



SBT Repeal Affective At The End Of 2007

The GOP-controlled Legislature voted to repeal the Single Business Tax (SBT) at the end of 2007, two years earlier than it was scheduled to disappear.

The Senate voted a straight 22-16 party line vote. Seven Democrats joined with the 57 Republicans in the House to approve the measure that was handed to lawmakers by a citizens' initiative petition drive spearheaded by Oakland County Executive L. Brooks Patterson. Being an initiative, the issue bypasses Governor Jennifer Granholm, therefore she can neither veto the measure, nor does it require her signature.

The SBT will assuredly be a topic of debate during the campaign season as lawmakers passed the earlier repeal date without providing any replacement taxes for the \$1.8 billion annual loss the SBT will have on the State's coffers.

Governor Granholm called the Legislature's action "an act of extreme cowardice" and said the repeal endangers money for health care, higher education and public safety, a charge disputed by Senate Majority Leader Ken Sikkema (R-Wyoming).

Citing Proposal A as an example, Senator Sikkema said the Legislature could best implement a replacement tax by first eliminating the old tax, forcing lawmakers to act. He aims to put into practice a replacement tax by the end of this year, but House Speaker Craig DeRoche (R-Nov) says there is no need to move that quickly.

The debate over a replacement tax will center on what types of taxes and if those taxes will be revenue neutral.

Republican gubernatorial candidate Dick DeVos supports a business tax based on profits, along with an overall tax cut from the current SBT. Governor Granholm fears the State's tax burden will be shifted onto individuals.

A joint Senate-House committee is working on replacement tax legislation with a goal of having

recommendations ready between the end of the general election and December 1st.

Already, there has been some negative impact from the Legislature's action to speed up the repeal of the SBT. Standard & Poor's Ratings Services revised its Michigan general obligation bonds outlook to negative, based on the magnitude of the deficit, political uncertainty and initial collection possibilities associated with any replacement revenues. The service did, however, affirm the State's AA rating.



Enacted in 1976, the SBT replaced several separate business taxes, including a corporate income tax. Today, about 100,000 of the estimated 250,000 businesses in Michigan pay the SBT.

Minimum Wage "Fix-It" Bill on Senate Agenda

Although negotiations continue between the Republican and Democrat leadership in the Senate; Senate Majority Leader Ken Sikkema (R-Wyoming) says he wants a vote on the minimum wage "fix-it" legislation on August 30th. He and Senate Minority Leader Bob Emerson (D-Flint) have been holding negotiation meetings in an effort to reach an agreement.

Senator Sikkema says he is willing to support Governor Jennifer Granholm's purported changes to the Merit Scholarship, as well as a tax-credit to low income workers if Granholm signs the "fix-it" bill that will keep some salespeople, nursing home employees and others from receiving overtime pay when the minimum wage goes up in October.

Democrats say they want tipped employees to be included in the minimum wage increase as well as legislation passed that would reverse a 2004 Michigan Supreme Court decision limiting pain and suffering awards in auto accidents.

Continued...

Minimum Wage “Fix-It” Bill on Senate Agenda continued...

When the GOP-controlled Legislature rammed through a minimum wage increase earlier this year in a successful effort to keep Democrats from putting a minimum wage increase tied to the annual rate of inflation on the November ballot, wording that would have kept some long-standing overtime exemptions in place was excluded from the bill.

If the new minimum wage law takes effect without the corrective legislation, some employers who are not currently required to pay overtime will be required to do so.

Some employers say this will result in the loss of jobs in the State and could result in their moving operations to another state. Thus far, Governor Granholm has indicated she would veto the corrective legislation.

DeRoche V. Cox

Not content to limit his salvos against Democrats in the upcoming November election, House Speaker Craig DeRoche (R-Nov) has decided to take on Republican Attorney General Mike Cox over the issue of the AG's powers.

In an amicus brief, Speaker DeRoche has asked the Michigan Supreme Court to rule on whether AG opinions are enforceable as law. Speaker DeRoche says the Attorney General is entitled to an opinion, but these opinions are not enforceable law.

In his response, Attorney General Cox called Speaker DeRoche's effort “pure nonsense and pure politics,” adding that, maybe because the Speaker has served less than two terms in Lansing he is unaware that his claims are “refuted by more than a century of case law.”

House Minority Leader Dianne Byrum (D-Onondaga) has come to Attorney General Cox's defense. Representative Byrum filed a brief on behalf of the Democrat caucus alleging that Speaker DeRoche does not have standing in his fight with the Attorney General; Representative Byrum said Speaker DeRoche acted on his own and cannot speak for the full House.

Former Democratic Attorney General Frank Kelley is also supporting Attorney General Cox. Mr. Kelley says the practice dates back to 1847 and the concept has been upheld in the courts 50 times in the interim. “Every court that has ever looked at it, has sustained it,” Mr. Kelley said.

