



SBT Repeal Bill Is Vetoed

Governor Jennifer Granholm wasted no time in making good on her promise to veto legislation that would repeal the State's Single Business Tax (SBT) on December 31, 2007, two years earlier than it is currently scheduled to expire.

Within hours after House Bill 5743 hit her desk, Governor Granholm put her veto pen to work. In a statement, Governor Granholm wrote, if enacted, the bill would result in "either a significant tax increase for Michigan families or massive cuts in the things most important to Michigan families – education, health care, and public safety."

For weeks Governor Granholm said she would veto the legislation if there were not some alternative tax plan attached to replace the estimated \$1.8 billion revenue loss the State would incur.

Republicans argued that by accelerating the SBT deadline there was still ample time to come up with a more equitable business tax and that the earlier repeal was necessary to boost the state economy, because Michigan is in a "single state recession."

Following the veto, Representative Leon Drolet (R-Clinton Twp.), sponsor of the legislation, said Republicans "are going to have to learn to try to govern without this Governor."

Republicans will move forward with Oakland County Executive L. Brooks Patterson's effort to put the issue before the voters. Mr. Patterson also offered to provide a \$1 billion loan to the State, if Governor Granholm would sign the bill repealing the SBT, an offer rejected out of hand by the Governor's administration.

Governor Granholm proposed an alternative to the current SBT in her 2005 State of the State address, but it fell on deaf Republican ears.

With elections set for November, Governor Granholm's veto of the earlier SBT repeal will not put an end to the debate on this issue.

Polls Have Governor Race In Dead Heat

With the November election still seven months away, two recent polls have Governor Jennifer Granholm and her Republican challenger Dick DeVos in a virtual dead heat, but as past elections have shown, polls can change several times between now and the election.



Governor Granholm

A statewide poll of 600 voters conducted March 13th-17th by Marketing Resource Group (MRG) shows Governor Granholm with a 43-41 percent lead over Mr. DeVos. This compares to an EPIC/MRA poll conducted a week earlier that showed Governor Granholm with a 10-point margin (51-41). A Rasmussen poll in February showed Governor Granholm leading Mr. DeVos by a margin of 44-43 percent.

Both sides are downplaying the polls this early in the campaign.

John Truscott, spokesman for the DeVos campaign, said the numbers are fun to look at, but they do not really mean much at this point.

Governor Granholm spokesman Chris DeWitt called them just another poll.

The DeVos campaign has been running television ads across the state but Governor Granholm has not yet taken to the airways with campaign commercials.

On another gubernatorial campaign note, Governor Granholm has rejected a request by Mr. DeVos for debates prior to the August primary election.



Dick DeVos

Tougher Graduation Requirements Ahead

Beginning this fall, eighth grade students are going to have to successfully complete tougher State mandated courses in order to graduate from high school in 2011.

The Legislature has passed, and Governor Jennifer Granholm is set to sign, legislation requiring students to complete 16 credits to receive a diploma. These credits include: four each in math and English, three each in science and social studies and one each in physical education and the arts.

Beginning with the graduating class of 2016, the minimum number of credits increases to 18, with the addition of two credits in foreign language classes that could be taken at anytime during K-12.

The curriculum includes Algebra I and II, Geometry, Biology, Physics or Chemistry, Government, Economics and U.S. History or Geography. A student will also be required to take one online course or some specific alternative.

There are opt-out provisions for some of the course requirements.

Other provisions of the new requirements call for seventh grade students to be given an opportunity to create an educational development plan with a counselor, and school districts must inform parents when a student is at risk of becoming a drop-out and provide the parent with information on what tutoring or independent counseling options the school offers.

While the credits are State mandated, local school districts are provided some flexibility in what courses are offered for students to earn the credits.

During the debate, it was described as the State mandating the "what" and local school districts deciding the "how."



State Economy: "G" Is For Gloomy

Michigan's unemployment rate jumped to 6.6 percent in February, up from 6.2 percent in January, giving the state the distinction of holding the third-worst jobless rate behind only Mississippi and Alaska. The national unemployment rate for February was 4.8 percent.

During February, Michigan recorded losing 9,400 jobs. That is more than the job losses of the next big job-losing states of Virginia, Kentucky, Ohio and Nebraska combined.

