

November 22, 2011

MUCH TO DO IN JUST NINE DAYS

With only nine session days remaining in the House and Senate after lawmakers return from their fall break ó there are a plethora of front-burner issues still left to tackle before the end of the year.

Among them is anti-bullying legislation, state employee pensions, workersø compensation, teacher union dues collections, fresh appropriations spending, and let us not forget education reform, energy efficiency aid, and possible brownfield credits.

Those are whatø hot, but what is not?

Donø look for floor action on mandating schools of choice, Right to Teach, no-fault insurance reform, helmet and Personal Property Tax (PPT) before the singing of Auld Lang Syne on New Yearø eve.

PPT REFORM ON HOLD

Anyone hoping for elimination of the stateø Personal Property Tax (PPT) will have to wait until least next year for that change.

Lt. Gov. Brian Calley and Sen. Jack Brandenburg (R-Harrison Twp.), chair of the Senate Finance Committee, said there is not a current plan to bring the issue up before the end of the year.

In late October, Calley said the administration was looking to phase out the PPT ñin the next few weeks,ö but on Wednesday Calley said because the legislative schedule for the remainder of this year is so crowded and so many things going on, work on a PPT plan would begin in January.

That was confirmed by Brandenburg.

ñIøm fairly confident we are going to get this done,ö Brandenburg said.

HOUSE DEMS PUSH SMALL BUSINESS PLAN

Last week House Democrats rolled out a small business initiative they claim will give tax credits to small businesses that hire unemployed workers and allow the state of Michigan to invest in banks to increase capital for business loans.

Under the Democratsø plan, businesses that hire Michiganders unemployed for 60 days or more could earn a tax credit of \$3,000 per person. That, coupled with their veterans tax

credit (HB 5144) unveiled last week; businesses could receive a maximum of \$4,000. The other tax credit bills haven't yet to be introduced.

Ari Adler, spokesman for the House Republican caucus, called the Democrat plan interesting considering the House Democrat caucus locked arms and voted against tax relief for small businesses just a few weeks ago.

RELIGIOUS EXEMPTION OUT OF ANTI-BULLYING BILL

The House, on an 88-18 vote, has passed legislation (HB 4163) that removes language allowing bullying for religious reasons. An earlier Senate-passed version containing the language touched off a national firestorm.

The House-passed version would give school boards six months to draw up anti-bullying guidelines for their district and submit copies of their policies to the state.

Like the Senate version, the House measure does not address cyber bullying.

HEALTH CARE EXCHANGE CLEARS THE SENATE

Legislation establishing a health care exchange has passed the Republican-controlled Senate despite an uproar from Tea Party activists who warned Republicans would pay the consequences for its passage.

Senate Bill 23-12 passed with all the votes coming from Republicans who argued the bill doesn't provide an effective solution consistent with free-market principles.

The federal Affordable Care Act (ACA) says states must implement a health insurance exchange by Jan. 1, 2014 or the federal government will step in and run one. If the ACA is overturned by the courts, Michigan would not have to implement its own program.

The Senate-passed measure, which is now in the House, would create a MiHealth Marketplace website or a non-profit entity that would serve as a clearinghouse for health plans to submit their products for those who don't get health insurance through their employer.

HOUSE DEMS: FREEZE FRACKING

A package of legislation (HBs 5149 through 5151), introduced by House Democrats, would prohibit fracking until a study is completed and would make oil and gas companies subject to the same water withdrawals as other companies.

Fracking (hydraulic fracturing) is a process by which water and chemicals are pumped into a formation containing natural gas pushing the gas up into a collection container along with the wastewater.

Currently, up to 5 million gallons of water can be used to open a new well.

Fracking in Michigan is overseen by the Department of Environmental Quality (DEQ). The department argues that a deep study would likely cause a moratorium on fracking for at least five years and could cost millions of dollars.

AG: MED MARIJUANA CAN BE SEIZED

Police may now seize pot possessed by licensed medical marijuana patients due to an opinion issued by Attorney General Bill Schuette.

Schuette opined that a provision in the Michigan medical marijuana law prohibiting police from seizing the pot from patients is invalid because it conflicts with federal law.

He warns that officers who return marijuana to patients could be prosecuted as dope dealers.

Michigan voters approved the law in 2008.

SUIT FILED OVER KEG LAW

The folks at Bell's Brewery of Kalamazoo are foaming at the mouth over Michigan's new law on keg sales of beer so much so the brewery has filed suit against the state in Kalamazoo County Court claiming the law unfairly targets the state's microbrewery industry by adding restrictions that do not include the liquor and wine industries.

The brewery's president says someone without a driver license or a state ID can't buy a keg under the law and if the required tag on the keg is ripped off, the person buying the keg won't get back their \$30 deposit which then becomes a disincentive to return the keg which costs \$130.

The law is intended to reduce the number of kids being injured from alcohol consumption at house parties and keggers gatherings.

SCOTT RECALLED

On a narrow 232 vote margin, Rep. Paul Scott (R-Grand Blanc) becomes the first state lawmaker to be recalled from office since 1983 when two Democrat senators were recalled for voting to increase the state income tax.

Scott immediately vacated his seat. House Speaker Jase Bolger (R-Marshall) quickly appointed Rep. Tom McMillan (R-Rochester Hills) to chair the House Education Committee on an interim basis.

Although there were some reported voting irregularities, but not enough questionable votes for Scott to make up the margin of difference, neither the Michigan Republican Party nor the House Republican caucus is going to pursue any court challenges.

With that determination, both Democrats and Republicans in Genesee County will choose a contender to replace the recalled Scott in a Feb. 28 special election.

Ari Adler, spokesman for Speaker Bolger said Republicans plan on continuing to move forward with a charter cap bill and other education reform items on the House Education Committee's agenda.

SUPREMES: SNYDER PENSION TAX PLAN O.K. – ALMOST

On a 4-3 vote, the Michigan Supreme Court has ruled Gov. Rick Snyder's plan eliminating the state income tax exemptions on pensions is constitutional save for the one piece dealing with the graduated nature of the personal exemption. That piece amounts to an \$80 million hit in the state budget.

However, because the state is expected to close the FY 2011 books with a surplus, former House Fiscal Agency (HFA) Director Mitch Bean said there won't have to be any reductions in the budget.

According to Justice Stephen Markman, who wrote the majority opinion, the Court did not decide whether the tax reform represents wise or unwise, prudent or imprudent public policy but only decided that P.A. 38 of 2011, for the most part, was consistent with the state and federal constitutions.

Dan McLellan, representing state retirees, said he will recommend the case be taken to the federal courts. He contends that since 1943 state law has protected state employee pensions from the income tax and a guarantee extended into the Constitution.