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Legislative Update for June 10th – June 14th

The Attorney General's office, through the Flint Water Crisis prosecution team, announced that all the criminal charges previously brought against defendants would be dismissed without prejudice. This includes charges against former Michigan Department of Health and Human Services director Nick Lyon and former Chief Medical Executive Dr. Eden Wells. The dismissal without prejudice means that the state can bring charges against defendants again. The announcement noted that the dismissal was due at least in part to the discovery of new evidence and failure of the Office of Special Counsel to pursue all legal options that might be available, particularly with regards to Legionnaire's deaths. The statement also indicated that new persons of interest in the investigation had been identified. The Attorney General indicated that no further statements regarding the matter would be made to the media before a community forum happened in Flint on June 28.

The appropriations process continued with the House of Representatives passing its remaining budget bills. The transportation budget received the most attention with the inclusion of a controversial plan to issue RFPs for the sale of the Blue Water Bridge, multiple welcome centers, two airports, several aircraft, and some rail assets. The MDOT proposal also included language preventing the state from spending any further money on the Gordie Howe bridge project. The state is currently reimbursed by Canada for any expenses incurred in the construction of the bridge. The House also passed the budgets for School Aid, Department of Education, higher education, Department of Natural Resources, and Department of Environment, Great Lakes, and Energy.

The House Natural Resources and Outdoor Recreation Committee heard testimony on a package of bills aimed at updating Michigan's commercial fishing regulations. HB 4567, HB 4568, and HB 4569, sponsored by Reps. Jack O'Malley (R-Lake Ann), Pauline Wendzel (R-Watervliet), and Jim Lilly (R-Park Twp.) respectively, would strengthen regulations and close loopholes that have existed since the rules were last updated in 1971. The legislation would require commercial fishers to report the GPS location of nets to the DNR and impose timelines for retrieval of unattended equipment, create a list of species that commercial fishers are permitted to take, increase reporting requirements, and increase fines and fees. The bills drew concern from some on the committee, particularly with regards to the creation of a list of permitted species. Testimony on the bills is expected to continue in the coming weeks.

Governor Gretchen Whitmer announced the creation of a massive committee tasked with ensuring an accurate count of Michiganders during the 2020 census. The 2020 United States Census Complete Count Committee will include legislators, foundations, business groups, religious organizations, local governments, ethnic associations, and communications



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associations. The committee's goal is to inform Michigan residents of the importance of the census and encourage participation to the fullest possible extent.

Miscellaneous

The House Natural Resources committee voted out the compromise version of Rep. Allor and Rep. Yaroch's legislation dealing with PFAS. The substitute version of the bills are attached.

The House Regulatory Reform Committee voted out two bills today dealing with improving carnival safety in the state. Rep. Albert introduced HB 4584-4586 after a constituent suffered a life altering injury at an amusement park. HB 4586 was rereferred to the House Appropriations for consideration by that committee.

Work continues on the reintroduction of the Public Assemblage legislation. Meetings with various stakeholders are ongoing to ensure as little opposition as possible. We hope to have a bill introduced after the summer recess.

Rep. John Cherry met with Chief Burke regarding HB 4685 which would require insurance companies to offer coverage for police, fire and ems who are using their vehicles in the line of duty. He was able to secure 61 co-sponsors for the legislation.

Upcoming Committees:

Committee Transportation and Infrastructure

Clerk Phone Number Heather Dorbeck, (517) 373-5323

Location Room 1100, Binsfeld Office Building, 201 Townsend Street,
Lansing, MI 48933

Date Wednesday, 6/19/2019

Time 12:30 p.m.

Agenda [HB 4060](#) (Love) Highways; memorial; portion of M-10; designate as the "Aretha L. Franklin Memorial Highway".

[SB 309](#) (Zorn) Transportation; motor carrier fuel tax; trucks used for towing and recovery operations; assess fees under the motor carrier act.

[SB 364](#) (Zorn) Transportation; railroads; local grade separation



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fund and grant program; create.

