

September 2019

SENATE, HOUSE PASS K-12 BUDGET

With the start of the fiscal year set to begin on October 1, the Legislature is poised to pass all state department spending plans this week. As you know, House and Senate leadership have been at odds with Governor Whitmer on both road funding and the budget and negotiations broke down earlier this month.

Last week, House GOP and Democrat leadership cut a deal to get the necessary votes on the Democratic side of the aisle to pass a \$15.23 billion School Aid Fund (SAF) budget on a 91-18 vote. The Senate then passed the measure 21-16. It will now be revised and sent to the Governor for action.

The bill, HB 4242, reduces the funding gap between schools to \$418 per pupil and adds \$30 million more for special education, among other changes.

It is expected that the Legislature will send Governor Whitmer the rest of the 15 FY 2020 spending bills as soon as Tuesday and she will exercise her line-item veto power to keep state government open October 1 and the following days, but may scratch as many Republican-specific spending priorities as possible to force them back to the negotiating table to find ways to raise more money for road improvements and schools.

Under a joint House-Senate conference report signed only by Republican conferees Thursday, Michigan will be spending \$868 million on road repairs in FY 2020 that otherwise would go to the General Fund. The bill, SB 149, moves to the House and Senate floor without the Governor's support.

The move ignored Governor Whitmer's continued call for a 45-cent-a-gallon tax increase and instead passed a transportation budget that includes \$400 million in one-time spending to "fix the damn roads."

GOVERNOR WHITMER: NO MORE FLAVORED VAPING PRODUCTS

Governor Gretchen Whitmer offered three emergency rules banning all flavored vaping products from Michigan shelves. The orders came after Chief Medical Executive Dr. Joneigh Khaldun described youth vaping as a "public health emergency."

However, when the emergency rules were released, a ban on "flavored alternative nicotine" products, which had been in the earlier rules draft, was not included.

Representative Matt Hall (R-Emmett Twp.), chair of the House Oversight Committee, called on the Governor and the Michigan Department of Health and Human Services (DHHS) to drop the ban on the alternative nicotine products, because he hadn't heard kids were using mints or gum at high levels.

The rules go into effect immediately and give retailers 14 days to comply, which ban them from selling, transporting and possessing flavored e-cigarettes with the intent of selling them. Michigan was the first state to take such action. Just one week after Governor Whitmer issued the emergency rules, the U.S. Food and Drug Administration followed suit and will soon issue guidance on how to take flavored vaping products off the market.

LEGISLATURE TO OVERSEE REDISTRICTING COMMISSION SPENDING

Under a spending plan adopted by a joint House-Senate conference committee, spending for the new Independent Redistricting Commission would be overseen by the Legislature in its budget, rather than going to the Secretary of State's office.

The Legislature moved it to its budget and set aside \$3.4 million for its operations instead of the \$4.6 million the Governor recommended.

LOCAL OPTION ROAD FUNDING BILLS INTRODUCED IN THE HOUSE

An 11-bill package of legislation, HBs 4963 – 4973, was introduced and referred to the House Transportation Committee. The set of bills would allow counties to levy, after a vote of the people, their own registration fees or excise fuel taxes for roads.

The bills came a day after Senate Majority Leader Mike Shirkey (R-Clarklake) gave a nod to giving locals more road taxing options. Currently, local governments can ask voters to bond out for local road improvements or raise the property tax millage rate.

DEMS PUSH LEGISLATION TO CRACK DOWN ON PAYROLL FRAUD

House and Senate Democrats have introduced a 16-bill package of legislation aimed at cracking down on payroll fraud.

The package increases penalties for payroll fraud, expands whistleblower protections to include employees reporting to the state employee ombudsman or the media, prohibits requiring certain noncompete agreements, provides remedies for misclassification of independent contractors and protects the identity of an employee who files a complaint against an employer.

RED FLAG GUN BILL FIRES BLANKS

Any hopes of passing anti-gun Red Flag legislation in Michigan have been dashed by the chair of the House Judiciary Committee.

“I will tell you right now the bills as they sit do not have support in my committee,” said Representative Graham Filler (R-DeWitt).

Representative Robert Wittenberg (D-Huntington Woods) has been trying for two years to push the proposal and Governor Gretchen Whitmer has also indicated interest in the legislation once the budget and road issues are off the table, but Representative Filler is not giving any indication of holding a hearing on the measure.

DEMS UNVEIL BILLS TO REFORM THE UIA SYSTEM

Declaring that Michigan has one of the Midwest's worst unemployment systems in terms of compensation and benefits, House Democrats have unveiled a 10-bill package of legislation aimed at correcting the problem.

The measures would restore the maximum weekly benefit rate indexing formula to 58 percent of the state average weekly wage, while also returning the eligibility period from 20 to the standard 26 weeks.

The reform would also include "making whole" those caught up in the Unemployment Insurance Agency (UIA) false fraud fiasco in 2013 through 2015.

HOUSE PANEL BETS ON SPORTS BETTING BILLS

On an 11-2 vote, the House Regulatory Reform Committee has moved a three-bill package of legislation, HBs 4916, 4917 and 4918, that would allow sports betting to be legal in Michigan.

One of the key issues is what the tax rate will be. Representative Brandt Iden (R-Oshtemo Twp.) is proposing an 8 percent tax while Governor Gretchen Whitmer wants a 15 percent rate, but Representative Iden has indicated he will go as high as 10 percent.

CAMPAIGN FINANCE CLEANUP BILL ON ITS WAY TO THE GOVERNOR

The House and Senate have both passed House Bill 4446, which limits how much a corporation or a union can put toward fundraising events for a political action committee (PAC) and is now headed to the Governor for signature.

The measure initially passed the House in June but came back from the Senate last week with what was described as technical changes and a series of tweaks.

CIVIL RIGHTS COMMISSION DIRECTOR GETS FIRED

After first being given a reprimand for making an inappropriate remark to a colleague about another woman and comments to a colleague about his sexual orientation, the Civil Rights Commission (CRC) later reversed its decision and fired Director Agustin Arbulu.

The decision came shortly after Governor Gretchen Whitmer and many lawmakers had called for his departure.

CRC Chair Alma Wheeler Smith said the decision came down to the future of the Department of Civil Rights and Director Arbulu's effectiveness to lead it.