
March 30, 2010

BUDGET BILLS BEGIN TO MOVE

With the Legislature leaving on Spring Break, the Senate last week passed all of its first-house budgets.

The Republican-controlled chamber restored half of the 20j money vetoed by the Governor last year in the School Aid budget, passed Higher Education and Community College budgets that are 3.1 percent under the Governor's recommendation, increased spending in the Department of Corrections by \$33 million over the Governor's proposal, and rejected any of the Governor's proposed tax increases.

The House began moving their first-chamber bills last week as well. The DELEG budget cleared without any No Worker Left Behind money, a General Government budget passed increasing statutory revenue 1 percent over the Governor's recommendation, an Agriculture budget restored \$500,000 that had been cut for milk inspections and \$400,000 for migrant farming housing, and a State Police budget moved with the Detroit post included. However, efforts to move the Department of Transportation budget failed when only 16 "yes" votes were posted after a series of GOP amendments were gavelled down.

Of course all of this is posturing and positioning for the serious budget negotiations that will not take place until after the Revenue Estimating Conference to be held in mid-May.

REVENUE BALLOT PLAN PROPOSED

Saying no one should be against letting the voters decide, House Education Committee Chair Tim Melton (D-Auburn Hills) has proposed the legislature pass reforms tie-barred to some sort of revenue (tax) hike on the ballot for the voters to decide in the August primary.

Presumably, the revenue hike could be the expanded sales tax on services to fund education although Melton didn't give specifics.

Melton says if the voters say no, lawmakers could return the day after the primary election and begin to pass an all-cuts budget. The cuts would include further reductions in education budgets.

Gov. Granholm weighed in on the issue saying lawmakers should have the "courage" to implement her program without going to the voters.

MEGA MESS UP PROMPTS CHANGES

A recent Michigan Economic Growth Authority (MEGA) board decision granting a \$9.1 million state tax credit to RASCO, a new alternative energy start-up company headed by a convicted embezzler now on probation, has resulted in legislation and an Executive order that makes changes to MEGA's operations.

The House unanimously passed three bills (HBs 4547, 4549 and 4553) that would mandate the Michigan Economic Development Corporation (MEDC) require criminal background checks on applicants before awarding grants, loans or tax credits.

The measures are part of a 12-bill package known as the Corporate Responsibility Act that has been approved by the House Oversight and Investigations Committee. However, the nine remaining bills have not seen full House action.

Gov. Jennifer Granholm has issued an Executive Order that puts State Budget Director Bob Emerson on the MEGA board, makes Treasurer Robert Kleine chairman of the board, appoints Legal Counsel Steven Liedel to the MEDC executive committee, places new duties on the Michigan Strategic Fund's chief compliance officer to prevent improper conduct on the part of tax credit applicants, and requires applicants to submit to a civil, criminal or credit background check if necessary to verify the integrity of the business.

The Senate Commerce and Tourism Committee is also looking into possible legislation.

CHAMBERS AGREE ON PURE MICHIGAN MONEY

The Senate unanimously passed and the House concurred with legislation (HB 5018) that will pump an additional \$9.5 million into this year's Pure Michigan ad campaign.

However, the final version does not contain a new tax on rental cars at airport locations. This brings the total ad campaign funding for the current year to \$14.5 million ó far less than the \$40 million spent on Pure Michigan in FY 2009.

TEXTING BAN CLEARS SENATE

Legislation (HBs 4370 and 4394) that would ban texting while driving has cleared the Senate, but because the upper chamber version makes it a primary offense rather than secondary, the measure has again stalled in the House.

The measure now goes to a conference committee

THIRD TIME NOT A CHARM

A 3-percent pay raise for unionized state employees scheduled to take effect Oct. 1 is all but assured as the Senate for the third time failed to rescind the hike.

A rejection requires a two-thirds vote in both the House and Senate by April 10 or the pay increase stays. With both chambers on a two-week spring break, Thursday was the last session day for action.

GRANHOLM GETS PARKS PASSPORT BILLS

Legislation allowing a \$10 state parks annual permit to be purchased when Michigan residents register their vehicles is on its way to Gov. Jennifer Granholm who is expected to sign it into law.

The move is an effort to generate additional money for maintenance of the state park system because extra money is not coming from the state's General Fund. The passport program is estimated to generate \$38 million.

ASIAN CARP WIN AGAIN

For the second time, the U.S. Supreme Court has rejected a request by Michigan and two other states to order Chicago area locks to be closed over fear of an Asian carp invasion into the Great Lakes region.

Attorney General Mike Cox, expressing disappointment over the one-sentence order, said Michigan would continue to focus on reopening the diversion case in April.

UNEMPLOYMENT RATE DROPS SLIGHTLY

Michigan's jobless rate in February dropped from 14.3 percent to 14.1 percent, the second straight month of unemployment rate decreases, marking the state's lowest unemployment rate since June 2009. However, the February number is still one-half a percentage point above the state's 2009 annual average of 13.6 percent.