[HB 4120](#) (Markkanen) Counties; other; provision related to contracts or agreements for the purchase of real or personal property for public use; modify.

[SB 344](#) (Barrett) Vehicles; registration plates; historic military vehicle registration plate; provide for.

[SB 345](#) (Geiss) Vehicles; historic; definition of historic vehicles in Michigan vehicle code; expand to include certain military vehicles.

[SB 346](#) (Barrett) Environmental protection; air pollution; emissions inspection requirements; exempt military surplus vehicles.

Committee Regulatory Reform

Clerk Phone Number Mike Sitkauskas, (517) 373-5314

Location Room 1200, Binsfeld Office Building, 201 Townsend Street,
Lansing, MI 48933

Date Tuesday, 6/25/2019

Time 3:00 p.m.

Agenda [HB 4510](#) (Farrington) Occupations; construction; waiver of rule provisions to allow certain modification to safety equipment; require.

Review and discussion of recent actions by the Michigan Elevator Safety Board

Upcoming Events:

There are no events scheduled at this time.



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Bill Introductions:

- [HB 4697 of 2019](#) Communications; broadcasting; emergency broadcasts; modify. Amends secs. 2 & 3 of 2016 PA 235 (MCL 28.672 & 28.673).
- [HB 4729 of 2019](#) Appropriations; zero budget; omnibus budget appropriations; provide for fiscal year 2019-2020. Creates appropriation act.
- [SB 0372 of 2019](#) Appropriations; zero budget; omnibus budget appropriations; provide for fiscal year 2019-2020. Creates new appropriations act.
- [SB 0374 of 2019](#) Appropriations; zero budget; multidepartment omnibus budget appropriations; provide for fiscal year 2019-2020. Creates new appropriations act.
- [SB 0375 of 2019](#) Appropriations; zero budget; multidepartment omnibus budget appropriations; provide for fiscal year 2019-2020. Creates new appropriations act.
- [SB 0376 of 2019](#) Appropriations; zero budget; multidepartment omnibus budget appropriations; provide for fiscal year 2019-2020. Creates new appropriations act.

Bill Activity:

PASSED, ENROLLED or ADOPTED By the CHAMBER

- [HB 4235 of 2019](#) Appropriations; zero budget; department of health and human services; provide for fiscal year 2019-2020. Creates appropriation act.
- [HB 4239 of 2019](#) Appropriations; zero budget; department of licensing and regulatory affairs; provide for fiscal year 2019-2020. Creates appropriation act.



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[SB 0200 of 2019](#)

Health; other; opioid antagonists; allow prescribers to prescribe and pharmacists to dispense to public libraries under certain circumstances. Amends sec. 17744b of 1978 PA 368 (MCL 333.17744b). TIE BAR WITH: SB 0199'19

[SB 0282 of 2019](#)

Health facilities; emergency medical services; protocol related to the use of opioid antagonists by life support agencies and emergency medical services personnel; remove. Amends sec. 20919 of 1978 PA 368 (MCL 333.20919). TIE BAR WITH: HB 4367'19, SB 0200'19

[SB 0283 of 2019](#)

Education; school districts; authority of school districts and school employees to administer opioid antagonists in the revised school code; repeal. Amends secs. 5 & 1178 of 1976 PA 451 (MCL 380.5 & 380.1178) & repeals sec. 1179b of 1976 PA 451 (MCL 380.1179b). TIE BAR WITH: HB 4367'19, SB 0200'19

Articles of Interest

Governor Counters On Internet, Sports Betting --- JUNE 7th

The main sponsor of legislation to legalize Internet and sports betting has been patiently waiting for months for some input from the Governor's office on his package. This week he finally got it.

"I appreciate the fact that the Governor's office is willing to engage in conversations," he told *MIR* while adding, "We're making progress."

