

November 19, 2009

## **GRANHOLM SUGGESTS BALLOT INITIATIVE**

Gov. Jennifer Granholm is proposing an education funding ballot initiative as a long-term solution to the \$300 million cuts in K-12 funding but says the education community has to take the lead on such a move.

Granholm noted a graduated income tax, racinos or dropping the rate on an expanded sales tax that would include services as possible solutions. She didn't however, endorse any specific proposal.

Meanwhile, the Governor says she is not backing away from her pro-ration letter that went out to school districts on Oct. 22 that cuts another \$127 per pupil beginning in December. That would bring the total per-pupil reduction to \$292.

## **MORE CUTS IN NEXT YEAR'S BUDGET?**

With the ink barely dry on the \$44.5 billion FY 2010 budget, Gov. Jennifer Granholm says she is asking each department to prepare budget recommendations for FY 2011 that are 20 percent below the current budgets because revenues continue to come in below the May Revenue Estimating Conference estimates. Granholm presents her FY 2011 budget recommendations to the Legislature next February.

That request was followed only a couple of weeks by a Pew Center of the States report saying Michigan is one of nine states headed toward economic disaster similar to California's lingering fiscal crisis and is likely to be one of the nation's 10 poorest states for the foreseeable future.

## **STATE GOVERNMENT STREAMLINING CONTINUES**

Look for Gov. Jennifer Granholm to issue an executive order in December that will merge the Department of Information Technology (DIT) into the Department of Management and Budget (DMB) and place DIT Director Kenneth Theis in charge of the expanding department.

This merger would be the second. An earlier executive order merged the Departments of Natural Resources (DNR) and Environment Quality (DEQ) into a new department to be called the Department of Environment and Natural Resources (DNRE) ó a move that is being met with strong resistance from the agriculture and outdoors communities because it also takes the appointments of the Agriculture and DNR directors away from the Agriculture and Natural Resources Commissions and places them in the hands of the governor.

The Legislature has until Dec. 7 to overturn the DNR/DEQ executive order. Resolutions blocking the move have cleared the Senate and are pending in the House.

### **PARKS PASSPORT BILLS PASS FIRST HURDLE**

Under resolutions that have cleared the Senate and are now pending in the House, Michigan motorists would pay for an annual state park/camping pass when they register their vehicles with the Secretary of State.

The annual cost would be \$10 instead of the current \$24 for a pass and \$6 per night camping permit.

It is estimated the new arrangement would see park fee revenues increase from the current \$11.73 million annually to at least \$17.75 million and possibly as much as \$35 million to \$53 million.

Opponents of the move argue it will divert much-needed money for roads.

### **MDOT: ADDITIONAL ROAD FUNDING LOOKS BLEAK**

Michigan Department of Transportation (MDOT) officials have told the Transportation Commission that no additional revenues appear in sight at this time — a message that underlined the department's proposed 2010-2014 five-year transportation program presentation to the Transportation Commission.

While \$1.4 billion in highway and maintenance spending is underway in FY 2010, the road and bridges program will be drastically reduced beginning in FY 2011 if there is not additional state funding to meet the federal government match requirements.

Without a federal match, the MDOT annual highway and maintenance program would drop from \$1.3 billion to \$592 million annually and by FY 2020 the percentage of state trunkline roads that are currently at 91 percent would drop to 28 percent.

### **CHERRY PROPOSES MBT CHANGE**

Lt. Gov. John Cherry is proposing the Michigan Business Tax (MBT) be changed to a profits-based system — a move he says would make Michigan business tax competitive with that levied in other states.

Although she didn't endorse the concept outright, Gov. Jennifer Granholm said a business profits tax should be considered as part of an overall tax restructuring for the state.

### **TERM-LIMIT CHANGES AHEAD?**

A bi-partisan group of freshmen lawmakers say the current term-limit law is too restrictive and have proposed changes that would continue to limit legislators to 14 years in office but would allow those years to be split in any amount between the House and Senate. There are 30 Republican and Democrat freshmen sponsors.

Currently, legislators are limited to six years (three terms) in the House and eight years (two terms) in the Senate.