v. Wayfair* case decided by the U.S. Supreme Court last year. The case granted the ability to collect sales taxes on internet sales from companies that do not have a physical presence in the state.

For light vehicle sales, HFA projected there to be 16.8 million vehicles sold nationally in 2019, down from 17.2 million in the previous year before falling to 16.6 million in 2020 and 16.5 million in 2021. The Senate Fiscal Agency was projecting 16.9 million in sales for 2019, with the same 2020 and 2021 projections as HFA. The governor's administration projected 16.7 million for 2019 and 16.4 million for 2020 and 2021.

For total K-12 pupil counts, the total count for 2018-19 was raised to 1,470,500, an increase of 100 from the January estimate and 13,692 above the previous year. For the 2019-20 fiscal year the estimated pupil count is expected to be 1,459,400, a decrease of 800 from the January estimate and an 11,100 decline from the current fiscal year.

Senate Appropriations Committee chair [Sen. Jim Stamas](#) (R-Midland) he was pleased the state is continuing to see growth, but lawmakers must exercise caution in proceeding to finalize the 2019-20 budget.

"There's always uncertainty. There's always something out there that can hurt the economy," Mr. Stamas said of the trade and tariff concerns expressed during the meeting.

He said the Senate budgets that were passed over to the House were within the limits of the January estimate so there is room for movement based on what the House passes and negotiations with the governor.

Mr. Stamas said the long-term goal is finding more funding for education and roads.



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[Sen. Curtis Hertel Jr.](#) (D-East Lansing) the committee's minority vice chair, said the new numbers were not unexpected and confirm what is already known: that new revenue will be needed for more road and education funding.

He pointed to projections having revenue remaining flat over the next couple of years as the state's economic growth slows as proof.

"This is not going to be solved by hope," Mr. Hertel said.

Friday, May 17, 2019

With GOP Proposing Cuts, Kolb Confident Budget Will Be Worked Out

As House and Senate Republicans continue to push through budgets with various cuts – including blanket 3 percent agency cuts in the lower chamber's budget – [Budget Director Chris Kolb](#) said Friday they would cause severe issues, but he thinks the two sides will come together before it gets to that point.

This week, the Senate moved its budget bills through the full chamber at about \$850 million less than what [Governor Gretchen Whitmer](#) had presented to lawmakers. The House is moving its budgets from the full Appropriations Committee, while some are still in subcommittees.

"The Senate obviously made some significant cuts to the budget," Mr. Kolb said. "But in the end those cuts produced only \$132 million more to go into transportation. Obviously, it's nowhere near what we need and the additional cuts they made would have real ramifications."

He noted it's only step one or two in the budget process, and he is confident when the process is over, the final product will address Michigan's critical needs.

"We understand what (the Legislature's) concerns are. We understand the concerns and the need of the state of Michigan," Mr. Kolb said. "I am confident we are going to bridge those two areas into a solution we will all be proud of."

In the House budgets, 3 percent cuts to be found through administrative efficiencies and 25 percent cuts to information technology projects are included. Appropriations Chair [Rep. Shane Hernandez](#) (R-Port Huron) has said if the administration wants



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Michigan residents to find money for a gas tax increase, state government should also look to find more money in its own budget.

Mr. Kolb told reporters Friday if those cuts were in the final budget, it would cause "severe issues."

"If those cuts were to be adopted, I think it would cause severe issues within the departments not just with providing services, but those IT cuts are very impactful," Mr. Kolb said following the Consensus Revenue Estimating Conference. "I think number one, just like the Senate and its cuts, they are trying to provide funds for some transportation plans. But also, on the IT, they might be trying to send a message on IT problems that have been ongoing for years."

The state has seen several IT projects costs increase even as some of the programs are not working as designed, including the Department of Health and Human Services' Michigan Statewide Automated Child Welfare Information System, which has been a source of problems since its rollout.

"We hear that message. We are addressing those issues with them," he said. "So in the end, I think those cuts and those IT issues won't happen and we will provide solutions for them."

