

June 2019

KAROUB NAMED A TOP-TIER FIRM IN BIENNIAL CAPITAL INSIDERS' SURVEY

Every two years MIRS News and EPIC-MRA commission a survey of capital insiders, which include lobbyists, lawmakers, legislative staff, department directors, and various others who actively participate in the legislative process in Lansing. The categories range from the approval rating of statewide-elected officials, to the top public relations and lobbying firms.

With 520 respondents to this year's survey, Karoub Associates came in second for most-effective multi-client lobbying firm with 15 percent of the vote, up from 4 percent in 2017.

"We are once again honored to be recognized as one of the state's most effective multi-client firms" said Partner Scott Faustyn.

"We will continue to grow and add staff to meet the demands of term limits and better serve our list of premier clients. I believe this recognition by political insiders and elected officials reflects our integrity, hard-work, and dedication to our clients' needs that has enabled Karoub Associates to be ranked a top-tier firm for over 50 years" added Faustyn.

In addition, for top multi-client lobbyist, Karoub's own Matt Kurta came in second place with 5 percent of the vote. Matt Breslin followed closely behind with 4 percent and came in third overall. Karoub was only one of two firms that had multiple lobbyists receive greater than 2 percent of the vote.

ATTORNEY GENERAL'S OFFICE DROPS CHARGES IN FLINT WATER PROSECUTIONS... FOR NOW

Based on what the Attorney General's said "...identified additional individuals of interest and new information," pending criminal charges against eight charged in the Flint water crisis have been dismissed as the department expands the investigation.

Among the charges dismissed were involuntary manslaughter charged against former DHHS director Nick Lyon and former chief medical executive Dr. Eden Wells. Having been dismissed without prejudice, the state can bring the charges again.

The Attorney General's office said no questions would be answered until after Solicitor General Fadwa Hammoud and Wayne County Prosecutor Kym L. Worthy have the opportunity to meet directly with the people of Flint. A community conversation has been set for June 28.

However, in a 15-minute phone interview with MIRS, Attorney General Nessel said, "If I were these defendants who had their cases dismissed, I wouldn't be resting any easier. It's quite possible, maybe, the new information exonerates these individuals (or) maybe they have a slew of new evidence against them and if they do, I have every expectation those cases would be re-filed, maybe with additional charges."

Ms. Hammoud and Ms. Worthy were tapped by Attorney General Dana Nessel to handle the Flint investigation.

In its investigation, investigators in the Attorney General's office used search warrants to take possession of former Governor Rick Snyder's state-owned electronic devices -- as well as those devices of 65 other current or former officials -- a move the former Governor found interesting in that, according to him, he "...gave all that stuff to the Attorney General's office before he left office." Search warrants were also executed for similar state-owned devices of 65 other current and former officials.

HOUSE PUTS FINAL TOUCHES ON FY 2020 BUDGET BILLS

The House has passed the 16 bills that make up the House budget. A highlight of the \$57.7 billion spending plan is the Republican proposal to phase out the sales tax paid on gasoline and replace it with a higher gas tax. The states 26.3 cent per gallon gas tax would be increased by the same amount the sales tax is reduced. Drivers would see no net increase in what they pay at the pump.

The Republican-backed plan uses the \$500 million in School Aid Fund money to fund universities to replace money lost through the loss of the sales tax on gasoline. To fund the universities and local governments, the Republicans are hoping higher Internet sales tax revenue and about \$425 million in General Fund cuts from the Governor's proposed budget.

However, a GOP spokesperson said the caucus has not yet released its long-term road plan, but that is coming.

IS SUMMER BREAK IN JEOPARDY?

Both the House and Senate have issued revised session calendars that add at least tentative session days throughout July and August.

The new House schedule shows 10 a.m. sessions starting on June 26, July 2, July 10, the week of July 17 and the week of July 23, as well as July 30. For the month of August, the weeks of Aug. 6, 13, 20 and 27 have been added to the schedule.

The new Senate schedule shows tentative session days on July 10, July 17, and 18, July 23-25 and July 31. The schedule also shows tentative session for the weeks of Aug. 6, 13, 20 and 27.

