



## Northville Hospital Sale Spurs Legislation

The State's sale of the Northville Hospital property has prompted the introduction of legislation (HB 6045 and 6046) that would require the State to give local units of government, where state-owned property is up for sale, the first option to purchase the property, and to encourage public-private partnerships in land purchases.

The legislation, introduced by Representatives Shelley Goodman Taub (R-Bloomfield Hills) and Barbara Farrah (D-Southgate) respectively, amends the Management and Budget Act (PA 431 of 1984) and the Natural Resources and Environmental Protection Act (PA 451 of 1994).

Specifically, the legislation would require the directors of the Department of Management and Budget (DMB) and the Department of Environmental Quality (DEQ), before offering state-owned property for public sale, to first offer to sell the property for fair market value to the local units of government in which the property is located.

Under the legislation, a local government would be required to enter into a purchase agreement with the State within 60 days after the date of the offer and complete the purchase within 120 days.

The property would have to be used for public purpose and if, after one year from purchase, the property were conveyed for other than public purpose use, the local unit of government would be required to pay the State 50 percent of the net profit, if any was realized.

The purchased property could be used for nonpublic purposes with the governmental unit going ahead on its own or in conjunction with a private entity.

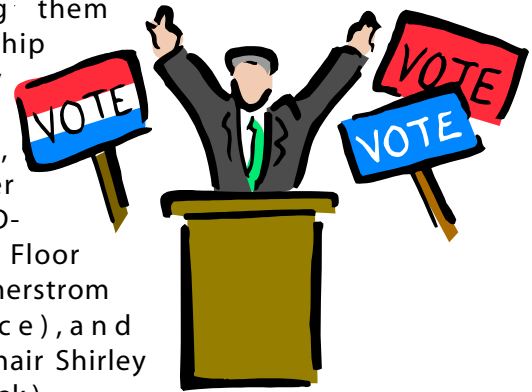
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## It's That Time Again

The filing deadline has passed and the August 8<sup>th</sup> primary election is fast approaching. This is the time lawmakers seeking re-election and those who are term-

limited, but looking for new spots on the public payroll, develop campaign paranoia. Some refer to it as the "silly season."

All 110 State House seats and 38 State Senate seats are up this year. In the House, 21 lawmakers are term-limited and cannot seek re-election. There are five term-limited Senators, among them four in leadership positions: Majority Leader Ken Sikkema (R - Wyoming), Minority Leader Bob Emerson (D-Flint), Majority Floor Leader Bev Hammerstrom (R - Temperance), and Appropriations Chair Shirley Johnson (R-Royal Oak).



In the House, 10 incumbent Democrats face primary challenges. Challengers have filed against 11 Republican incumbents. In the Senate, only two incumbents, one Democrat and one Republican, have primary challenges.

In one of the more interesting primary races to watch, Representative Shelley Goodman Taub of Bloomfield Hills is squaring off against former Representative John Pappageorge of Troy and Elizabeth Wollcock of Royal Oak in the Republican primary to replace term-limited Senator Shirley Johnson in the 13th Senate District. Term-limited Representative Bob Gosselin of Troy also filed for the Republican primary, but withdrew to run for Oakland County Commissioner. The winner of the Republican primary will face Democrat Andy Levin, son of U.S. Representative Sandy Levin, in the general election.

Another primary race to watch is in the 32<sup>nd</sup> Senate District where term-limited Senator Mike Goschka (R-Brant) cannot seek re-election. Three Democrats are vying to replace Goschka. They are Aaron Dodak, son of former House Speaker Lew Dodak; Representative Carl Williams of Saginaw; and Dave Adams. The winner will face Republican Representative Roger

## It's That Time Again continued...

Kahn of Saginaw who is giving up his House seat to run for the Senate.

Some Capitol pundits believe the number of incumbent primary challenges is due to a combination of the term-limit law and a lack of leadership in the current Legislature.

The Republicans currently hold a 58-49 majority with vacancies in three Democratic-held districts: the 29<sup>th</sup> where Representative Clarence Phillips (D-Pontiac) was elected Mayor of Pontiac, the 56<sup>th</sup> due to the death of Representative Herb Kehrl (D-Monroe), and the 69<sup>th</sup> where Representative Gretchen Whitmer (D-East Lansing) was elected to the Senate in a special election.

In addition to the Legislature, when voters go to the polls in November, they will be electing a Governor, Lieutenant Governor, a U.S. Senator, two Supreme Court justices, a Secretary of State, and an Attorney General.

All of Michigan's 15 incumbent U.S. Congressmen are also up for election. Only one, U.S. Representative Joe Schwarz (R-Battle Creek) faces a primary.

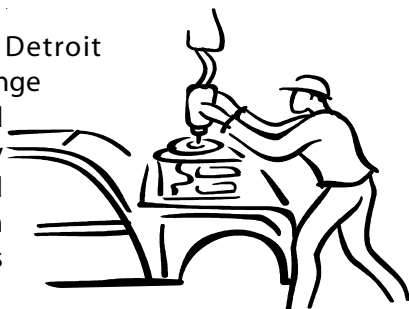
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## Jobs Bank A Problem For Automakers/Suppliers?