But after hearing Gov. Gretchen **WHITMER**'s opening salvo was to collect a 40% levy on Internet bets and 15% on sports betting, Rep. Brandt **IDEN** (R-Oshtemo Twp.) laughed, "I'm off my seat. It just doesn't work. The numbers won't work."

Recall that his opening tax was 8%, leaving him and her miles apart. Nonetheless, he reflected, "I think we're going to get there."

The thing about the 40% number is that he fears that will drive bettors to wager in neighboring states such as Illinois, Ohio and Indiana.



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"Our folks are going to take their money and go south," Iden projected.

Adding a measure of optimism to his attitude that a deal can be ironed out, the state budget director reported that "there's room for negotiation if they want to."

The major concern for Chris **KOLB** remains what impact there is on the School Aid Fund if this moves forward and Lottery revenue takes a hit.

Iden, the chair of the House Ways & Means Committee pledges to keep the conversation going.

"We're going to be working with it. It's a place to start and what I appreciate is that they started the conversation," even though he heard part of it from the floor.

Asked if the 40% figure would kill the Golden Goose? He laughed, "It's cooked."

Tuesday, June 11, 2019

[PFAS Bills Move After Work Group](#)

A work group created in early May on bills dealing with PFAS in firefighting foam recommended changes to a three-bill package on Tuesday which was then referred by the House Natural Resources and Outdoor Recreation Committee.

[HB 4389](#), [HB 4390](#) and [HB 4391](#) would require fire departments to report when they use any foam with PFAS to the Department of Environment, Great Lakes and Energy within 48 hours, training on the use of foam that contains PFAS and the state to develop rules regarding a firefighter's use of foam concentrate.

Changes to the bills, which came out of a work group created last month, clarified the definitions of PFAS, allows the state to set guidelines around PFAS and implemented a December 31, 2023, sunset on the training piece in HB 4390.



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The bills were referred to the House Ways and Means Committee. HB 4389 and HB 4390 moved 8-1 with [Rep. John Reilly](#) (R-Oakland Township) voting no, HB 4391 moved 7-2 with Mr. Reilly and [Rep. Daire Rendon](#) (R-Lake City) voting no.

Environmental groups, local governments and fire chiefs were on board with the bills as they moved out of committee.

"Our safety and training standards need to educate the best to anticipate the worst," [Rep. Jeff Yaroach](#) (R-Richmond), one of the bill sponsors, said in a statement. "As science evolves, so does our understanding of the chemicals, like PFAS, we use to contain and control disaster. It is my goal to champion policies that proactively protect firefighters and Michigan families from potential harm."

Per- and polyfluoroalkyl substances, or PFAS, are facing increased scrutiny from scientists and lawmakers for their damaging health effects, such as liver and testicular cancer. PFAS are often found in AFFF foams, used primarily to extinguish petroleum fires. Firefighting foam has been a particular concern in the area surrounding the old Wurtsmith Air Force Base in Oscoda, one of the most prominent sites of PFAS contamination.

The training for firefighters outlined in the bills would have to include the proper use, handling and storage of firefighting foam concentrate and the best environmental and public health practices as it relates to disposal following the use of firefighting foam.

The Department of Licensing and Regulatory Affairs would be required to promulgate rules on firefighting foam that include best practices on use, handling and storage, best health practices and prohibitions on its use.

"Foam used in training by firefighters and military personnel is a major source of PFAS contamination in our waterways, and this legislation aims to remove and limit the use of this toxic foam to ensure we protect public health," Lisa Wozniak, executive director of the Michigan League of Conservation Voters, said in a statement. "We applaud lawmakers on both sides of the aisle for approving this important legislation and urge their colleagues in the full House and Senate to do the same urgently."

Tuesday, June 11, 2019



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Prepared for the Fire Service Clients of Kelley Cawthorne **McBroom Calls Line 5 Task Force Unnecessary**

[Sen. Ed McBroom](#) in remarks on the Senate floor Tuesday took aim at [Governor Gretchen Whitmer](#)'s recent executive order creating a task force to look at meeting the Upper Peninsula's energy needs if Enbridge Line 5 pipeline were to be shut down, calling it an unnecessary look at a topic that has been studied previously.

