



HIGH COURT AFFIRMS VOTER IDENTIFICATION LAW

When Michigan voters go to the polls on November 6th, they will be required to display photo identification or sign an affidavit before voting, as a result of a recent opinion upholding a 2005 law, rendered by the Michigan Supreme Court.

Justice Robert Young drafted the opinion in concurrence with four other GOP-nominated members of the court. The Court ruled, “the photo identification requirement contained in the statute is facially constitutional under the balancing test articulated by the U.S. Supreme Court in *Burdick v Takushi*.”

The court further held the law does not require voters to incur costs of obtaining a photo identification card as a condition of voting, therefore “the statute does not impose the payment of a fee as a condition to the exercise of the franchise and therefore is not an unconstitutional poll tax” under the Twenty-fourth Amendment of the U.S. Constitution.

The law will not be in effect for the August 7th primary, as the Secretary of State claims the court ruling was decided too late to get measures in place.

Opponents of the law include the NAACP and the State Democratic Party, who will consider an effort to block its implementation.

Meanwhile, the Democrat-controlled House approved legislation (HB 4553) allowing clerks to send absentee voter applications to registered voters 60 years of age or older without the individual's request. The House also passed measures (HB's 4447 and 4448) allowing a person to have a different residential address on their voter file from that which is listed on their driver's license. Those bills are pending in the Senate.



MORE SUPREME COURT DECISIONS

A group of taxpayers filed suit against the Ann Arbor School District for offering domestic partner benefits to gay couples, in face of a Constitutional amendment defining marriage as the union between one man and one woman. The suit was thrown out by a majority of the Michigan Supreme Court, ruling the group did not have constitutional standing. The Court went on to opine that the three-part test traditionally used to determine standing is unconstitutional.

In another case, the Court, rendering a 4-3 decision, blocked a lawsuit filed by the Michigan Citizens for Water Conservation against Ice Mountain bottled water company.

The ruling stated the environmental group failed to show how decreases in water level at the man-made Osprey Lake impound and wetlands in Mecosta County impaired their recreational abilities or their aesthetic enjoyment of the area.

The 4-3 decision means the case will now return to the circuit court where the group can proceed with their claims.

SENTENCING COMMISSION LEGISLATION GETTING ATTENTION

The House Judiciary Committee is focusing on legislation (HB 4964) that will create a State Sentencing Commission.

Committee Chair Paul Condino (D-Southfield) said hearings will be held this month with the intent to move the bill in the fall and have the commission up and running by the end of the year.

Michigan had a sentencing commission from 1994-1997 with its recommendations submitted to the Legislature and a majority of those recommendations were enacted into law as P.A. 317 of 1998.

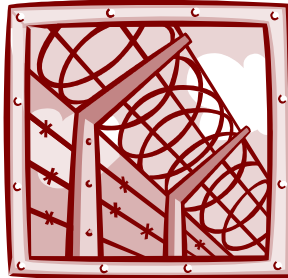
DOC OFFERS UP SENTENCING REFORMS

The Department of Corrections (DOC) put forth a draft plan asking the Legislature to decrease 142 various felonies to one-year misdemeanors. Among the felonies are accidental killing of a person, cocaine possession, fraud and improperly dumping a human body. This legislation is among 260 reform bills the DOC is proposing as a way to trim costs.

In total, the six-part sentence restructuring plan impacts the downgrading of 235 crimes or classification of crimes; results in 2,000 fewer county jail beds, and squeezes \$76 million out of the Department's budget.

House Judiciary Chair Paul Condino (D-Southfield) stated many of the proposals may make sense. Senate Judiciary Chair Wayne Kuipers (R-Holland) agrees with some of the recommendations, but stated he does not want to rush a change in many of the sentences just because the administration wants to save money. "This is an issue of public safety," Senator Kuipers said.

The plan has come under fire from State Attorney General Mike Cox, several law enforcement agencies and county government officials. Attorney General Cox termed the plan "dangerous and wrong-headed."