As the Big Three automakers struggle to become economically competitive with their foreign counterparts and regain lost market share, a competitive drawback along with rising health care costs are the "job banks."

These banks, which were negotiated to the United Auto Workers (UAW) contracts at the auto companies and many of their suppliers, pay people not to work, cost millions of dollars a year and result in no return.

According to a Detroit News article, estimates range between \$100,000 and \$130,000 a year spent by companies in wages and benefits on each employee in various company job banks.



Detroit-based American Axle & Manufacturing Chairman Richard Dauch says his company is "dead set on putting an end to the jobs bank" by way of possible buyouts and buydowns.

The job banks were originally created to keep workers employed until production increased to the point where they would be put back on the line.

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## State Revenues Improve - A Little Bit

The mid-May Consensus Revenue Estimating Conference has concluded that lawmakers will have an additional \$41 million this fiscal year, and \$19.5 million more next year, to save or spend in the budget process.

The additional \$41 million is a result of the two State Fiscal Agency Directors and Treasurer Robert Kleine projecting a decrease of \$32 million in this year's School Aid Fund and an increase of \$73.9 million in General Fund revenues.

For the Fiscal Year 2007 budget, the trio moved up last January's projected General Fund by \$58.2 million, but decreased the School Aid projections by \$38.7 million for the overall \$19.5 million increase.



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## SBT Panel Created

A special joint legislative panel has been created by Senate Majority Leader Ken Sikkema (R-Wyoming) and Speaker Craig DeRoche (R-Nov) to study options for replacing the Single Business Tax (SBT).

Serving on the "Joint Committee on Economic Growth" are: Senators Nancy Cassis (R-Nov), Alan Sanborn (R-Richmond Twp.), Buzz Thomas (D-Detroit), Representatives Fulton Sheen (R-Plainwell), Bill Huizenga (R-Zeeland) and Andy Dillon (D-Redford Twp.)

In addition to looking into a SBT replacement, the committee will also be seeking ways to protect the integrity of existing tax credits related to the Michigan Economic Growth Authority (MEGA) and Brownfield Redevelopment and Renaissance Zones.

Meanwhile, Oakland County Executive L. Brooks Patterson has turned into the State Elections Bureau some 372,000 petition signatures seeking to eliminate the SBT at the end of 2007. At least 254,206 valid signatures are needed to put the initiative before the Republican-controlled Legislature, which is likely to pass it. Governor Jennifer Granholm could not veto the measure because initiative petitions do not go to the Governor after lawmakers approve them.

Governor Granholm's new Treasurer, Robert Kleine, told lawmakers during his recent Senate confirmation the tax "should be replaced or substantially reformed" but has not decided what should be done with the tax. The Governor has not given Mr. Kleine a timetable to come up with a replacement, but both are talking with business groups.

Governor Granholm thinks a deal can be negotiated on an SBT replacement, but not until after the November election. She continues to press for a revenue neutral replacement of the \$1.9 billion in lost revenue to the state. Republicans want to see a net tax cut in the final outcome.

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## Swanson Gets The Job

Robert Swanson is no longer "interim" director of the Department of Labor and Economic Growth (DLEG). Governor Jennifer Granholm has made Mr. Swanson the Director, replacing David Hollister who left earlier this year, and stepping into the interim position after the aborted appointment of former Lansing Community College President Paula Cunningham. Mr. Swanson has served as interim director since February 3<sup>rd</sup>. His appointment is subject to Senate approval.

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## Board Of Canvassers Retains Its Powers

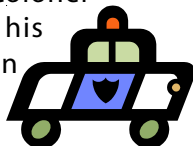
Governor Jennifer Granholm has vetoed a seven-bill package of legislation that would have shifted some of the State Board of Canvassers' responsibilities to the Bureau of State Elections. In vetoing the bills, Governor Granholm said the shift would move a public process behind closed doors. However, out of 24 states that have ballot-initiative laws, Michigan is the only state with a Board of Canvassers comprised of political appointees to certify ballot proposals.

The legislation was prompted when two Democrat members of the Board first refused to follow an Appeals Court order to place the Michigan Civil Rights Initiative (MCRI) on the ballot. They later voted along with the other board members to approve the initiative petition signatures.

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## State Police Have A New Leader

Lieutenant Colonel Peter Munoz has been tapped by Governor Jennifer Granholm to replace Colonel Tadarial Sturdivant, who announced his resignation last month to take a position in Detroit's juvenile justice system.



50-year old Mr. Munoz, who has nearly 30 years with the Michigan State Police, has most recently served a Deputy Director of the MSP Field Services Bureau.

## Unemployment Is Up, Job Creation Is Down

Michigan's unemployment rate jumped to 7.2 percent in April; up four-tenths of one percent from the March figure. State officials attribute much of the increase to more than 50,000 people who have entered the job market looking for work since January. Only Mississippi has a higher unemployment rate. The national unemployment rate stands at 4.7 percent, 2.5 percent below Michigan's rate resulting in the largest state-national gap in 15 years.