Last week, Ms. Whitmer in Executive Order 2019-14 created a new Upper Peninsula Energy Task Force to review alternatives for distributing propane to U.P. residents if Line 5 were shut down.

Supporters of the line and Enbridge have said Line 5 is critical for meeting the propane needs of U.P. residents and businesses. The order comes after talks between Ms. Whitmer's administration and Enbridge have broken down over the topic of the timeline for constructing a tunnel beneath the Straits of Mackinac. Enbridge also filed an action in the Court of Claims challenging [Attorney General Dana Nessel](#)'s opinion declaring a 2018 statute allowing for a tunnel authority to hold the line unconstitutional.

Mr. McBroom (R-Vulcan) said he was not buying the need for a study, saying the state and environmental groups have already conducted several studies in the recent years.

"I'm not sure what good another study is going to do," Mr. McBroom said. "There are no viable alternatives to supplying the Upper Peninsula's energy needs right now, especially no viable alternatives for importing the propane that we need if we're not using Line 5."

He said it would take an estimated 200 propane trucks per day to supply the U.P. He also pointed to the winter 2014 shutdown of Line 5 that caused a major propane shortage in the U.P. as proof of the need for the tunnel and a new line to be built.

"This study is a fool's errand and a distraction. It is fiddling while Rome burns. It's not going to show us something that we don't already know," Mr. McBroom said.

He said the tunnel agreement from the 2018 lame-duck session should be pursued. He said the tunnel option will get the lines out of the straits and more safely transport oil and gas.

"We need this line to be viable and functional and we need to update it and move it into the tunnel as quickly as possible. But to somehow say we're going to do all of that but in the meantime, we have to shut down the line before the new lines are ready is not a good policy, it's not good for the people of Michigan. It's certainly not good for the constituents that I serve in the Upper Peninsula," Mr. McBroom said.



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A request for comment from the governor's office was not immediately returned Tuesday.

The Michigan Chamber of Commerce and the Operating Engineers 324 recently in a letter to Ms. Whitmer called on her to allow construction of the proposed Line 5 tunnel beneath the Straits of Mackinac.

"The underground tunnel beneath the Straits will be the largest construction project in Michigan since we built the Mackinac Bridge. It will create many good-paying construction jobs, allow the continued supply of essential energy to heat family homes in the Upper Peninsula, fuel businesses and jobs across our entire state, and protect the Great Lakes as Line (5) is removed from the floor of the Straits," the letter said. "You have worked to build consensus on many issues. On the issue of building an underground tunnel to replace Line 5, business and labor agree. So let private industry, private funding and Michigan workers build the Straits Tunnel."

Committee Cleans Up Firefighting Foam Package --- JUNE 11th

Legislation regulating the use of firefighting foam containing poly- and perfluoroalkyl substances (PFAS) and requiring that departments report it to the state when they have to use it to fight a petroleum fire was reported out of committee today in a series of 8-1 votes.

🐾 [HB 4389](#), sponsored by Rep. Sue [ALLOR](#) (R-Wolverine), and Rep. Jeff [YAROCH](#)'s (R-Richmond) 🐾 [HB 4390](#) and 🐾 [HB 4391](#) left the House Natural Resources and Outdoor Recreation Committee for the House Ways and Means Committee.

PFAS has been identified as an environmental contaminant, but some fire departments still have foam that contains PFAS and have to use it when they are called to gasoline fires. 🐾 [HB 4389](#) would require fire departments to report to the Department of Environment, Great Lakes and Energy (EGLE) when they have to use PFAS foam to fight a fire.

🐾 [HB 4390](#) would prohibit the use of foam that contains PFAS for training. 🐾 [HB 4391](#) would require the state to come up with rules regarding the use of foam.