THE INS AND OUTS

Governor Jennifer Granholm recently named Steve Transeth to replace J. Peter Lark on the Michigan Public Service Commission (MPSC). Mr. Transeth, a bill drafter at the Legislative Service Bureau, also served as Assistant Director and Legal Counsel for the Bureau. Appointed as an independent, Mr. Transeth will serve for the remainder of Mr. Lark's term, which expires July 2, 2009.

Ismael Ahmed, co-founder of the Arab Community Center for Economic and Social Services (ACCESS) in Dearborn, was asked by Governor Granholm to replace Department of Human Services (DHS) Director Marianne Udow. Ms. Udow is leaving at the end of this month to take a position as Director of the Center for Health Care Quality and Transformation at the University of Michigan Health Center in Ann Arbor.

The Michigan Agriculture Commission selected former Senator Don Koivisto (D-Ironwood) to succeed Mitch Irwin as Director of the Department of Agriculture. Mr. Irwin announced his retirement in order to return to the private sector. Mr. Koivisto begins his position as Director on September 5, 2007.

NEW BUSINESS TAX BECOMES LAW

The Michigan Business Tax (MBT), the tax replacing the expiring Single Business Tax at the end of this year, was signed into law by Governor Jennifer Granholm. The new tax plan will take effect beginning January 1, 2008.

Governor Granholm touted the new revenue neutral tax replacing \$1.9 billion annually produced by the SBT, saying, "instead of punishing business for creating new jobs, the MBT will encourage companies to invest in Michigan today and expand in the future."

Businesses will be taxed on income at a rate of 4.95 percent and a net worth tax of 0.8 percent. Insurance companies will pay a premium tax rate of 1.25 percent. Banks will pay an alternate net worth tax rate of 1.25 percent. Businesses will receive a variety of credits for increased payroll, capital and research development.

Small businesses will pay the tax only if their sales are above \$350,000 with the tax phased in as the sales increase. The new tax includes exemptions for startup businesses and businesses that add new jobs.

There is also a rebate trigger. In the 2008 fiscal year, if the revenue is five percent above the expected \$1.9 billion, half of the rebate will be returned to the taxpayers and half will be placed in the State's Budget Stabilization Fund (BSF). In the 2009 fiscal year and the 2010 fiscal year, revenues above the growth in the State's personal income tax plus one percent will also trigger rebates.

The Department of Treasury already projects a one-time windfall due to the tax change.

A final collection of the Personal Property Tax portion of the outgoing SBT, combined with collections of the new MBT, is expected to give the State a \$220 million revenue bonus at the beginning of 2008, due to the mechanics of the new MBT.

The additional money could be used to reduce Michigan's budget deficit for the 2008 fiscal year. Democrats peg the deficit at about \$1.8 billion, whereas Republicans claim it is around \$1.5 billion.



GRANHOLM LAUNCHES NWLB PROGRAM

Governor Jennifer Granholm launched her "No Worker Left Behind" (NWLB) job-training program to provide up to two years of free tuition at any Michigan community college, university, or other approved training program for qualifying participants.

According to the Senate Majority Leader's office, the programs estimated cost is \$77 million; \$37 million in federal funding and another \$40 million in State funding.

Participants in the program would be required to earn a certification or degree in what is described as a "high-demand occupation" or gain the entrepreneurial skills needed to start their own business.

A Granholm news release explained that the program is part of her plan to "transform Michigan's economy," days before the Department of Labor and Economic Growth (DLEG) released figures showing the State's unemployment rate climbed to 7.2 percent in June, three-tenths of a percent higher than in May and one-half percent higher than in June of last year.



Michigan is currently at the top of the nation's unemployment rate for the third straight month.

The national unemployment rate for June of this year was 4.5 percent.

RTW LEGISLATION INTRODUCED

Senate Finance Committee Chair Nancy Cassis (R-Novi) introduced legislation (SB 0607 and 0608) opening employment to workers without the prerequisite of joining a union.

