



Tort Reform Under Review

An eight-member Standing Committee on Tort Reform has been established in the House, charged with reviewing and understanding the reforms made in the 1980's and 1990's. The Committee will evaluate the impact those reforms have today, assess Michigan's current tort climate, and explore any legislative changes that might be needed.



Representative Elsenheimer

While the entire issue of tort will be reviewed, Committee Chair Kevin Elsenheimer (R-Bellaire) indicated areas of special interest are asbestos/mold, FDA defense, and affidavit of merit.

The first series of public hearings have been to take testimony and thoroughly evaluate the reforms that have taken place over the past two decades. From there, the Committee will begin hearing from advocates on both sides of tort reform before, if it is determined to be necessary, taking any legislative action.

During the hearings on prior reforms, former House Speaker Lew Dodak, now a partner at Fraser Consulting, provided historical background to the Committee and presented them with a 1985 Special House Committeem on Liability Insurance Report and a 1989 Insurance Committee Report on Malpractice.



Lew Dodak

In addition to Representative Elsenheimer, the committee is comprised of Reprmentatives Roger Kahn (R-Saginaw), Edward Gaffney (R-Grosse Pointe Farms), Bill Huizenga (R-Zeeland), Joe Hune (R-Hamburg), Stephen Adamini (D-Marquette), Bill McConico (D-Detroit), and Steve Bieda (D-Warren).

Copies of testimony and other public information relating to the Committee's activities are available on the Committee Web site at: <http://house.michigan.gov/committees.asp> Scroll down under "Committees" to Tort Reform and click Go.

Michigan Fairs More Than Just Fun

When we attend one or more of Michigan's 87 fairs each year, we always enjoy the midway with all its rides, the entertainment, fair food, the 4-H livestock competition, and food displays.

But there is more to the fairs than just fun. There is also another side to members of the Michigan Association of Fairs & Exhibitions (MAFE) – a side that is looking seriously into alternative fuels and the dangers of methamphetamine.

These were but two of approximately 40 workshops that were held during the Association's annual convention in January, attended by nearly 1,400 people from Michigan and across the country.

According to MAFE Director E.J. Brown, more than 80 people attended a workshop on biodiesel as an alternative fuel. The workshop, conducted by Gail Frahm of the Michigan Soybean Promotion Committee and Kim Mahrie of Wacker Oil in Manchester, outlined the

Continued on page 4 ...

Senate Seeks Long-Range Energy Plan

Senator Bruce Patterson (R-Canton), chair of the Senate Technology and Energy Committee has pulled together a sizeable task force to look at elements for a long-range energy plan for the State. Among the members is former Speaker of the House Rick Johnson, now a partner at Fraser Consulting.



Senator Patterson

Following the task force report, which is expected by the end of March, Senator Patterson announced he would appoint another commission to make recommendations to the Legislature.

Senator Patterson's action has grown out of his frustration over what he sees as the Michigan Public Service Commission's (MPSC) failure to make recommendations or outline objectives to move the state toward energy solutions.

Alternative Fuels Bills Introduced

A bipartisan package of legislation has been introduced in the House and Senate that would increase the number of E85 (ethanol blend) gas stations in the state, provide tax incentives to stations that install E85 equipment, set standards for E85, biodiesel and hydrogen fuels, and create renaissance zones for alternative fuel production.

A ten-year tax break for E85 and biodiesel would reduce the current tax of 19 cents per gallon and 15 cents per gallon on biodiesel to 12 cents per gallon on both E85 and biodiesel fuels.

Other bills in the package would require the State to have fueling locations for State owned alternative fuel vehicles or contract with a vendor to provide such a station by October; create a 15-member Fuels of the Future Commission; create a State matching grant program to assist service station owners to either add alternative fuel pumping stations or convert to alternative fuel stations; and allow the State to create up

to 10 tax exempt renaissance zones across Michigan that deal with alternative fuels.

The six Senate bills (SB 1074 through SB 1079) are pending in the Technology and Energy Committee. The five House bills (HB 5751 through HB 5755) have been assigned to the Agriculture Committee.

Proposals Would Reform The Legislature

While a grassroots citizens' coalition is pounding the streets seeking petition signatures to put a Constitutional amendment on the November 2006 ballot that would eliminate the Michigan Senate and create a unicameral legislature, Representative Glenn Steil, Jr. (R-Grand Rapids) last month introduced House Joint Resolution S (HJR S) that would reduce the number of lawmakers in the House and Senate. It would also increase term limits.

Specifically, HJR S would reduce the number of Senators from 38 to 20 following the 2010 census that requires implementation of a new redistricting plan. The number of Representatives in the House would be reduced from 110 to 60 members.

Under the term limits, House members could serve up to six terms (12 years) rather than the current maximum of six years. Senate members could serve up to four terms (16 years) rather than the current maximum of eight years. The limitation would apply to terms of office beginning on or after January 1, 1993.

Meanwhile, House Joint Resolution D (HJR D), introduced last month by Representative Robert Gosselin (R-Troy), would limit the legislative session and reduce salaries and expenses of State lawmakers.

Specifically, HJR D would limit the annual legislative sessions to not more than 90 consecutive days beginning in 2007. It would also reduce the salaries and expenses of members of the Legislature to 18.75 percent of salaries and allowances that were in effect in 2004, with expense allowances only to be paid for the periods the Legislature is in session.

Both resolutions would need to be adopted by both the House and Senate and then placed on the ballot

for voter approval before taking effect. The likelihood of either resolution making it to November 2006 ballot is slim to none.