GOVERNOR WHITMER SIGNS AUTO INSURANCE REFORM

With House and Senate GOP leadership at her side, Governor Gretchen Whitmer signed into law Senate Bill 1 that brings about changes in the state's "no-fault" auto insurance law.

The new law, which does not take effect until July 1 2020, is the outgrowth of a "compromise" between Governor Whitmer and the GOP-led legislature.

What changes have been made to the no-fault auto insurance?

- An eight-year rate reduction guarantee.
- Removal of non-driving rating factors.

- Customer choice on personal injury protection (PIP) allowing four different coverage options.
- Implementation of a hospital fee schedule.
- Creates a mini-tort system in which those not at fault in an accident can go after the person responsible if the damages are not covered by insurance.

Detroit Mayor Mike Duggan's federal lawsuit alleging the state's no-fault auto insurance is unfair to the poor was dismissed last week, according to court records, and came a week after the no-fault auto report legislation was signed into law—the same day SB 1 became Public Act 21 of 2019.

PROPOSAL WOULD REQUIRE SUPER MAJORITY FOR LAME DUCK BILLS

Resolution SJR H introduced last week would require that any legislation introduced during lame duck would need a two-thirds super-majority vote for passage in either the House or Senate.

SJR H has been referred to the Senate Committee on Government Operations.

However, Senator Paul Wojno (D-Warren), sponsor of SJR H said “it's not going to be passed, but hopefully it gets the conversation going that we really need to look at what happened at the end of 2018.”

That was the busiest lame duck session in Michigan's history, and many of the contentious bills that moved were introduced after the November election.

EMBRIDGE SEEKS COURT RULING ON PIPELINE DEAL

After failing to reach a deal with Governor Gretchen Whitmer, Enbridge Inc. will ask the state Court of Claims to determine the legality of a construction agreement it reached last fall with then Governor Rick Snyder to build a pipeline tunnel that would house a replacement for twin pipelines that run across the bottom of the Straits of Mackinac which are part of the company's controversial Line 5.

Meanwhile, Attorney General Dana Nessel has threatened action to decommission Line 5 if Governor Whitmer was unable to reach a deal to her liking. Ms. Nessel said she would act before the end of June.

FETAL HEARTBEAT BILLS INTRODUCED IN THE SENATE

Performing an abortion when the heartbeat of a fetus can be detected would be outlawed under legislation (SBs 357 and 358) introduced last week in the Senate.

Senator Ed McBroom (R-Vulcan) who introduced the bills said his legislation would include an exemption if the life of a mother were in danger.

Legislation (HBs 4664 and 4665) had already been introduced in the House in late May.

GOVERNOR WHITMER SIGNS E-CIG BILLS

Expressing “significant reservations” Governor Gretchen Whitmer signed into law legislation (SBs 106 and 155) that prohibits teenagers 17 and under from possessing e-cigarettes and levies a \$100 fine against vendors the first time they sell “vaping” products to the under-aged.

Because the legislation peels off “vapor products” and “alternative nicotine products” from the state’s tobacco laws, Governor Whitmer is asking the Department of Health and Human Services to look into federal recommendations on how states should handle e-cigarettes and then wants the Department of Treasury to use those recommendations “for deeming e-cigarettes to be a tobacco product” and if they “should also apply to Michigan law on the licensing and taxation of tobacco products.”

SHIRKEY TO TEST TERM LIMITS

Senate Majority Leader Mike Shirkey (R-Clarklake) says he intends to work toward putting a proposal on the ballot challenging Michigan’s 1992 constitutional amendment.

Senator Shirkey, who will be term-limited at the end of his current term, said he intends to address the issue three years from now. “I’m going to challenge the notion and test the appetite of voters in the state of Michigan,” he said.

In a recent Denno Research/Vanguard Public Affairs poll, when asked if Michigan residents thought term limits were working, 39.8% plurality said “no difference.” At 27.8% was “more effective.” At 15.2% was “less effective” and the final 17.2% were not sure or undecided.