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The package also addresses how firefighters handle gear when it has been contaminated with the foam.

Yaroch told the committee he had worked with fire departments to adjust the bills to address their concerns.

He also agreed to sunset the bills in 2023. Fire departments are replacing their supplies of foam and Yaroch said that, by then, hopefully, most departments will have replaced their stocks "and everybody will be up to speed."

Rep. John [REILLY](#) (R-Oakland) cast the lone no vote.

"It puts some additional responsibilities on firefighters that I don't know are warranted," he said, "basically reporting what body of water this chemical could go into. These people are out there fighting fires. That should be their concern. It could be interfering with doing their job," he said. ". . . This falls out of what the firefighter is responsible for."

Reilly said "the jury is still out" on PFAS and such regulation should wait to see what the data really shows.

Committee Chair Gary [HOWELL](#) (R-North Branch) said he didn't think the bills put too much of a burden on firefighters. Mainly, it is a reporting requirement.

"This just has to do with inventorying how much of this stuff is out there in fire departments and how do we dispose of it, with the ultimate goal to replace it with a much more ecologically friendly material that will serve the same purpose," Howell said.

He said firefighting organizations and chiefs groups have said they are satisfied with the bills as they have been adjusted.

"We don't know how bad (PFAS) is, but we know it has a lot of adverse consequences. So, it only makes sense to be proactive and get as much of this stuff out of circulation as possible. Frankly, that is the easy part compared to remediation of what is already in the environment," he said.



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Wednesday, June 12, 2019

House OKs \$81 Million In Revenue Sharing 'Grants' For Tax Shift

House Republicans said Wednesday local governments would break even from a potential sales tax shift with an additional \$81.3 million added to the general government budget.

The House on Wednesday passed its general government budget, which funds various state agencies, the Legislature and revenue sharing. Through an amendment, \$81.3 million was included as "supplemental constitutional revenue sharing grants." Local governments would have received the funding under constitutional revenue sharing, as sales tax is constitutionally directed to them, and the House budget moved the funding to a separate line item.

Gideon D'Assandro, spokesperson for House Republicans, said the funds would allow local governments to break even if the sales tax is removed from fuel purchases, which the House GOP is seeking to do.

For local governments to continue to break even, the funding would have to be calculated and approved by future Legislatures.

The House passed its general government budget ([HB 4234](#)) 59-48. It also passed four other budgets: community colleges ([HB 4230](#)), 57-50, Department of Health and Human Services ([HB 4235](#)), 58-49, Department of Insurance and Financial Services ([HB 4237](#)), 59-48, and Department of Licensing and Regulatory Affairs ([HB 4239](#)), 58-49. [Rep. Jon Hoadley](#) (D-Kalamazoo), minority vice chair of the House Appropriations Committee, said the Republican plan falls under "fool me once shame on you, fool me twice, shame on me."

"Michigan Republicans frankly have a long history of saying they will fund statutory revenue sharing and then not," he said. "What they have promised to do is swap constitutionally protected revenue sharing with statutory revenue sharing. The plan



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today calls for deficit spending that is big in year one and accelerates in year two. Tell me how their caucus is going to continue support funding municipalities to revenue sharing when remedial math will show they are spending more than they are taking in."

The general government budget was the only one passed Wednesday that saw any changes from the committee versions.

[Attorney General Dana Nessel](#)'s office would see a \$5.1 million, or 4.9 percent, cut under the House general government budget, something Democrats have tried to reverse through amendments without success.

"Michiganders deserves better than a budget that will make them and their families less safe," [Rep. Tyrone Carter](#) (D-Detroit) said on the House floor. "Because that is exactly what restricting the funding of the AG's office will do."

The general fund budget is \$5.1 billion (\$948.5 million General Fund), a 2.3 percent reduction from the current year and \$171 million less than the executive recommendation.

Overall, the DHHS budget contains \$25.9 billion (\$4.67 billion General Fund). That's a 1.5 percent increase from the current year (5.2 percent increase General Fund). It is \$296.7 million less than the governor's recommendation (\$107.5 million General Fund).

