

# Karoub ASSOCIATES

Legislative Consultants: Government Affairs

## Budget process continues

The House and Senate have passed their respective versions of the Fiscal Year 2013-2014 state budget. Budget hearings will continue, but further action will not likely occur until after the bi-annual Consensus Revenue Estimating Conference on May 15, when the House Fiscal Agency, Senate Fiscal Agency, and State Treasurer will present updated budget numbers to be utilized in finalizing next year's budget.

## Transportation Funding Update

Transportation funding continues to be a hot and heavy topic around the Capitol, with varying proposals remaining on the table for discussion as potential means to address Governor Snyder's proposal to raise an additional \$1.2 billion in funding to fix Michigan roads. Senate Appropriations Committee Chair Roger Kahn (R-Saginaw) and House Transportation & Infrastructure Committee Chair Wayne Schmidt (R-Traverse City) recently signaled their support for placing a sales tax increase on the November general election ballot dedicated to transportation funding. Additionally, Rep. Schmidt has expressed his intent to move legislation out of committee by the end of May increasing registration fees and repealing the 19 cents per-gallon tax on gasoline and 15 cents per-gallon on diesel motor fuel in favor of a variable rate on the wholesale price charged "by a licensed supplier to a purchaser at the time of removal from a terminal across the rack". The rate in House Bill 4359 would be 12% in the first quarter after the bill took effect, and variable thereafter. While it is difficult to predict the revenue impact of the change, the state would realize additional revenue when the price at the pump increases.

Schmidt is also proposing an end to the permanent trailer registration in favor of a three-year registration for any trailer registered in 2012 going forward. In 2003, lawmakers increased trailer registration fees as a one-time budget gimmick, but made those tabs permanent until the trailer transferred owners.

## Reforms to No-fault Insurance & Medicaid round out the Legislative agenda prior to summer recess

In addition to transportation funding, the items receiving the most attention in Lansing are proposed reforms to Michigan's no-fault insurance system and potential expansion of Medicaid to receive federal funding from the Patient Protection and Affordable Care Act (PPACA), also commonly known as "Obamacare".

Medicaid funding has been the subject of intense debate in Lansing, given the impact of Medicaid decisions on the rest of the state budget. Governor Snyder built his proposed FY 2013-2014 on the assumption the Legislature would agree to accept increased federal Medicaid funding to cover individuals up to 133% of the federal poverty level. However, this proposal has seen pushback from Republicans in the Legislature either opposed to "Obamacare" in general and/or concerned with how Michigan will pay for the Medicaid expansion in the future. The federal government has promised to pick up most of the tab for the expansion in the next few years, but Michigan would presumably be required to pay for the expansion thereafter. Without the expansion, Michigan hospitals stand to see severe funding reductions due to federal reforms that assume state expansion of Medicaid.

House Bill 4612 recently won approval on a party-line vote in the House Insurance Committee and will await action on the Senate floor. Under this legislation, no-fault policies would no longer automatically cover "unlimited" lifetime medical and rehabilitation benefits for injured persons. Instead, for personal injury protection, or PIP, benefits, there would be a maximum of \$1 million per injured person. This new limit would apply to auto insurance policies issued or renewed after December 31, 2013. Additionally, by December 31, 2013, each no-fault insurer would have to file rates that result in a per-vehicle reduction in the annual premium of at least \$150 "to reflect the savings expected as a result of the changes made" by the bill. The bill additionally adds until December 31, 2019, a \$25 charge to finance expenditures of Medicaid managed care organizations under the Health Insurance Claims Assessment Act. The legislation has provoked intense debate thus far in committee with insurance companies and business groups generally on one side and health care providers and trial lawyers generally on the other.

The Legislature is likely to adjourn for the summer in mid to late June.