A recent Marketing Resource Group (MRG) statewide poll conducted for Inside Michigan Politics indicated 75 percent of the voters say the State is headed in the wrong direction. This percentage is the "highest ever" ranking according to pollster Paul King. The poll was conducted March 13-17 with a 4.1 percent margin of error.

Comerica issued its monthly Michigan Business Activity Index showing the State's economy is "moving sideways." In January, the Index remained unchanged at 106; marking the fourth time in the last five months the index has registered 106. Dana Johnson, Chief Economist for the bank, said the good news is the economy is holding up reasonably well in light of the auto industry's restructuring, but the bad news is Michigan continues to badly lag behind the national economy.

The Citizens Research Council (CRC) has issued a report indicating the State can expect more tough budgets in the future. "As we look to the future, government is ill-prepared to deal with a continuation of trends on the spending and revenue sides of the budget and is at great risk if a recession hits the economy at any time in the near future," the report said.

Supreme Court Will Not Hear MCRI Case

In a 6-1 decision, the Michigan Supreme Court has declined to take an appeal by the State Board of Canvassers in the Michigan Civil Rights Initiative (MCRI); ruling questions presented in the appeal did not need to be reviewed by the high court.

The Board of Canvassers was initially deadlocked on whether to put the MCRI on the ballot, because of concerns that petition language used by the proposal's supporters was not accurate, and that supporters were misleading the public on what MCRI would do.

In October, the Court of Appeals ruled the Canvassers did not have a choice in the matter because State law does

not give Canvassers the power to conduct investigations into whether ballot petitions were ethically collected.

If approved by voters, MCRI would halt state-funded affirmative action programs and stop State and local governments from considering a person's race or gender when hiring. It also bans racial preferences in the State university or college admissions process.



Michigan Minimum Wage Gets A Boost

Workers in Michigan being paid the minimum wage of \$5.15 per hour will see their paychecks increase, as a result of legislation signed into law last week by Governor Jennifer Granholm that boosts the State minimum wage for the first time in nine years.

Threatened with a ballot proposal that, if approved by voters, would have increased the minimum wage to \$6.85 per hour and tied future increases to the annual rate of inflation, the Republican-controlled Legislature grudgingly passed legislation that boosts the wage to \$6.95 per hour by October 1, 2006, \$7.15 by July 1, 2007 and \$7.40 by July 1, 2008. The new law does not, however, include an inflation rate clause.

As a result of the new law, labor unions and State Democrats who were pushing the ballot proposal have dropped their efforts to gain the sufficient number of signatures to put the issue before the voters.

Kleine Tapped For Treasurer

Robert Kleine, who authored the current Single Business Tax (SBT), has been selected by Governor Jennifer Granholm to succeed former State Treasurer Jay Rising who resigned earlier this year to take a position with the Detroit Medical Center.

Mr. Kleine, a former Director of the Office of Revenue and Tax Analysis under Governor William Milliken, a former Economist for Public Sector Consulting, and most recently President of his own consulting firm, says he is ready to scrap the SBT with a revenue neutral plan that he said, "lessens the rate, flattens the base, is more profit-sensitive, is less competition-sensitive and simplified."

Mr. Kleine said he believes the business community may be exaggerating how bad the SBT is, but added because the tax is a shadow of its former self and it is a distraction because of the trashing it is taking within the business community.

Whitmer Wins

Gretchen Whitmer's political star appears to be rising in Democratic circles as the State Representative from East Lansing romped to an easy victory over her Republican challenger, Okemos attorney Vince Green, in the 23rd District Senate special election to replace Virg Bernero who was elected Lansing's mayor last November. Whitmer defeated Green by an 80 to 19 percent margin in the voting.

Senator Whitmer has been named to five policy committees in the Senate. She was assigned to the Senate Agriculture, Forestry and Tourism Committee, replacing Senator Buzz Thomas (D-Detroit), and to Health Policy; Local, Urban and State Affairs; Judiciary; and Gaming and Casino Oversight Committees, all replacing Senate Minority Leader Bob Emerson (D-Flint).

Despite her experience on the House Appropriations Committee, Senator Whitmer did not receive an appointment to the Senate Appropriations Committee.

Senator Whitmer's advancing to the Senate now creates a third vacancy in the House. Governor Jennifer Granholm has scheduled special elections in Whitmer's 69th District seat, the 29th District seat vacated by election of Representative Clarence Phillips (D-Pontiac) as Pontiac's mayor, and the death of Representative Herb Kehrl (D-Monroe) in the 56th House District to coincide with the August primary and November general elections.