On IT, Mr. Kolb said he is looking into what the needs are, how funds are currently being spent and what is needed moving forward. DHHS is under fire for overspending its authorizations in the past year. The Legislature already has added almost \$70 million to its budget in the last 12 months address the problem, but the shortfall is said still be between \$35 million and \$45 million.

"We are willing to engage with the Legislature on that," he said. "This is an issue that's been ongoing for some time. This administration inherited many of those issues. And this administration will solve those issues."

Is Being \$10B Under The Headlee Revenue Cap A License To Tax More?

Michigan government could raise taxes by more than \$10 billion and still not be over the constitutional tax limitation number put in place by the 1978 Headlee Amendment, according to today's Consensus Revenue Estimating Conference projections

That's enough wiggle room to raise enough revenue for an entirely new General Fund, Budget Director Chris **KOLB** said today. It's certainly enough room to raise the \$2.5 billion needed in gas taxes for roads, education and the environment, he said.



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"There's no huge pot of money out there that's going to help us make these decisions," Kolb said. "So we're going to need to come together and make the decisions that the people are depending on to meet the critical needs here in the state of Michigan."

Kolb is advocating for Gov. Gretchen **WHITMER**'s proposed 45-cent-a-gallon gas tax increase, which raises a projected \$2.5 billion. Of that, \$600 million would replace the projected General Fund contribution into the roads, which would go to fund higher education and K-12 education.

Under the Headlee Amendment if state taxes make up more than 9.49 percent of the average taxpayers' personal income, Lansing must cut rebate checks. Only three times in the last 40 years has Michigan been above that limit, the last time being in 2000.

Since then, two things have happened, said Senate Fiscal Agency economist David **ZIN**.

First, certain revenue streams like the state Education Tax, cigarette tax, gas tax and most fees have not kept up with personal income. They've either stayed flat or grown slower than personal income.

Consumer habits have made the sales tax less reliable, too, as people spend more of their money on untaxable services and experiences than tangible stuff, which is taxed. For example, those with money are more likely to hire someone to mow their own -- which isn't taxed -- than go out and buy a new lawnmower -- which is taxed, Zin said.

Second, tax changes like increasing the personal exemption on the state's income tax, replacing the Michigan Business Tax with the Corporate Income Tax and increasing the homestead exemption have brought in less money, Zin said.

When Gov. Rick **SNYDER** took office, Michigan was about \$5.5 billion before the Headlee revenue limit. Now, CREC projected it's \$10.3 billion and expected to grow to \$11.9 billion by 2021.

However, Senate Appropriations Committee Chair Jim **STAMAS** (R-Midland) said he doesn't see this trend as a license to raise taxes. He noted that Michigan's economy is 72% of where it was before the Great Recession.

He's concerned that significantly raising taxes -- like a 45-cent hike in the gas tax -- will halt Michigan's "slow and steady growth."

"Especially when you're talking about economics and manufacturing within a gas tax, for example, that's a large economic impact on our businesses, on our farms and our families," Stamas said. "It will be interesting to see how much that plays a role."

Kolb counters that if Michigan's General Fund had kept pace with inflation, lawmakers would have an additional \$5.5 billion for the Fiscal Year (FY) 2020 budget.

"Overall, this shows you that the reason we have these needs in the budget is that we have not provided the resources that we need to fix our roads, improve our schools and protect our water," Kolb said.

While Stamas is concerned about the cost on taxpayers' pocketbook if taxes are increased. Kolb said he's concerned about the cost on taxpayers' wallets if taxes aren't increased.

The expenses related to fixing a car damaged on Michigan's roads, of "not providing our kids with an adequate education" and allowing kids to drink tainted tap water is much more costly to society than investing in these priorities on the front end, Kolb said.



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The Senate-passed budget found \$132 million in cuts to go to the Michigan Department of Transportation.

"That's nowhere close what we need and those cuts have real ramifications."