Any improvement does not appear to be just around the corner. The University of Michigan is projecting that Michigan could lose 26,000 manufacturing jobs this year and another 25,000 in 2007. In addition, Dana Johnson, chief economist for Comerica Bank says the Michigan auto sector job losses in 2006 will probably be at least 30,000 and might surpass the number of layoffs seen in 2001.

Meanwhile, Inc. Magazine has ranked Michigan dead last among the states in job creation over the past five years.

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## SBT Replacement Vote Could Be A Problem

Legislators who vote for a tax to replace the Single Business Tax (SBT), even though it could result in a net decrease, would have been in violation of the "no tax pledge" they signed for the Americans for Tax Reform. At least that is the opinion of the organization's President Grover Norquist.

Currently, the group says six senators and nine representatives have signed the pledge.

Senator Jim Barcia (D-Bay City) is the only Democrat who has signed the pledge and he says his has a caveat – he supports revenue neutral tax reforms.

Others who have signed the pledge are Representatives John Garfield (R-Rochester Hills), Rick Baxter (R-Concord), Jack Hoogendyk (R-Portage), Leslie Mortimer (R-Horton), David Robertson (R-Grand Blanc), Rick Shaffer (R-Three Rivers), Glenn Steil, Jr. (R-Cascade), and Senators Mike Bishop (R-Rochester), Wayne Kuipers (R-Holland), Michelle McManus (R-Lake Leelanau), and Alan Sanborn (R-Richmond).

Term-limited legislators who have signed the pledge are: Senator Mike Goschka (R-Brant) and Representatives Leon Drolet (R-Clinton Twp.) and Bob Gosselin (R-Troy).

## Michigan Wines Win Major Approval

There is no need to whine about Michigan wines. So far this year, seventeen Michigan wineries have won a total of 66 gold medals at regional, national and international competitions.

In fact, two Michigan wines were among only nine awarded top honors in April by the Wine Appreciation Guild in San Francisco.

Visit [www.michiganwines.com](http://www.michiganwines.com) for a complete list of gold medal winning Michigan wines and for more information about Michigan's award-winning wineries. When ordering a wine say, "Make mine Michigan wine!"



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## Report: Local Governments Face Crisis

The final report of the Governor's Local Government Task Force stated the ability of local units of government to raise necessary revenues to meet needed services is being eroded by state policy decisions. What does the task force recommend?

- Amend the General Property Tax Act to exempt increases in taxable value from Headlee millage rollback requirements following the transfer of property.
- Rebuild the State's commitment and partnership with local government by fully funding the Revenue Sharing Act under the current statutory formula.
- Initiate pension reforms that better define ability to pay and require specific, impartial actuarial cost information for pension modifications. Also, better train arbitrators in municipal finance and legacy costs.
- Enact legislation that encourages with incentives and mandates regional cooperation among local units of government.
- Consider policy mandates to assure local governments have a long-term financial plan to adequately fund post retirement benefits.

The task force report also calls for the development of a state-supported institution to address local government issues and encourage cooperation.

## State Launches Multi-Million Dollar Marketing Campaign

Over the next two years the state is prepared to spend a combined \$35.5 million in business and tourism campaign designed to lure new business to Michigan and get out-state residents to vacation here.

Nearly \$20 million will be spent on a business marketing campaign being run through the Michigan Economic Development Corporation (MEDC) and paid for through the 21<sup>st</sup> Century Jobs Fund, primarily from tobacco settlement securitization money. The ads will feature actor/director Jeff Daniels, of Chelsea, and Michigan business CEOs pumping the message that businesses locating in Michigan have the "hand."



About 80 percent of the advertising campaign will be spent outside of Michigan.

The \$16 million tourism campaign, also being paid from the 21<sup>st</sup> Century Jobs Fund with tobacco securitization money, are ads titled "True North" focusing on colorful scenes of Michigan's shorelines and northern woods. However, the ads may be changed before they start running with "True North" being replaced by "Pure Michigan" because areas where the ads will play – Ontario, Wisconsin, Minnesota don't consider Michigan to be the "True North."

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## State Building Honors Austin

The Treasury Building now carries the name of the late Secretary of State Richard Austin who worked in the building for 27 years. The building is now officially the Richard A. Austin Building.

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## DMB Is Lookin' Fir A Tree

The annual search is on for a fir (it could also be a spruce) holiday tree to adorn the Capitol Building lawn during the 2006 holiday season.

According to the Department of Management and Budget (DMB), the tree must be at least 65-feet tall, have a maximum crown diameter of 30 feet and a maximum trunk diameter of 30 inches, be accessible from the road, away from wires, and available at "no charge."

Deadline for nominations is July 1. A photo must accompany the submission. Nominations should be mailed to: Holiday Tree Search, Michigan Dept. of Management and Budget, Facilities Administration, Building Operations Division, P.O. Box 30026, Lansing, MI 48909 or send by E-mail to: [HolidayTree@michigan.gov](mailto:HolidayTree@michigan.gov)