In 1999, the Engler administration and Republicans attempted to undercut the Attorney General's powers. Former Attorney General Jennifer Granholm, called the administration's actions a “power grab.” The effort failed.

It may be that Speaker DeRoche is irritated that Mr. Cox has not issued an opinion on the constitutionality of photo ID requirements to vote. This request was made of Mr. Cox by Floor Leader Chris Ward (R-Brighton) over a year ago. The Michigan Supreme Court is currently reviewing the photo ID requirement issue.

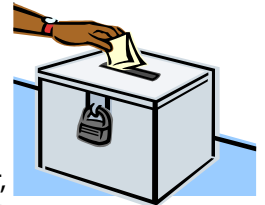
Primary Results

None of the incumbent State Legislators seeking advancement to the November general election lost in the primary election. Only 17% of the State's registered voters cast ballots in the election.

House Races

Among key incumbent House races:

- Representative Neal Nitz (R-Baraga) staved off a solid challenge by Bill Baber, a Berrien County business owner, to win by 374 votes in the 78th District Republican primary.



- Improving on a repeat of the 2004 race between the pair when Wenke won by only 65 votes in the 63rd District Republican primary, Representative Lawrence Wenke (R-Richland) defeated former Representative Jerry Vander Roest 52 to 48 percent

In key open-seat House primary races:

- Northville Township Supervisor Mark Abbo defeated Beth Stewart, wife of term-limited Representative John Stewart (R-Plymouth) in the 20th District Republican primary.

- Former East Lansing Mayor Mark Meadows came out on top of a field of Democratic candidates in the 69th District Democratic primary. He topped his closest challenger Mary Lindemann, 50 to 44 percent in an effort to replace now Senator Gretchen Whitmer (D-East Lansing).

- In the 68th District Democratic primary, Lansing City Councilwoman Joan Bauer defeated her closest rival Jerry Hollister, son of former Lansing Mayor David Hollister and four other candidates to advance to the November general election.

- Coleman Young, Jr., son of former Detroit Mayor Coleman Young, brushed by fifteen other candidates to claim the 5th District Democratic primary.

Senate Races

Among key incumbent Senate races:

- Senator Martha Scott (D-Highland Park) overcame a strong challenge from Representative Bill McConico (D-Detroit) in the 2nd District Democratic primary.

In key open-seat Senate primary races:

- Former Representative John Pappageorge, with the support of the Senate Republican establishment, trounced Representative Shelley Taub (R-Bloomfield Hills) in the 13th District Republican primary in an effort to succeed term-limited Senator Shirley Johnson (R-Royal Oak) who also supported Pappageorge.
- Representative Carl Williams (D-Saginaw) bested Aaron Dodak and one other opponent to win the 32nd District Democratic primary in an effort to replace term-limited Senator Mike Goschka (R-Brant). Williams will face Republican challenger Roger Kahn of Saginaw in November.
- In the 27th District Democratic primary, Representative John Gleason (D-Flushing) conquered a field of competitors to advance in his effort to replace term-limited Bob Emerson (D-Flint).
- And in the Republican race to replace Senate Majority Leader Ken Sikkema (R-Wyoming), it was former Representative Mark Jansen defeating two other former House members in the 28th District Republican primary.

Walberg Does Surgery On Schwarz

Former State Representative Tim Walberg (R-Tipton) defeated freshman incumbent 7th Congressional District U.S. Representative Joe Schwarz, (R-Battle Creek) by a 53 to 47 percent margin. Low voter turnout and some questionable political votes by Schwarz, a physician and former state senator, made the difference even though former Democratic Governor James Blanchard did robo calls into the district urging Democrats to cross-over and vote for Schwarz. In this heavily Republican district, Walberg is highly favored to defeat his Democratic opponent Sharon Reiner in the November general election.

Bouchard Bounces Butler

In the Republican U.S. Senate primary race, Oakland County Sheriff Mike Bouchard rolled to a 58-42 percent win over Rev. Keith Butler for the right to face off against incumbent Democrat U.S. Senator Debbie Stabenow in November.

Gary Gordon To Retire

Chief Deputy Attorney General, Gary Gordon, has announced he will retire in September to become a partner in a local law firm. Attorney General Mike Cox has announced that former chief deputy attorney general Carol Isaacs will return to her post to replace Gordon.

State Sued Over Kids' Care

A New York-based group, Children's Rights, has filed a 65-page complaint in U.S. District Court in Detroit against the State alleging civil rights violations. Specifically, the suit says Michigan's foster care system is in serious disrepair and is resulting in injury to children who are in the system.

Department of Human Services Director Marianne Udow acknowledges problems in the system, but says the suit fails to take into account the progress that has been made through the State's reform efforts over the past three years.

The case has been assigned to U.S. District Judge Nancy Edmunds.

The Money Rolls In

As state lawmakers gear up their campaigns for the November 7th general election, it appears their political action committees are doing quite well in the money-raising area.

