

Michigan Is Not Alone

Michigan faces horrendous budget deficits in the current year and again in the 2008 fiscal year, however, its residents can seek solace in the fact that the Great Lakes State is not alone.

According to a new report from the National Conference of State Legislatures (NCSL), several states including Maine, Maryland, Minnesota and Wyoming earned revenue that was lower than predicted.

The report shows that for the fiscal year-to-date Michigan's personal income tax withholding is greater than expected, however revenue from tax collections and business taxes is down. It was reported that tax collections down 3.9 per cent and business taxes down 11.3 percent.

The NCSL March 2007 Budget Update illustrated that 42 states have unexpected funds to work with as they approach the end of their budgets for the 2007 fiscal year and build their budgets for the 2008 fiscal year.

"The strengthening economy has helped states balance their budgets since the recession of the early part of the decade. It has also given some the opportunity to boost rainy day funds, plug holes in programs, consider tax cuts and even explore new ideas," said NCSL Executive Director Bill Pound. If interested, the full report can be purchased at NCSL's online bookstore at www.ncsl.org



DEQ Calls For Renewable Energy Portfolio

A study overseen by the Department of Environmental Quality and conducted by NextEnergy

found that a statewide renewable portfolio standard (RPS) will create jobs and strengthen the State's economy.

According to the study, adoption of an RSP will create up to 19,000 additional jobs and increase the State's Gross State Product (GSP) by as much as \$1.6 billion.

The study made projections from the year 2006 to 2025 and made both moderate and aggressive estimates. The full report is available for download on the DEQ Web site at: www.michigan.gov/deq

Senate GOP Talks Healthcare Consolidation

Senate Republicans unveiled what they call the "Public Employees Health Benefit Act," allowing local and state governments, school districts and higher education to create health care pools.

Joining Republican Senators at a news conference were labor representatives including those from the AFL-CIO, American Federation of Teachers, AFSCME, SEIU and the UAW.

No one from the Michigan Education Association (MEA) or MEA's spin-off health care organization, the Michigan Education Special Services Association (MESSA), that has long been a target of Republican lawmakers, attended.

Currently, twenty-eight organizations support the plan, including the State Chamber of Commerce, the Michigan Association of School Administrators and the Michigan Association of School Boards.

Senate Republicans say the plan would save money for any group that wants to pool roughly eight percent on health care costs. Under the proposal, the local

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Senate GOP Talks... continued

benefits pool and the catastrophic pool would be optional. An independent board, overseen by the Office of Financial and Insurance Services (OFIS) would structure the catastrophic fund.

The plan would also require claims data to be available for "all public employers for groups of 100 or more." Under similar legislation, that failed to pass, employers would not have been able to gain access to claims history data when bidding for medical benefits.

New Stem Cell Legislation On The Way

Two Democratic lawmakers, Representative Andy Meisner, of Ferndale and Senator Gretchen Whitmer, of East Lansing, have introduced legislation that would relax the State's present ban on embryonic stem cell research.

Last year both lawmakers introduced repeals to the ban on stem cell research in Michigan, but neither bill came to fruition in the Republican-controlled House and Senate.



The lead bill in the package (HB 4616) removes the State's restrictions on embryonic stem cell research by requiring informed, written consent from donors before left over embryos from fertility clinics could be donated and used for stem cell research.

In addition, there cannot be any benefit, financial or otherwise, to the donors of embryos. Under the legislation, only embryos that would otherwise be considered medical waste could be used.

If the Legislature fails to act, the issue will likely become a ballot proposal in 2008.

Granholm Adds Union Liasion

Patrick McCarty, a former United Auto Workers (UWA) Community Action Program (CAP) coordinator, has been added to Governor Jennifer Granholm's political operation to provide consulting and outreach services.

Cushingberry Commits No Crime

Ingham County Circuit Judge James Giddings dropped all three pending criminal charges against House Appropriations Chair George Cushingberry (D-Detroit) on the basis the Bureau of Elections failed to make an amicable conciliatory agreement as called for under State law, and that the campaign finance forms candidates sign to attest all their affairs are in order are too inflexible.

Based on how the issues were raised by Judge Giddings, the Attorney General cannot take any of the charges to the Court of Appeals.

The charges grew out of Representative Cushingberry failing to file a campaign finance report in 2004 and then allegedly lying about it in sworn affidavits.