Community colleges would see a 1 percent increase under the House budget. Overall, the budget is \$414.7 million with no General Fund dollars, which is \$6.4 million less than the governor's recommendation.

For LARA, the House budget mostly concurs with the governor's recommendation, though it reduces funding by \$4.4 million (\$479,400 General Fund) to reflect a 3 percent reduction to be achieved through efficiencies. It also reduces funding available to technology by \$5.6 million (\$355,600 General Fund). The House also does not include funding for a full-time employee position for Indigent Defense Commission statewide training.

In total, the LARA budget is \$562.5 million (\$123.2 million General Fund), which is \$10 million less than the governor's recommendation.

The House budget for DIFS concurs in the governor's major recommendations. The only key change decreasing the amount of General Fund used within the budget by \$100,000. In total, the budget is \$68.9 million (\$50,000 General Fund).



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Friday, June 7, 2019

[Kolb: Final Budget Will Include New Revenue For Roads](#)

[Budget Director Chris Kolb](#) said this week that he expects the final version of the budget to include new revenue for roads despite legislative Republicans working on budgets focusing more on cutting to find funds.

Mr. Kolb, appearing on Michigan Public Television's "[Off the Record](#)" this week said several times as he was asked questions about the budget that if Republicans could have fixed the road funding problem with current funds, they would have done so during the eight years they had full control of the Legislature and governor's office.

"We have had eight years of Republican control of state government," he said. "If they could have solved this problem with current funds, they would have done it. We have looked at the issue. We know it is a \$2.5 billion issue."

[Governor Gretchen Whitmer](#) has proposed a 45-cent gas tax increase to raise \$2.5 billion (in her budget proposal it would provide slightly less to roads as she also proposed ending the automatic General Fund shift to roads passed by Republicans in 2015). House [Speaker Lee Chatfield](#) (R-Levering) and Senate [Majority Leader Mike Shirkey](#) (R-Clarklake) have not embraced the proposal and essentially said it is a non-starter.

The House Republicans are working toward a plan where the sales tax is removed from fuel and replaced by a revenue-neutral fuel tax of a corresponding amount. The plan would take roughly \$800 million from schools and local governments, so the budget also works to hold both "harmless."

"It is a non-starter unless you find the funds," to backfill schools and local government, Mr. Kolb said. "We are not going to rob Peter to pay Paul."

Mr. Kolb said with the business community and others backing new revenue for roads, Republicans will end up passing a budget that provides more money. He said "we all



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know" that \$2.5 billion is needed to get 90 percent of state roads to good or fair condition.

"I think to solve the problem we are going to need new revenue and the governor is not going to sign a budget that doesn't fix our roads," he said.

Mr. Kolb said the Republican proposals that are making various cuts across departments is not what the public wants. He said the public wants better roads, schools and to protect drinking water. But he also said the current proposals are just one step in a long process.

"One of the things that has really happened since the governor has been out there is everyone now is talking about the need for new revenue," he said. "No one wants to pay more. But they also are not satisfied with the condition of the roads they drive on every day. They don't like the conditions the schools are under. We have too many communities who don't feel like they can drink the water coming out of their tap."

Mr. Kolb also said the public appreciates the governor "being straight with people."

"She is going to end the shell game of taking money from here to put over here and find more money to backfill there," he said. "She's come up with a solution that people can understand."

Mr. Kolb also called the House Republican proposal to inquire about interest in various assets, including the Blue Water Bridge in Port Huron, a "gimmick."

"Even if it happened it is a one-time influx of money that won't solve the problem we have," he said. "We know we need at least \$1.5 billion more annually for just state roads to get them to 90 percent good or fair."

Kolb Thinks R's Will Pop New Revenue for Roads – JUNE 7th

Gov. Gretchen [WHITMER](#)'s budget director thinks the House Republicans are doing everything they can to fix the roads without raising the gas tax, but Chris **KOLB** told the *Off the Record* panel he believes they will eventually agree with the Governor to go there.