Supplemental Negotiations

In related news, Budget Director Chris **KOLB** said the administration has two large priorities for the FY '19 supplemental spending plan sitting on the House floor -- \$5 million for the Secretary of State to start planning for the new redistricting commission and \$10 million for the wrongfully imprisoned.

Gov. Gretchen **WHITMER** vetoed a standalone bill that set aside money for this population because it was not included in an appropriations bill (See "[Whitmer Vetoes \\$10M For Wrongful Imprisonment](#)," 5/10/19).

Kolb said his office has had "productive conversations" with legislators and that they have things they'd like to move forward with, as well. 🐾 [SB 0150](#) moved out of the Senate earlier this year (See "[Deal Struck On First Whitmer-Era Supplemental](#)," 4/24/19).

Slowing Economy Flattens Projected State Revenues

The mix of good news and bad news at today's biannual Consensus Revenue Estimating Conference (CREC) produced little news.

Michigan's economy is slowing to a snail's pace, causing economists to wave the caution flag about the amount of money the Governor and lawmakers can expect to spend this year and at least the next two.

The CREC principals agreed on state revenues up a combined \$83.3 million for this fiscal year, but down a combined \$27.8 million for Fiscal Year (FY) 2020 and \$17 million for FY '21. Essentially, it means policymakers don't have a lot of extra money to throw around, but there isn't a need for massive budget-balancing cuts, either.

"What we saw is that revenues are going to be essentially flat," said state Treasurer Rachael **EUBANKS**. "From our perspective we're relatively stable."

The revenue forecast numbers are so stable, the Budget Office and fiscal agencies are projecting neither a pay-in to the Budget Stabilization Fund or a pay-out. From FY '19 to FY '21. In her initial Fiscal Year (FY) 2020 budget, Gov. Gretchen **WHITMER** suggested a \$150 million rainy day fund deposit. The Senate recommended a \$50 million deposit. The House isn't recommending any deposit.

Income tax review payments are ticking along at historic highs. That's good news for the state government's General Fund, but sales tax revenue is down, which is hurting the School Aid Fund (SAF).

The agreed-to numbers show FY '19 General Fund revenues coming in \$151.5 million more than what was expected in January. School Aid Fund numbers are coming in \$68.2 million less for the net gain of \$83.3 million.



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SAF revenues, however, are expected to come in \$86.9 million and \$84.9 million less than expected in FY '20 and FY '21, respectively, which is the reason for the overall decrease in projected revenue.

Eubanks said she saw nothing troubling in the numbers, but said the Department of Treasury will continue to monitor international trade negotiations to see if there's a "potential to impact our economy in a meaningful manner."

Michigan's modest economic growth is continuing, but revenue estimates are slowing to numbers not seen in the last five to 10 years.

Slower but steady growth in Michigan's economy is the forecast for the next three years, economist Gabriel **EHRlich** said at today's CREC, but he's also "more worried" than usual because of "uncertainty that is currently surrounding economic policy."

"Michigan's economy right now continues to look strong. Those are the numbers. Things are looking pretty good right now. We expect continued job growth over the next three years along with low unemployment and pretty decent real income growth," he said, noting that he has given the outlook from the University of Michigan Research Seminar in Quantitative Economics (RSQE) to the conference now seven times.

"We've been consistently optimistic about the economic outlook in that time and so far the numbers have cooperated with us. That's nice. As an economic forecaster, it is my job to worry about what can go wrong and I have to admit that I'm more worried than usual today than I typically have been . . . so I hope you will join me in keeping your fingers crossed that Michigan's economic luck will continue," he said.

Unemployment nationally is still trending down, but in Michigan is expected to hold steady under 4% over the next three years, he said.

Personal income is expected to grow 3.39% this year, 3.91% next and 3.78% in 2021. Read disposable income will go up 2.19% this year, 2.12% next and 1.81% in 2021.

Some 36,000 jobs are expected to be added this year in Michigan, for 0.8% growth; 26,200 in 2020 for 0.6%; and 25,600 in 2021 for 0.6%.

