

January 2017

GOP IS PUSHING TAX CUT

House Republicans started the 99th Legislature with a proposal that would roll back the state's 4.25 percent state income tax.

The proposal would roll the tax back to 3.9 percent in January 2018, and then roll back the rate by 0.1 percentage point each year until the income tax is completely gone.

In the upper chamber, Senate Finance Committee Chair Jack Brandenburg (R-Harrison Twp.) is poised to introduce legislation that would completely eliminate the income tax over five years. The tax would drop .25 percent the first year and 1 percent each of the following four years.

Senator Brandenburg wants to form a workgroup to study other states that do not have an income tax including Texas, Florida, Nevada, Wyoming, South Dakota and Alaska

Governor Rick Snyder appears to be open to a constructive dialogue about tax reform over the next two years, but has expressed concern about the budgetary impact. Elimination of the tax would leave a \$9 billion hole in the budget

AMIDST A PROJECTED BUDGET TIGHTENING

The recent revenue estimating conference reported lawmakers will have about \$330 million extra in one time surplus in approving the 2018 budget year, however, ongoing revenues are down some \$62 million from what was estimated in May. Revenues are still up 3.7 percent but not as much as officials estimated they would be last May.

In addition, economists are projecting slow growth and a near no change general fund in 2019.

PLENTY ON THE PLATE

As the 99th Michigan Legislature got underway, lawmakers were finding plenty of issues facing them.

Those at the top of the list include job training/skilled trades, reform of the state's parole system, reform of the teacher retirement system, reforming the no-fault auto insurance system, possible changes in the Emergency Manager law, Senate Majority Leader Arlan Meekhof's (R-West Olive) desire to repeal the prevailing wage, and legislation to be introduced by Senator Jack Brandenburg (R-Harrison Twp.) to repeal the state's 4.25 percent income tax.

In addition, Governor Rick Snyder is considering the idea of levying a small tax on water as a way of raising \$4 billion a year to fix the state's sagging infrastructure. That could include a tax on sewer systems, local water bills and a variety of other uses that his administration will be brain studying.

SENATOR PAVLOV: TIME TO OVERHAUL FAILING SCHOOLS LAW

Senate Education Committee Chairman Senator Phil Pavlov (R-St. Clair) has introduced legislation to repeal the state's failing schools law and said it is time to have a serious discussion on how to effectively deal with the problem.

Senator Pavlov said that while the current law was created six years ago with the best of intentions, "this law and its execution have, unfortunately, been deeply flawed a direct result of the federal government's failed policy."

According to Senator Pavlov, the "failing schools" law was passed in an effort to comply with President Barack Obama's "Race to the Top" initiative.

FRAUD PROBLEMS SINK UI CHIEF

Sharon Moffett-Massey, director of the Unemployment Insurance Agency, has been reassigned amid fraud allegations made against thousands of benefit applicants whose wages and tax returns were wrongly seized.

Moffett-Massey will remain in leadership at the Talent Investment Agency. Bruce Noll, the TIA's legislative liaison, will oversee the UI Agency while a national search is conducted for Moffett-Massey's replacement.

Meanwhile, the state is undertaking a top-to-bottom review of the agency.

DIVIDED BOARD OF EDUCATION ELECTS CO-PRESIDENTS

With an even 4-4 split of Democrat and Republican members, the State Board of Education (SBE) elected co-presidents Republican Richard Zeile and Democrat Casandra Ulbrich as the Board begins the year with two new GOP members.

Republicans Tom McMillin and Nikki Snyder were elected in November, defeating the two Democrats, former SBE President John Austin and candidate Ismael Ahmed. Former SBE member and Democrat Kathleen Straus opted not to run for re-election.

PSCHOLKA TO BE STATE'S NEXT BUDGET DIRECTOR

Governor Rick Snyder has named the outgoing House Appropriations Chair Al Pscholka (R-Stevensville) as the new budget director to replace John Roberts who is leaving after his final budget presentation in February.

Mr. Roberts will join the Emerging Markets Division of Blue Cross Blue Shield of Michigan to promote national growth in the Medicare market.

MARKMAN IS THE NEW CHIEF JUSTICE

Members of the Michigan Supreme Court have unanimously elected Justice Stephen Markman as its new chief justice. He will succeed Justice Robert Young, Jr., who has served as Chief Justice since 2011.

Justice Markman was appointed to the court in 1999 by then Governor John Engler and re-elected to 2000, 2004, and 2012.

Justice Young was named among a lengthy list of potential U.S. Supreme Court Nominees during the President-elect Donald Trump's campaign, as was fellow Justice Joan Larsen.

GOVERNOR SNYDER GAINS CONTROL OF CIVIL SERVICE COMMISSION

With the appointment of former House Speaker Jase Bolger to the Michigan Civil Service Commission (MCSC), Governor Rick Snyder has now appointed three members of the four member body charged with overseeing state government's civil servants.

Mr. Bolger, who was the leading legislator in pushing through the enactment of Right to Work in 2012, replaces Thomas "Mac" Wardrop.

Republicans now hold a 3-1 edge on the Commission with Robert Swanson the only one of the four not appointed by Governor Snyder. He was appointed by former Governor Jennifer Granholm.

NEW SENATE BUILDING WILL CARRY THE NAME OF FORMER LT. GOVERNOR BINSFELD

The new home of the state Senate offices will be named after former member, the late one time Lt. Governor Connie Binsfeld.

The building is being dedicated in Lt. Governors Binsfeld's honor in recognition of her eight years as a member and eight years presiding over the Senate as Lt. Governor. Lt. Governor Binsfeld was the first woman to serve in leadership positions in the House, Senate and executive branch.