

KAROUB

ASSOCIATES

KAROUB REPORT

| JANUARY 2025

REPRESENTATIVE HALL FORMALLY ELECTED SPEAKER; COMMITTEE ASSIGNMENTS IN THE QUE

The 103rd Michigan Legislature officially kicked off on January 8, with the House and Senate holding their first session days of the 2025-2026 term. During the House session, all 110 members—including 14 newly elected representatives—took the oath of office. The chamber unanimously elected **Representative Matt Hall** (R-Richland) as Speaker and **Representative Rachelle Smit** (R-Shelbyville) as Speaker Pro Tempore. Congratulations to both Speaker Hall and Representative Smit.

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Speaker Matt Hall (R-Richland)



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Madeline Fata



Mike Wisniewski

KAROUB ASSOCIATES WELCOMES TWO NEW LOBBYISTS

Karoub Associates is pleased to announce the addition of two experienced professionals to its team: **Madeline Fata** and **Mike Wiskniewski**.

Madeline has a robust background in local government, transportation, and environmental policy. She most recently served as the governmental affairs associate at Michigan Association of Counties. Prior to that, she worked as a legislative director in both the Michigan House and Senate.

Mike joins the firm after serving as deputy legislative director for the Michigan House Republican leader and the Michigan House Republican Caucus Services. His experience also includes roles as legislative policy aide to the Speaker of the House, legislative director for the chair of the House Financial Services Committee, and legislative aide for a Michigan Representative. Mike has specialized knowledge in finance, tax, and energy policy.

“At Karoub Associates, we are committed to serving our clients’ interests with honesty and integrity,” said President **Scott Faustyn**. “Madeline and Mike bring an instant credibility to that ongoing commitment and will help this firm build the consequential relationships that serve our growing client base.”



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In the weeks that have followed, little has been announced regarding House committees and member appointments. Thus far, Speaker Hall has:

- Established and seated the House Select Committee on Protecting Employees and Small Business, with **Representative Bill Schuette** (R-Midland) as chair
- Appointed leaders of the House Appropriations Committee: Chair **Representative Ann Bollin** (R-Brighton), Majority Vice Chair **Representative Matt Maddock** (R-Milford), Minority Vice Chair **Representative Alabas Farhat** (D-Dearborn)
- Appointed majority leaders of the House Judiciary Committee: Chair **Representative Sarah Lightner** (R-Springport), Majority Vice Chair **Representative BeGole** (R-Perry)
- Announced that he is restructuring the House Appropriations subcommittees

House committees will be posted [here](#).

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HOUSE PASSES MINIMUM WAGE AND SICK LEAVE BILLS

After the new House Select Committee on Protecting Employees and Small Business heard testimony and reported bills for modifying the minimum wage and earned paid sick time laws, the full House passed House Bills 4001-4002 on January 23.

Under **HB 4001**, the general minimum wage would be as follows:

- \$12 – effective February 21, 2025
- \$12.50 – effective January 1, 2026
- \$13 – effective January 1, 2027
- \$14 – effective January 1, 2028
- \$15 – effective January 1, 2029
- Beginning January 1, 2030, the annual minimum wage adjustment would be based on inflation, with a reduction in the inflation threshold for triggering a halt to the wage increase from the current 8.5% to 7.5%

HB 4001 also:

- Maintains the tipped wage at 38% of the minimum wage
- Reduces the wage rate for employees under the age of 18 from 85% of the general minimum wage to 75% of the minimum wage
- Sets the training wage for employees under the age of 20 in the first 90 days of employment at 75% of the general minimum wage



HB 4002 calls for exempting employers with fewer than 50 employees from having to provide one hour of paid sick time for every 30 hours worked up to a maximum of 72 hours per year. It also authorizes employers to make available a minimum of 72 hours in paid sick time at the beginning of the year, rather than requiring accrual.

HB 4001-4002 now move to the Senate, which introduced its own proposal earlier this month. Senate Bills **6**, **7**, **8**, and **15** have yet to be posted for hearings in the Labor and Regulatory Affairs Committees.

We will keep you updated as negotiations on the differing House and Senate proposals progress; however, it is likely these negotiations will span into mid-February.

STATE OF THE STATE ADDRESS FEBRUARY 26

Governor Whitmer will deliver her 2025 State of the State Address on February 26, before a joint session of the House and Senate. During the address, she will share her plans for creating jobs, lowering costs, and investing in education. The address will be broadcast live on local TV channels throughout the state, online at at Michigan.gov/StateOfTheState, and on [Facebook](#) and [YouTube](#).

To lay out her vision for Michigan's auto industry, the Governor delivered a "Road Ahead Address" at the Detroit Auto Show on January 15. She also touched on her plans

for creating jobs and lowering costs, continuing to nurture Michigan's relationship with Canada, and fixing roads.

[Read more](#)

Regarding roads, **House Speaker Matt Hall** recently released his updated plan that would provide \$3.145 billion annually in road funding without raising taxes. According to a release from the Speaker's office, the plan would remove the 6% sales tax on gas and replace it with "a revenue-neutral motor fuel tax, which goes entirely to roads. Drivers will see no difference, but roads will receive more repair funds." [Read more](#)

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STATE REVENUE FORECASTS ON AN UPWARD TREND

During the state's first-of-the year Consensus Revenue Estimating Conference on January 10, the House Fiscal Agency, Senate Fiscal Agency, and Treasury revised upwards their projections for Fiscal Year 2024-2025 revenue by \$457.7 million General Fund (GF) and \$312.7 million School Aid Fund (SAF), for a combined \$770.4 million.

Compared to the May 2024 CREC numbers, combined revenues for FY 2025-2026 were revised upward by \$910.2 million, or about 3.5% year-over-year, \$591.2 million GF and \$319 million SAF.

Overall, it is projected there will be nearly \$600 million more revenue (GF/SAF combined) in the current budget year, and over \$1 billion next year, compared to previous estimates. Much of the upward projection comes from increased income tax withholding revenue, thus the larger impact on GF (which relies more on income tax) compared to SAF (which is more reliant on sale tax).

Trend lines looking out into the future appear reasonable as well, as far as keeping up with inflation. However, this could change, depending on the direction federal fiscal and monetary policy takes after years of stimulus funding, President Donald Trump resuming the presidency, and Republicans now controlling both chambers of Congress.



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In Michigan, a return to split partisan control of the legislative process, with Republicans regaining their majority in the House, will certainly add a new dynamic to this year's budget process as well. Stay tuned!