"Early on in the recovery, it was really on the demand side that people wanted to work and employers didn't want to hire. At this point, we think, to a large extent, employers do want to hire. Job openings actually exceed the number of unemployed workers now," Ehrlich said.

One risk to watch out for is the possibility of a national recession. He noted this is also a contract year for the United Auto Workers.

The biggest risk is trade negotiations with China, Canada and Mexico.

"Watch the tone from China," Ehrlich said. "If China starts talking in a very combative way, it is going to be harder for the United States to back down or to find neutral ground . . . There is no question we need to expect a response from the Chinese government. They've already announced it will happen. What I worry about is if you start seeing really bellicose language; I think that leads to things starting to spiral. You get tit-for-tat behavior, and it's a lot harder to come to a compromise."



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Wednesday, May 22, 2019

[Nessel Opinion Strikes Down Key Provisions Of New Signature Rules](#)

A controversial measure approved during the lame-duck session of the 99th Legislature to impose new strictures on how petition signatures are gathered for initiated acts and proposed constitutional amendments runs afoul of the Constitution in several key areas, [Attorney General Dana Nessel](#) held Wednesday, but other provisions are allowed.

The ruling, [Opinion 7310](#), strikes down two of the main provisions of [PA 608 of 2018](#) that critics worried most about: limiting signatures gathered in a single congressional district to no more than 15 percent of the total signatures collected and requiring the signatures be collected by congressional district instead of by city, township or county.

The act was passed after the voting public approved two constitutional amendments in the November election: Proposal 2018-2 that established a citizens commission to draw district lines for the Legislature and congressional members and Proposal 2018-3 that established new rules on voting including no-reason absentee voting, same-day voter registration and straight-party voting.

The law was backed mostly by business groups worried about two proposals that got sufficient signatures and others requiring an increase in Michigan's minimum wage and providing for sick time provisions by employers. The Legislature enacted those provisions to prevent them from going to the voters and then amended them after the election.

The law was criticized by many individuals including those who had helped run petition drives for Right to Life of Michigan and who played a key role in the passage of the Headlee Tax Limitation Amendment.

Shortly after taking office, [Secretary of State Jocelyn Benson](#) asked Ms. Nessel for an opinion on the law.

On Wednesday, Ms. Nessel held that key provisions are unconstitutional and could be severed from the rest of the law.

Ms. Nessel's ruling stands as the law on the subject unless she is overturned by a court.



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Ms. Benson said after the opinion was released that "both the Michigan Constitution and the First Amendment to the U.S. Constitution protect Michigan citizens' right to amend our laws or state constitution through direct citizen petitions. I am grateful to Attorney General Nessel for clarifying the constitutional infirmities of Public Act 608. We will carefully review her opinion and update our guidance to potential petition sponsors, circulators and voters accordingly."

The 15 percent limit and the provision to collect signatures by congressional district would have scuttled practices used since the 1963 Constitution was adopted allowing circulators to distribute petitions countywide and to focus collecting signatures on the state's most populous counties.

Ms. Nessel said those congressional district limits are unconstitutional because the Constitution does not include a distribution component with respect to signatures. "In other words," she said, the Constitution "does not limit the number of signatures that can be counted from any particular geographic region or political subdivision in Michigan, nor does it require that petitions be signed by a certain number of registered electors in different geographic or political subdivisions."

The same principle applies to the requirement that signatures be distributed on a congressional district basis, which critics of the law said were impractical as voters would always know in what county they live but not necessarily their congressional district, Ms. Nessel said.

The law also required paid petition circulators, which is often the norm today, file an affidavit with the state. Any signatures that might be obtained before filing the affidavit would be invalid.

Ms. Nessel said this, too, is unconstitutional as it violates free speech rights guaranteed under the First Amendment to the U.S. Constitution and could subject circulators to harassment.

Several other provisions, which were also controversial when the law was being considered, are constitutional, Ms. Nessel said, including that if a circulator has false or fraudulent signatures on a petition sheet, it invalidates all the signatures on the sheet. Ms. Nessel said the provision helps ensure the integrity of the process, which is of greater importance than any inconvenience petition sponsors could face.