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"We had eight years of Republican control of state government and if they could have solved the problem with the current funding, they would have done it," but when asked if he thought they would eventually agree to some new revenue he paused and reflected, "I just think we all know it" that that is needed.

Of course, he has nothing in writing to that effect and to be sure the GOP leadership has said nothing recently that would embrace a reduced gas tax hike, but neither have they said absolutely not.

To those who think Whitmer was starting high with her 45-cent gas tax hike so she could go low when the negotiations got serious, Kolb is directed, "45 cents was not an opening bid."

As for selling off the Blue Water Bridge, he labeled it a "gimmick" that is just a "one-time influx of cash" that is not a long-term road solution. And those R's on a mission to find fat in the state budget to reach the \$2.5 billion yearly plateau, he offered, "we could eliminate 12 departments and not get to the final number."

As for a timeline to get that and the next fiscal year budget done, he said, "There is no easy fix if we wait until September," and he does not predict that will happen.

Have A \$900M Hole To Fill? Sales Taxes On Services Could Yield \$10.7B --- JUNE 10th

With House Republicans proposing a rollback on the sales tax on gasoline as part of their road funding plan, schools and local governments are probably wondering how lawmakers would make up the roughly \$900 million in revenue lost as a result.

One potential source: Expand the state sales tax to services, which would yield \$10.7 billion in revenue, according to a state [report](#) from 2016.



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The House budget for transportation and roads proposes dialing back the sales tax on gas and replacing it with the gas tax, with the idea that all of the revenue collected at the pump would go to roads (See "[House Budget Based On Scrapping Sales Tax On Gasoline.](#)" 6/6/19).

But regardless of where it's collected, 73 percent of sales tax revenue goes to the School Aid Fund, with the remainder going to local government and other spending items from the General Fund.

A Citizens Research Council (CRC) [report](#) from earlier this year put the amount of sales tax collected at the pump at \$894 million.

It's also been estimated at between \$800 and \$850 million, with the School Aid Fund about a \$600 million chunk of that (See "[Former Leaders Support 47-Cent Gas Tax Boost For Roads.](#)" 1/31/19).

According to the Treasury report based on Fiscal Year (FY) 2014 data, the estimated loss of sales tax revenue for the state because of the services exemption was \$10.7 billion.

The biggest chunk of potential revenue comes from the health care and social assistance services sector, which could generate \$3.3 billion. The next biggest sector was professional, scientific and technical services, at \$2.02 billion in possible revenue.

But the Treasury report notes that "attempts by states to extend sales taxes to services have been unsuccessful generally," including here in Michigan, when the Legislature approved a short-lived sales tax on services in 2007 as part of a deal to avoid a government shutdown (See "[Sales Tax Expansion Moves.](#)" 9/29/07).

Yet the Treasury report indicated the "expanded tax base was sharply criticized" and the expanded tax was repealed as it was scheduled to take effect a few months later, replaced by a business tax surcharge (See "[Service Tax Is Finally Dead.](#)" 11/30/07).

All exemptions in the state sales tax -- including food and prescription drugs, as other



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examples -- add up to a total of \$15.3 billion in foregone revenue in FY 2014, according to the report.

Treasury noted that eliminating every exemption would allow the state to drop its sales tax to 2.2 percent while maintaining current revenue.

Tuesday, June 11, 2019

Supplemental Headed To Whitmer's Desk

Supplemental appropriations for several projects, attorney general investigations and other purposes are on their way to [Governor Gretchen Whitmer](#)'s desk Tuesday after the Senate agreed to changes negotiated in recent weeks in an amended version of the bill.

The Senate concurred in changes the House recently passed in a supplemental bill that includes funding for several big-ticket spending items, including funding to compensate the wrongful imprisoned that Ms. Whitmer earlier vetoed.