No Gym For The A.G.

The past couple of weeks have not been good ones in the "PR Department" around the Capitol. First, it was the iPod fiasco. Next, Attorney General Mike Cox announced he was going to put a workout facility in the G. Mennen Williams Building so 35 investigators in the Attorney General's office could stay fit to fight crime.

There was no mention the gym would be paid for with other than taxpayer dollars. A few days later, however, Cox told a radio audience the gym would be paid for with private donations; some of which are funds left over from his inaugural festivities.

However, the idea was vetoed when Department of Management and Budget (DMB) Director Lisa Webb Sharpe later told Cox the department would not sign off on putting a workout facility in the state office building as she could not justify using vacant space on the first floor for anything other than office space no matter who supplied the funding.

Verbal sparring may continue, but DMB has landed a knockout punch on the project. It appears Cox is down for the count on this one.



The iPod: A Plan Or A Vision?

During a recent news conference, touted as a "budget balancing" announcement, House Democrats unveiled a plethora of ideas on how to move the State forward, rather than how to balance the ever-growing budget deficit.

During the conference it was suggested that \$38 million be spent on new education technology and one Democrat caucus member held up an Apple iPod suggesting every grade school student should be provided with one for the purpose of downloading textbooks and other learning materials from the Internet.

Based on the promised budget balance plan, some members of the media took this to be a plan rather than what other members of the Democrat Caucus later said was a "vision" of moving the State forward through investing in education.

After many media editorials and House Democrats receiving a quick lesson in Public Relations 101, the "iPod in every pocket" idea was clearly explained as a "vision" and probably a long-range one at that.

The whole issue was made worse by the fact that House Speaker Andy Dillon (D-Redford) and other Democratic lawmakers recently made a trip to the Apple headquarters in California on Apple's dime; Apple is the only company that makes the iPod. The Democrats have determined they will reimburse Apple for the cost of the trip.

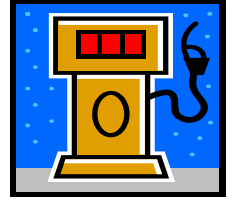
Epolito Is Staying, Peters Isn't

Michigan Economic Development Commission (MEDC) Director Jim Epolito is going to stay on the job, but it has yet to be determined for how long. Mr. Epolito's contract is set to expire at the end of this month, and there were rumblings around the Capitol as to whether he may leave.

Lottery Commissioner Gary Peters is leaving in August to take a position as chair of an endowed American government program at Central Michigan University (CMU) in Mt. Pleasant. While the new position is not full time, the State law precludes the lottery commissioner from engaging "in any other profession or occupation." Mr. Peters is also weighing whether or not to seek the Democratic nomination in opposition to Republican U.S. Representative Joe Knollenberg in 2008.

Senate Passes Gas Tax Task Force Legislation

Assuming a nine-cent gas tax increase proposal will not be implemented, the Senate has passed legislation (SB 0059) that would require the Governor to appoint a task force to recommend "alternative transportation funding options, alternative transportation investment priorities and potential strategies for maximizing returns on transportation investments."



The up to seven-member task force would include at least one representative from manufacturing, commerce, agriculture, tourism and labor.

The Governor would not have to appoint the task force until March 1, 2008, after the gas tax increase would go into effect, should it get passed, and assuming this piece of legislation reaches the Governor's desk.

Granholm Makes Appointments

Mark R. Fox of Okemos was appointed to the State Board of Ethics. Mr. Fox is president of the Fraser Trebilcock Davis & Dunlap, P.C. He represents clients in intellectual property and other commercial litigation matters in the federal and state courts throughout the country. A former adjunct law professor, Fox also serves as an arbitrator, mediator, and case evaluator.

Todd Regis of Jackson was appointed to the Agriculture Commission. Mr. Regis is the Director of Organizing and Executive Board Vice President of UFCW Local 951, as well as a current member of the Michigan Food Policy Council.

Mr. Regis replaces James Byrum, who was recently reappointed to the Commission replacing another commissioner whose term had expired. Mr. Byrum currently serves as Chair of the Commission.

J.R. Richardson of Ontonogan was appointed to the Natural Resources Commission (NRC). John Madigan, of Munising, was reappointed to the Commission. Both are Republicans and their terms expire December 31, 2010. Senate confirmation is required on three of the appointments.