The political action committee filing, due in July, showed the House Republican Campaign Committee (HRCC) leading with \$1.1 million more than it had at the same point in 2004. The HRCC raised \$550,000 in the last three months. It had \$1.37 million cash on hand.

House Democrats did not fair as well, bringing in just \$252,000. That number is down from past reporting quarters, but still leaves the Democrats with \$1.15 million cash on hand.

On the Senate side, Democrats raised \$405,000 compared to the Senate Republicans' \$127,000 for the three-month period. Republicans, however, had \$1.269 million cash on hand compared to \$1.244 million for the Democrats.



Kirkland's Warbler Population Is Growing

Those who say Michigan's economy is for the birds may be right. According to the Department of Natural Resources (DNR), the state's population of the endangered Kirkland's Warbler is increasing.

Biologists, researchers and volunteers in Michigan observed 1,478 singing males during the 2006 official census period, an increase over the 1,415 males observed in 2005, and the largest number recorded since monitoring began in 1951. The lowest numbers were recorded in 1971 and 1987 when only 167 singing males were identified.

DeVos Unveils Agriculture Plan

Calling it the second phase of his economic turnaround plan, Republican gubernatorial candidate Dick DeVos has laid out a plan designed to give a boost to the State's agricultural community.

According to DeVos, the state needs to allow for voluntary pollution prevention, strengthen the state's Right to Farm Law, support research and technology, globally market Michigan's agriculture products, establish more Michigan Trade Offices around the world and cut red tape and taxes for farmers.

In response, the Granholm administration is touting its leadership on the ethanol issue saying the Department of Environmental Quality (DEQ) granted a permit for the Marysville ethanol plant in 71 days where it took the Engler administration 511 days to grant a permit for the Caro plant.

DeVos Goes To SE Michigan For Running Mate

Republican gubernatorial candidate Dick DeVos looked to Southeast Michigan for his running mate – tapping Oakland County Clerk and Register of Deeds Ruth Johnson to join him on the GOP ticket in November's general election.

It was long believed that DeVos would seek his running mate in Southeast Michigan, and further would likely pick a woman. Johnson's name was one of the early names mentioned as a possible choice, thus, her selection did not come as a real surprise. She brings a strong state legislative and county government background to the ticket.

Other names that were on the political pundits' maybe list were: Senate Majority Floor Leader Bev Hammerstrom (R-Temperance), AT&T Michigan President Gail Torreano, Central Michigan University Government Relations Director Kathy Wilbur, and Nancy McKeague of the Michigan Health and Hospital Association, but none were thought to be serious contenders.

A former state representative and Oakland County Commissioner, Johnson is a no-nonsense public servant who believes government should provide the best service at the lowest cost while being held accountable to the people it serves.

While serving as state representative from 1999 to 2004, before being term-limited out of that position, Johnson uncovered unethical business practices at the Oakland

Intermediate School District which led to criminal charges against the top administrator and tougher state oversight laws.

As a county commissioner she fought to educate the public about the dangers of arsenic in local water supplies, tackled the tough issue of putting trustee prisoners to work, and pushed for an ethics policy in county purchasing.

Johnson, like DeVos, is pro-life and viewed as a conservative on many issues. The question that will linger from now until election time is whether Johnson will be able to attract the moderate Republican women who voted for Jennifer Granholm in 2004. DeVos and Johnson will face Democrat Governor Jennifer Granholm and Lt. Governor John Cherry in the general election.

With the naming of Johnson as his Lt. Governor running mate, it appears the GOP now has a complete top-of-the-ticket for the November election. It will be DeVos for Governor, Johnson for Lt. Governor; Mike Bouchard for U.S. Senate, Mike Cox for Attorney General and Terri Lynn Land for Secretary of State.

Delegates to the GOP State Convention, to be held in Novi the last weekend of August, formally select the candidates for Lt. Governor, Attorney General and Secretary of State, but there will be no floor fight at the top of the ticket. The convention delegates also select the candidates for Michigan Supreme Court and the major university governing boards.

The Johnson File

Personal: Ruth Johnson, 51, husband, Don Nanney, and daughter, Emily, reside in Holly.

Professional:

2004 to present - Oakland County Commissioner/Register of Deeds

1998-2004 - Michigan State Representative, 46th House District
Chaired House Land Use and Environment Committee
Served on House Education, Health Policy, Transportation, Veteran Affairs and Homeland Security committees

1988-1998 - Oakland County Board of Commissioners
Taught in the Clarkston Public Schools
Owned and operated a small business.

Education: Associates Degree, Oakland Community College
B.A. Degree, Oakland University – 1977
M.S. Degree, Wayne State University – 1985



Correction

In the July edition of *UPDATE*, the Office of Financial and Insurance Services Director was incorrectly identified as Mary Waters. The Director is Linda Watters. *UPDATE* apologizes for the error.