Critics worried the provision could force them to collect even more signatures to ensure a petition meets the minimum needed for an initiated act or constitutional amendment.



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The law also created a new process for the Board of State Canvassers to approve a petition as to its form, which still would not be required of a petition group, and if it does approve the form, it could not consider a challenge based on the form's summary of the proposal. However, it also lets the canvassers to take up to 30 days to approve the summary, which petition sponsors worried could cut into prime signature collecting times.

The opinion held that a provision in the law requiring any challenges to the canvassers' decision sufficiency of signatures go directly to the Supreme Court is constitutional, but the Supreme Court could still refer the matter to the Court of Appeals. However, a requirement that the Supreme Court put such an appeal on its docket as soon as practical violates the separation of powers.

[House Approps Takes Over, OKs State Police Budget](#)

With the former chair of the House subcommittee dealing with the Department of State Police budget under a federal indictment, the full Appropriations Committee on Wednesday presented and reported that budget.

The State Police budget was scheduled to go through the Military and Veterans and State Police Subcommittee last week but was canceled after a federal grand jury indicted [Rep. Larry Inman](#) (R-Williamsburg) for allegedly trying to sell his vote on the prevailing wage repeal last session. Mr. Inman, chair of the subcommittee, was removed from all committee assignments.

On Tuesday, Appropriations Chair [Rep. Shane Hernandez](#) (R-Port Huron) introduced a new bill covering the State Police budget, [HB 4615](#), which the committee reported Wednesday.

The reported version of the State Police budget has several items proposed by [Governor Gretchen Whitmer](#). The main differences include the administrative and information technology cuts, included in most of the House budgets, which would reduce funding by \$2.7 million, all General Fund, and \$7 million (\$3.5 million General Fund), respectively.

The House budget would also provide \$4.3 million General Fund (\$2 million ongoing and \$2.4 million on-time) for a trooper recruit school, which would allow for 25 full time employees, versus the 50 in the governor's recommendation. Ms. Whitmer recommended \$8.6 million for the trooper recruit school.

Overall, the State Police budget is \$703.6 million (\$454.4 General Fund), about \$15 million less than the executive recommendation (\$13.9 million General Fund).



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One amendment from [Rep. Sarah Anthony](#) (D-Lansing) was adopted to the State Police budget to include a \$100 placeholder for a grant program for local law enforcement agencies to use for equipment purchases.

HB 4615 was reported 16-8 with Democrats Ms. Anthony, [Rep. Ronnie Peterson](#) of Ypsilanti and Rep. Joseph Tate of Detroit abstaining, all other Democrats voted no.

The committee also reported its Department of Health and Human Services ([HB 4235](#)) and general government ([HB 4234](#)) budgets on Wednesday. Democrats attempted, and failed, to remove the 3 percent administrative and 25 percent IT cuts from the budgets.

"Same issue. same day," [Rep. Sheryl Kennedy](#) (D-Davison) said about her amendment to remove the cuts from the general government budget. "As I previously shared, I am extremely concerned about the cuts to IT and administration to all state departments, and that it will affect their ability to serve the taxpayers in Michigan. Arbitrary cuts without long-term planning or even courtesy of advisement to the effected departments does not save taxpayer dollars. It does in fact waste taxpayer dollars."

For the general government budget Democrats also attempted to restore funding the Department of Attorney General and the Department of State. Both failed. The House general government budget for [Attorney General Dana Nessel](#) would require her to report to legislative subcommittees on why she has entered federal lawsuits.

It also cuts \$5.1 million, or 4.9 percent, from the attorney's general's office compared to the current year.

Funding for the redistricting commission created through a voter-approved constitutional amendment was moved from the Department of State to the Legislature's budget under the general government bill. The bill provides \$3.2 million, which it says is 25 percent of the House recommended Department of State General Fund budget, which is required by the Constitution. The governor recommended \$4.6 million.