Granholm Wants Road Money For Locals

Governor Jennifer Granholm has asked lawmakers to provide \$80 million in State road dollars to accelerate some \$400 million in local government road projects. Governor Granholm unveiled her plan to rev up local road projects over the next two years in early March. Thus far, the Legislature has not acted on legislation needed to enact the plan.

Specifically, the plan would use State trunkline dollars to provide locals their 20 percent match to secure some \$320 million in federal money for locally "earmarked" projects. The federal money is already available but locals told the State they might have a problem coming up with the matching money.

Under the five-year federal highway program, qualifying local units of government would receive 20 percent of federally approved money each year over the five-year period. Under the administration proposal, in addition to the \$80 million grant, the State would front-load the entire five-year amount to the locals through a loan, with the local units paying the interest on the loan, and the State being

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Granholtm Wants Road Money For Locals continued...

reimbursed with local share of money as it becomes available each year.

The new Department of Transportation Director, Kirk Steudle, said the proposal would create 7,100 new jobs, get "dirt flying this summer" on local road projects and ensure that "we not leave any federal money available to Michigan in Washington."

G-Plant Closure Hits Gaylord Area Hard

The closing of a Georgia-Pacific Corporation particleboard facility in Gaylord, resulting in the immediate loss of 210 jobs, has prompted area Legislators to come up with a plan to help ensure the economic future for the Gaylord area.

The initial plan, put forth by Senators Jason Allen (R-Traverse City), Tony Stamas (R-Midland), and Representative Kevin Elsenheimer (R-Bellaire), calls for legislation to provide job retraining funds for the Kirkland Community College M-TEC Center, to upgrade jobs skills for displaced workers and make the vacated property more attractive to other job providers.

Legislation would designate the Georgia-Pacific property a tax-free renaissance zone. Efforts are also underway to gain State funding for construction of an I-75 overpass and to allow the Transportation Economic Development Fund to grant money for a railroad line expansion.

Representative Elsenheimer called the loss of 210 jobs in Gaylord the equivalent of about 10,000 people being laid off all at once in Oakland County.

Georgia-Pacific is North America's leading producer of composite panels and has operated the Gaylord plant since purchasing it in 1987.

MPSC Being Pushed For Energy Plan

Governor Jennifer Granholtm has issued a directive to the Michigan Public Service Commission (MPSC) that she wants a State energy plan by December 31 of this year that looks at alternative fuels and renewable energy sources as a means of reducing Michigan's reliance on fossil fuels.

The directive also calls for recommendations on protecting natural resources and the environment from pollution and future risks associated with fossil fuels; developing a renewable portfolio standard which will establish targets for the share of the State's energy consumption that should come from renewable energy sources; identifying new technology options to generate, transmit, or distribute energy more cleanly or more efficiently; and identifying any legislative or regulatory changes necessary to its implementation, together with any financial, funding or incentive mechanisms needed to best position the state to meet the challenges of the future.

Governor Granholtm is not the first to call for a long-range energy plan. The MPSC has been looking at the State's needs for some time. In addition, the Capacity Need Forum, a coalition of industry professionals, has been formed to assess the State's energy needs. Senator Bruce Patterson (R-Canton), chair of the Senate Technology Committee, last July called for the State to come up with a comprehensive energy policy and has formed a work group of industry representatives and environmentalists to wrestle with the issue.



Walk Of Fame To Honor Inductees

The new Michigan Walk of Fame will honor its 12 inaugural inductees at a tribute celebration at the Michigan Historical Center on Thursday, May 25th. Each inductee will be honored with a large bronze plaque, featuring a star, the inductee's name and a description of his or her achievements, embedded in sidewalks in downtown Lansing.

The 2006 inductees include Jeff Daniels, Herbert Henry Dow, Thomas Edison, President Gerald Ford, E. Genevieve Gillette, Ernie Harwell, W.K. Kellogg, Rosa Parks, Fannie Richards, Helen Thomas and Stevie Wonder.

The Michigan Walk of Fame inductees were selected from more than 450 nominees submitted by residents of all 83 Michigan counties throughout the fall of 2005.

The Walk of Fame is a partnership between the Michigan Historical Museum, the City of Lansing and the Lansing Principal Shopping District. The Michigan Historical Center is part of the Department of History, Arts and Libraries.