BILL	SPONSOR	PARTY	DESCRIPTION	STATUS
HB 4095	Rep. Greg MacMaster	R	Convert certain watercraft violations from misdemeanors to civil infractions	Referred to House Committee on Criminal Justice
HB 4096	Rep. Greg MacMaster	R	Exempt certain barges from lighting requirements	Referred to House Committee on Regulatory Reform
HB 4106	Rep. Bob Genetski	R	Clarify allowable use of Michigan Natural Resources Trust Fund for dredging of Great Lakes Harbors	Referred to House Committee on Natural Resources
HB 4122	Rep. Dian Slavens	D	Regulate exploration and operation of oil & gas wells in residential areas	Referred to House Committee on Energy & Technology
HB 4208	Rep. Dale Zorn	R	Revise residency requirements for resort districts	Referred to House Committee on Local Government
HB 4179	Rep. Al Pscholka	R	Allows tax increment financing for waterways dredging	Referred to House Committee on Natural Resources
HB 4197	Rep. Frank Foster	R	Appropriates \$30 million to DNR for waterways dredging	Referred to House Appropriations Committee
HB 4234	Rep. LaFontaine	R	Provide for sales tax on the difference between trade-in and purchase price for motor vehicles & titled watercraft	Referred to House Committee on Tax Policy
HB 4298	Rep. Jon Bumstead	R	Allow delinquent property tax notices to be posted online	Referred to House Committee on Local Government
HB 4339	Rep. Ed McBroom	R	Exempt county road commissions from wetland mitigation	Referred to House Committee on Transportation & Infrastructure
HB 4358	Rep. Wayne Schmidt	R	Eliminate flat gas tax and create refund period	Referred to House Committee on Transportation & Infrastructure
HB 4359	Rep. Wayne Schmidt	R	Establish wholesale gas tax	Referred to House Committee on Transportation & Infrastructure
HB 4398	Rep. Amanda Price	R	Revise permit fee for Great Lakes bottomlands dredging	Public Act 11 of 2013
HB 4399	Rep. Al Pscholka	R	Create expedited permit process in dredging emergencies	Public Act 12 of 2013
HB 4400	Rep. Peter Pettalia	R	Revise permit fee for Great Lakes bottomlands dredging	Public Act 13 of 2013
HB 4401	Rep. Peter Pettalia	R	Exempt certain mining operations from inland lakes & streams permit requirements	Referred to House Committee on Natural Resources

HB 4410	Rep. Andrea LaFontaine	R	Establishes marina dredging loan origination program	Referred to House Committee on Natural Resources
HB 4441 & 4442	Rep. Matt Lori	R	Revises penalties for operating watercraft while intoxicated or impaired	Referred to House Committee on Criminal Justice
HB 4489	Rep. Thomas Stallworth	D	Authorize permit for oceangoing vessels on the Great Lakes if ballast tanks have been flushed with seawater	Referred to House Committee on Natural Resources
HB 4495	Rep. Dan Lauwers	R	Authorize permit for oceangoing vessels on the Great Lakes if ballast tanks have been flushed with seawater	Referred to House Committee on Natural Resources
HB 4510	Rep. Peter MacGregor	R	Authorize disposal of water-softening residuals through specific permitted facilities	Referred to House Committee on Natural Resources
HB 4539	Rep. Wayne Schmidt	R	Eliminate sales tax on gasoline	Referred to House Committee on Transportation & Infrastructure
HB 4622	Rep. Al Pscholka	R	Revise local drainage district boundaries	Referred to House Committee on Local Government
HB 4608	Rep. Shirkey	R	Increase registration fee for vehicles not subject to motor fuel or diesel fuel tax	Referred to House Committee on Transportation & Infrastructure
HB 4630	Rep. McCreedy	R	Modify vehicle registration fees	Referred to House Committee on Transportation & Infrastructure
HB 4632	Rep. Schmidt	R	Increase vehicle registration tax and create new registration tax for hybrid and alternative vehicles	Referred to House Committee on Transportation & Infrastructure
HB 4634	Rep. Schmidt	R	Modify trailer registration fees	Referred to House Committee on Transportation & Infrastructure
HB 4655	Rep. Yonker	R	Modify streamlined use tax on vehicles	Referred to House Committee on Tax Policy
HB 4678	Rep. Daley	R	Require water withdrawal dispute process for agricultural wells	Referred to House Committee on Agriculture
SB 11	Sen. Tory Rocca	R	Establish sale prices as presumptive true cash value when a property is sold	Referred to Senate Finance Committee