One amendment from Rep. Joseph Tate (D-Detroit), which was approved, would create a \$500,000 landlord risk mitigation fund to help partnerships between landlords, charities and the state to help facilitate housing for homeless people. Another amendment from Mr. Tate, which was approved, funds the cost of taking the high school equivalency exam for those who enroll in test preparation courses.

An amendment from [Rep. Sarah Lightner](#) (R-Springport) allows communities with a Department of Treasury waiver on pension liabilities to use their revenue sharing increase at their discretion. House boilerplate language requires communities to allocate an amount equal to their eligible payment increase to their unfunded pension liabilities.

The massive general government budget, which includes many state agencies including the departments of civil rights, attorney general, treasury and others, is \$5.1 billion (\$948.5



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million General Fund), a 2.3 percent reduction from the current year and \$171 million less than the executive recommendation. It was reported 17-11 with Mr. Tate voting yes and all other Democrats voting no.

The DHHS budget was reported 18-8 with [Rep. Leslie Love](#) (D-Detroit) and [Rep. Abdullah Hammoud](#) (D-Dearborn) voting yes and Mr. Hoadley, Mr. Peterson and [Rep. John Cherry](#) (D-Flint) abstaining. All other Democrats voted no.

"I am optimistic there is much more progress to be made in the budget before us," said Mr. Hammoud, the minority vice chair of the subcommittee.

An approved amendment came from [Rep. Thomas Albert](#) (R-Lowell) to cap a local-match draw down bill paid by local community mental health centers so it does not exceed the amount of funding counties provide the centers "so they do not start a year in deficit."

Overall, the budget contains \$25.9 billion (\$4.67 billion General Fund). That's a 1.5 percent increase from the current year (5.2 percent increase General Fund). It is \$296.7 million less than the governor's recommendation (\$107.5 million General Fund).

Nessel Finds 15% Signature Requirement Unconstitutional

The new elections law requirement that no more than 15% of signatures gathered for citizens initiatives or constitutional amendments come from a single congressional district is unconstitutional, Attorney General Dana **NESSEL** opined today.

In response to a question posed by Secretary of State Jocelyn **BENSON**, Nessel wrote the new requirement creates an obstacle for voters without any support in the Constitution.

"The Michigan Constitution gives Michiganders the right to support change in the law, and while the Legislature can write laws to implement the process, the Legislature cannot cut voters out of the process," she wrote.

Rep. James **LOWER** (R-Cedar Lake), the sponsor of the legislature, said he's not surprised by the ruling. He felt, based on her earlier comments, that "she had her mind already made up."

"I'm not concerned. Once this is litigated in the courts, I'm sure it will be upheld."

Michigan Republican Party Chair Laura **COX** said Nessel has decided to "throw out a law she doesn't support on purely partisan groups."

Benson responded by saying, "I am grateful to Attorney General Nessel for clarifying the constitutional infirmities of Public Act 608. We will carefully review her opinion and update our guidance to potential petition sponsors, circulators and voters accordingly."

Nessel also found that requiring a paid circulator to check a box on a petition that a volunteer circulator wouldn't have to check could lead to "circulator harassment" and create constitutional free speech issues.



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The entire law in question, PA 608 of 2018, wasn't thrown out as unconstitutional, however. Nessel was fine with a provision that throws out any petition that includes mistakes invalidates the entire sheet.

In Opinion No. 7310, Nessel didn't opine on whether a challenge to a Board of Canvassers decision goes directly to the Supreme Court, but she did note that the Supreme Court may choose to direct any challenge to the Court of Appeals.

"Based on our review, this new law clearly violates the Constitution on several -- but not all -- fronts," Nessel wrote. "With these issues resolved, Secretary Benson and her team can now go forward in the work they need to do in managing Michigan's election process."

Thursday, May 23, 2019

[Legislature Meeting Friday As Agreement Struck On No-Fault](#)

[Governor Gretchen Whitmer](#) and Republican legislative leaders have agreed upon the broad outlines of a bill overhauling how auto insurance covers health care for injuries sustained in traffic crashes and the Legislature has scheduled a rare Friday session day where it is expected to vote.

