



WEEKLY LEGISLATIVE REPORT

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LEADERS DISCUSSING TWO-YEAR BUDGET SOLUTION; FAIL TO REACH DEAL

What was expected to be a 12-hour marathon budget session among legislative leaders and the governor yesterday turned into a briefing on ways to restructure state and local government with a relatively short meeting on solving the budget situation. Among the reforms discussed were privatizing prisons, turning state police patrols over to county sheriffs, merging local governments, and reducing health care costs for public sector employees. None of these ideas are expected to receive serious consideration until after the budget process is finalized with the exception of health care reform. Meanwhile, the leaders have been trying to resolve both the 2010 and 2011 fiscal year budgets and how to allocate the limited federal stimulus dollars between the two years. Among the key items of disagreement for 2010 are whether to cut or eliminate the Promise Grant college scholarship, the extent of cuts to the Department of Community Health budget and the level of cuts to revenue sharing. MTA has maintained that local governments should not be expected to bear a greater share of the state budget burden especially given the challenges locals already face with declining property tax revenues. Negotiations have been suspended until after the Labor Day holiday. On a related note, the Senate Fiscal Agency has just released information that Michigan has slipped to 41st in personal income. It wasn't too many years ago that we were ranked 8th in the country.

REVENUE SHARING CHECKS LOOKING AWFULLY SKINNY

Revenue sharing checks were arriving in township halls this week and they were looking mighty slim. For example, the amount distributed in constitutional revenue sharing was less for the FY '08-'09 year than it was five years ago. In fact, constitutional revenue sharing declined 5.7% this year compared to the expected 4.9%. This reflects the continuing decline in the economy. There was one more issue that reduced checks. Under this year's appropriation act, townships were to receive statutory revenue sharing in an amount to make up for any loss of constitutional funds compared to last year. The first four payments this year reflected that legal directive. As sales tax revenues continued to fall this year, the governor issued an Executive Order eliminating this "hold harmless" language. Instead, all cities, villages and townships would receive the same amount in statutory revenue sharing as they did last year. Revenue sharing checks received this week had an amount subtracted from the total to reflect this cut to statutory revenue sharing that had already been distributed.

SPEAKER OUTLINES PUBLIC EMPLOYEE HEALTH INSURANCE PLAN

In a highly unusual situation, Speaker of the House Andy Dillon (D-Redford Chtr. Twp.) testified before the newly created Public Employee Healthcare Reform Committee. Testimony took place in the House Appropriations Committee room, the largest committee room in the House, to a packed, standing room-only crowd. The speaker laid out his objective to save hundreds of millions of dollars in health care costs each year by requiring all public employees in the state to receive their health care from a group of insurance plans approved by a newly created health care commission. To date, formal legislation has not been introduced on the proposal and no date was offered as to when bills would be introduced. However, the committee is forging ahead with testimony and it was announced that the committee chair was trying to coordinate another two meetings next week.

SOLUTION TO KEEPING STATE WETLAND PROGRAM MAY BE IN SIGHT

A possible solution to continued DEQ oversight of the wetlands program may be on the horizon. The governor had proposed earlier this year to give wetland regulation over to the U.S. Army Corps of Engineers. Recently, Sen. Patty Birkholz (R-Saugatuck Twp.) introduced SB 785, which would fund the program for the next three years through state restricted funds in return for some streamlined approvals of wetland permits in certain types of situations. The legislation preserves the ability for local wetland ordinances and will be discussed in a Senate committee next week.

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