Senator Cassis introduced the legislation shortly after Senate Majority Leader Mike Bishop (R-Rochester) suggested such a proposal be put on the 2008 ballot. Senator Bishop said that while the Legislature could act, it is not likely to happen with a Democrat-controlled House and Governor's office.

According to Senator Bishop, making Michigan a right-to-work state would "send a clear message" that the State was ready to be competitive in a business sense.

HOUSE GOP CREATE NEW TASK FORCES

House Republicans have created five new task forces to address what they term "the jobs crisis and failure in Lansing."

The task forces are:

- Small Business Support and Development – Chair, Representative Kim Meltzer (R-Macomb Twp.)
- Tourism – Chair, Representative Ken Horn (R-Frankenmuth)
- Child Protection – Chair, Representative David Law (R-Commerce Twp.)
- Government Reform and Taxpayers Savings – Co-Chairs, Representatives Fran Amos (R-Waterford) and Lorence Wenke (R-Richland)
- Border Security and Immigration – Chair, Representative Phil Pavlov (R-St. Clair Twp.)

GOP PROPOSES FAT ACT

House Republicans wish to create a new searchable Web site listing all State Government spending, including public schools, universities and community colleges, under a proposal dubbed the Government Funding Accountability and Transparency (FAT) Act. The legislation would eliminate a loophole in the Intermediate School District (ISD) reporting requirements exempting them from reporting lobbying and other activities by ISD employees.

Representative Jack Hoogendyck (R-Kalamazoo) said the Governor could create the FAT Web site by executive order and urged her to do so. House Majority Floor Leader Steve Tobocman (D-Detroit) called the proposal "another piece of theater."

BROADBAND AUTHORITY IS HISTORY

The Broadband Development Authority (BDA) was recently dissolved into the Michigan State Housing Development Authority (MSHDA), which consumed \$14.5 million in loans floated to the agency over the years. The BDA was created in 2002 under former Governor John Engler to aid small broadband companies in providing services in the State.



REPORT: \$200 MILLION NEEDED FOR RENEWABLE ENERGY

A report issued recently by the Michigan Renewable Fuels Commission State concluded that lawmakers should set aside \$200 million over the next three years to encourage the development of renewable fuel projects.

The 76-page report made 14 recommendations, including the creation of a “one-stop shop” to streamline the permit process for renewable fuel project developers.

A “nursery” of bred energy crops was also suggested, as was six renaissance zones encouraging the production of facilities using plants for renewable fuel production.

The Commission report suggests \$50 million over the next two years come from the 21st Century Jobs Fund and the other \$150 million come from the U.S. Department of Energy grants; oil, gas and forestry royalties or a special earmark carve out any potential tax increase.

A full report is available on the Commission Web site at: www.renewablefuelscommission.org

SENATE JOINT RESOLUTION E

Under SJR E, proposed executive and legislative budgets could only be based on 96 percent of the revenue expected from the biannual Consensus Revenue Estimating Conference (CREC) starting with the 2010 fiscal year budget.

If adopted, the Legislature would need to pass a tax increase first, and then wait for either the May or January CREC to see how much State revenue will be increased.

According to the sponsor of the amendment, Senator John Pappageorge (R-Troy), he has 25 co-sponsors.

CONGRATULATIONS!



Peter L. Dunlap, shareholder in Lansing-based Fraser Trebilcock Davis & Dunlap, has been elected President of the Michigan Defense Trial Counsel. He will serve from 2007-2008 as the MDTC's 28th President.

PHONE TAX IS DIALING DOWN

With strong opposition against the so-called public safety enhancement legislation [read phone tax], there is a move afoot to scale back a proposed \$1.35 tax per month on each phone line and cellular phone to somewhere between 80 and 90 cents a month.

The measure (HB 4852) would raise nearly \$200 million a year to be used to pay for safety services and the 911 emergency systems.

House Appropriations Chair, George Cushingberry (D-Detroit), says the State is not going to need as much money as would have been generated from the original public safety fee.

The current need is only \$135 million, of which about \$40 million is expected to replace money the Michigan State Police currently receives from the General Fund.



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