Catastrophic Claims Grow More Costly

Legislation is being prepared that would reduce the costs motorists pay into the Michigan Catastrophic Claims Association (MCCA) to cover the medical bills of motorists involved in catastrophic accidents that exceed \$350,000 in claims costs.

Currently, motorists are paying \$143 annually into the MCCA for each vehicle they own. This surcharge has steadily risen and is expected to continue to grow an additional 15 to 20% per year if Legislative action is not taken.

The legislation, if passed and signed into law by the governor, would reduce the cost of claims paid by MCCA by millions of dollars and thus reduce the charges assessed to motorists. It would also force all insurance companies doing business in Michigan to play by the same rules. It is alleged that some of the larger insurance companies are not practicing consistent claims review protocols which ultimately increases claims costs paid by the MCCA.

The measure is also designed to reduce the ever-increasing health care costs in auto Personal Injury Protection, an issue of great interest to the Preferred Provider Organization, Midwest (PPOM) which has created an independent health care network of physicians, hospitals and other health care providers with the goal of offering affordable health care services.

PPOM acts as a single coordination point between their provider network partners and more than 180 payor partners including commercial insurance carriers, third-party administrators (TPAs), and self-insured employer groups.

Jeff Out, Steudle In As MDOT Director

Gloria Jeff, who has been rumored for months to be on her way out as Director of the Department of Transportation (MDOT) submitted her resignation earlier

this month. Governor Jennifer Granholm immediately named Chief Deputy Director Kirk Steudle to replace Ms. Jeff.

Ms. Jeff has been absent from her duties since late December, on medical leave for knee surgery. Mr. Steudle has been filling in for Ms. Jeff during that time.

Rumors of Jeff's departure have been circulating since last November when it was reported the administration had asked Jeff to find a new job within six months. Jeff's resignation announcement, however, gave no indication of her new employment if, in fact, she has any.

A lifelong Michigan resident and graduate of Lawrence Technological University, Mr. Steudle began his career at MDOT in 1987. Prior to serving as Chief Deputy Director, he was MDOT's Bay region engineer and deputy metro region engineer.

Cunningham Out Before She Is In

Language in Paula Cunningham's separation agreement as President of Lansing Community College (LCC) forced her to remove herself as Director of the Department of Labor and Economic Growth (DLEG) on the day she was to start work.

Governor Jennifer Granholm had named the embattled LCC President to replace DLEG Director David Hollister. Bob Swanson will continue to serve as acting Director until Granholm finds a new replacement.

Although Ms. Cunningham is done as LCC president, her separation agreement places her on a paid one-year leave of absence, which presents a possible conflict of interest.

Governor Granholm withdrew Ms. Cunningham's name one day before she was to appear before a Senate Confirmation Committee on her appointment.



Michigan Fairs More Than Just Fun continued...

advantages of alternative fuel and the positive environmental aspects of its less toxic fumes.

Peter VanCamp, of the St. Joseph County Narcotics Task Force, provided valuable information about the dangers of methamphetamine, explained how to spot meth ingredients and the proper disposal techniques to protect both employees and the public.

"MAFE was the first state fair association in the country to address these two topics," Brown said.



**MICHIGAN ASSOCIATION
OF FAIRS & EXHIBITIONS**

These important workshops, and an Ecoli workshop focusing on livestock facilities and food handling scheduled for March 24, are in addition to the county fairs and MAFE promoting youth development, educating the public, promoting the development of agriculture and contributing to ag-tourism throughout the state.

The 85 local fairs, along with the Michigan State Fair in Detroit and the Upper Peninsula State Fair in Escanaba, drew 5,927,350 fairgoers last year. That figure is more than half of the State's population.

There were 54,218 youth exhibitors and 36,334 open class exhibitors. Livestock sales totaled \$10,122,983. Most of the money is used by the youth to advance their education in agriculture.

Michigan fairs not only provide an economic boost to their rural communities but also add to the economy through other events held at the fairgrounds during the rest of the year.



Work Comrates Headed Down

Look for another decrease in workers' compensation rates. The Department of Labor and Economic Growth (DLEG) says the average rate employers pay for workers' compensation insurance is expected to drop 6.5 percent this year, compared to an 11.2 percent drop in 2005.

Overall, there has been a 40.2 percent reduction over the past 10 years. Officials contribute the decrease to a reduced number of work-related injury claims along with safety programs and fee schedules that control medical costs.

Bowen, Waters Seek Democrat Nominations

Former District Judge Scott Bowen, of Grand Rapids, has made it official. Judge Bowen, who is Governor Jennifer Granholm's choice, has announced he is a candidate for the Democrat Party's Attorney General nomination to oppose Republican incumbent Mike Cox.

Term-limited Representative Alexander Lipsey (D-Kalamazoo) has also announced his intention to seek the Attorney General nomination on Democratic ticket.

Representative Mary Waters, a term-limited State Representative from Detroit, is seeking her party's nomination for Secretary of State to oppose Republican incumbent Terri Lynn Land.

Both the Democratic and Republican parties will select their Attorney General and Secretary of State nominees at their State conventions this fall.

Croll Named Acting Treasurer

Governor Jennifer Granholm has named Chief Deputy Treasurer Julie Croll to serve as interim treasurer until a permanent replacement has been found for Jay Rising, who resigned to become chief financial officer at the Detroit Medical Center.

A name that keeps popping up as a possible successor to Mr. Rising is former state senator and current Lottery Commissioner Gary Peters. Mr. Peters is an attorney and has prior investment and securities experience.