By a vote of 35-0 the Senate concurred with the H-1 substitute version of [SB 150](#). Included in the nearly \$29 million supplemental is \$10 million for compensation for the Wrongful Imprisonment Compensation Fund. Ms. Whitmer had vetoed it earlier this spring because it was part of a policy bill.

Other funding items include \$5 million for the recreational marijuana law, \$5 million for 2020 census-related purposes, \$3 million for public health services as a result of the recent lead and copper rules changes for public education, drinking water investigations in homes and water filters for low-income families and \$2 million for the Double Up Food Bucks program

Funding for the attorney general's investigation into the Catholic Church is also in SB 150, as is funding for voter registration purposes.

[Sen. Tom Barrett](#) (R-Charlotte) thanked lawmakers for including \$163,600 in funding for Shiawassee County and several communities for reimbursement to first responders following a March 14 tornado. An emergency declaration was rejected by Ms. Whitmer,



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and Mr. Barrett worked to continue efforts to find funding to make the budgets of first responders in his district whole following the disaster.

"In the aftermath of the devastating tornadoes, it was impressive to see the efforts by local first responders to help the people who are affected. While the effort illustrated the strength and resiliency of the community, it also put a huge strain on local public safety budgets," Mr. Barrett said in a statement.

[Attorney General Dana Nessel](#) in a statement thanked lawmakers for the funding for the Wrongful Imprisonment Compensation Fund and the \$635,000 toward the clergy abuse investigation.

"The passage of today's supplemental budget helps fund two very important initiatives at the Department of Attorney General, and I am grateful to the Legislature for their support," Ms. Nessel said.

MEDICAID: Legislation to preserve significant federal funding of health coverage for children involved in custody agreements was passed by the Senate, moving the bills closer to the governor's desk ahead of a deadline for the changes to be in place by the end of the month.

Passing the Senate Tuesday by votes of 36-0 were [HB 4304](#) and [HB 4305](#), legislation that is required to comply with federal rules that Medicaid and the Medicaid expansion coverage meets the requirements for health coverage in custody agreements. Without the legislation the state could risk losing \$150 million in federal funds after the end of this month. According to the Department of Health and Human Services Office of Child Support about 66 percent of its funding comes from the federal grants.

Both bills passed the House 110-0 in May.

During House committee testimony on the bills in April, officials were questioned why the bills were coming so close to the deadline for the need to be in place. Those testifying replied that the bills were being crafted late last year but were not finalized in time to be introduced during the 2018 lame-duck session.

Tuesday, June 11, 2019



KELLEY CAWTHORNE

Prepared for the Fire Service Clients of Kelley Cawthorne **May Revenues Up Compared To 2018**

Michigan's May revenues from its major taxes, lottery sales and other revenue sources were up over collections for May 2018, and total collections for the 2018-19 fiscal year are up 2.6 percent compared to same time for the 2017-18 fiscal year, the House Fiscal Agency estimated Tuesday.

May revenues totaled \$1.853 billion, up \$65.8 million over collections in May 2018.

For the fiscal year thus far, the state has collected \$13.3 billion, \$340.9 million more than during the same period a year ago.

Total General Fund revenues for May were \$801.7 million. The total collected is \$80.9 million more than the May Revenue Estimating Conference had forecast.

And School Aid Fund revenues totaled \$945.8 million in May. That was actually \$8.8 million less than forecast.

The state had net personal income tax collections of \$743.5 million. But the total collection for the fiscal year of \$5.81 billion is down by 1 percent, or \$56 million, from the total collected this time last fiscal year. The HFA attributed that to increased refunds paid taxpayers.

Sales tax collections totaled \$694.8 million in May, and for the year thus far has totaled \$4.55 billion, an increase of 2.8 percent from a year ago.

In terms of percentage increases, the big increase this year is in the corporate income tax. It netted \$78.5 million in May, and for the year thus far has collected \$661.8 million, a 35.4 percent increase from a year ago.