The House and Senate will convene for session on Friday at 8 a.m. [SB 1](#) is on the House agenda for passage. It is the first Friday session that is not a holdover from a late Thursday night session since June 2012.

Several sources said a "loose agreement" had been attained on Thursday, though exactly what a "loose agreement" entails was unclear. By the evening, several sources described it as an agreement, though no details had been released as of 11 p.m. and it appeared none would be released until sometime Friday.

Officially, top leaders' spokespersons would only say progress was made but several sources speaking on background said an agreement had been reached on the broad concepts and the hard work of translating that into bill form with sign-off from all sides on every line was underway.

Amber McCann, spokesperson for Senate [Majority Leader Mike Shirkey](#) (R-Clarklake) told reporters negotiations are progressing.

"There's momentum," Ms. McCann said, adding there is an ongoing dialogue with the governor but she could not definitively say a framework was in place on an agreement.



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Ms. McCann said Legislative Services Bureau staff would be staying in the event drafting would need to begin on a bill. She estimated since the bill would likely be similar in length to the current House and Senate bills, it would likely take several hours to craft.

"We will convene at 8 a.m. and see what happens," Ms. McCann said.

There is no set cut-off time Friday before the Legislature would adjourn for the weekend, Ms. McCann said.

Gideon D'Assandro, spokesperson for House [Speaker Lee Chatfield](#) (R-Levering), also could not provide any details.

Whitmer spokesperson Tiffany Brown said talks are progressing and did not confirm a deal had been reached.

An agreement between the Democratic governor and majority legislative Republicans, if passed and signed into law, would represent a remarkable development after decades of efforts led by the insurance industry to end mandatory unlimited medical coverage from auto insurers for those catastrophically injured in traffic crashes and fierce resistance from trial lawyers, health care providers and patients who have benefitted from the care under the current system.

All signs point to a bill that allows motorists to choose a coverage level from various options and see some type of rate reduction.

Thursday's developments came as Dan Gilbert, the billionaire who has become a staunch advocate, continued to apply pressure via a possible initiative petition. He formed the ballot committee Citizens for Lower Auto Insurance Rates.

Mr. Gilbert has let it be known that if Ms. Whitmer and the Legislature cannot agree to a no-fault bill, his group will seek petition signatures from enough registered voters to bring a proposal before the Legislature, which could and likely would vote to enact it. As an initiative petition, Ms. Whitmer would have no power to stop it. Legislative passage would enact it into law. The governor has no veto power.

Hernandez: June 1 Budget Deadline to be Missed

During the prior administration, then-Gov. Rick **SNYDER** would often boast about finishing the new state budget in or around June 1. But with June now about a week away, House Appropriations Committee Chair Shane **HERNANDEZ** (R-Port Huron) observed today "It's pretty safe to say we will not make" a June 1 finish date for the Fiscal Year (FY) 2020 budget.



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Hernandez gave *MIRS* an update on the process. First, keep in mind Gov.

Gretchen **WHITMER** introduced her first budget in March. Snyder gave his first in mid-February.

Another complicating factor is all the attention Speaker Lee **CHATFIELD** (R-Levering) has devoted to no-fault car insurance reform. Because of that, "it is taking longer" and as for another target deadline, "We've never set an artificial final date."

Also, three House budgets -- Higher Education, K-12 and Transportation -- haven't emerged from a committee or subcommittee, yet, and no appropriations bills have moved out of the full House.

Up until now it appeared the House would not adopt the so-called omnibus approach to bundling all of the budget measures into two bills -- one for the General Fund and a second for the School Aid Fund. On going that route, Hernandez said, "We'll keep those options open (while) we continue to move as separate bills . . . We'll see as the process goes on if that is necessary."

Nudged for his own personal thoughts on that, he likes the fact that lawmakers can do a better job by looking at individual budgets rather than in a pile.

"My preference would be separate bills . . . I believe it is better" for legislators to make spending decisions that way, he said.