



KAROUB REPORT

JULY 2, 2021

MICHIGAN FULLY OPEN AS GOVERNOR WHITMER LIFTS REMAINING COVID RESTRICTIONS

Indoor and outdoor settings can once again return to 100% capacity and patrons are no longer required by the State of Michigan to wear masks after Governor Whitmer moved the state's reopening up a few weeks. Originally scheduled to fully reopen on July 1st, Governor Whitmer announced that June 22nd the State of Michigan would return to full capacity and remove remaining COVID restrictions. The news comes as the Administration announced nearly five million Michiganders age 16 and older have received their first dose, half of Michigan residents have completed their vaccination, and over 60% of residents have received their first shot.

BUDGET UPDATE

On June 30 the Legislature sent a record \$17.1 billion School Aid budget to the Governor. The budget at long last closes the gap for school districts at the minimum per-pupil funding level created by Proposal A in 1994 when voters transferred a significant amount of school funding away from local property taxes to an increased state sales tax. At the time Proposal A was enacted, not all districts started out with the same per-pupil foundation allowance, thus creating a significant funding gap between districts that needed to be addressed over time. The FY 2022 School Aid budget guarantees a minimum per-pupil foundation allowance for every school district and public-school academy of \$8,700, an increase of over \$500/pupil for districts at the bottom end of the formula. The budget will also increase funding for the state's preschool Great Start Readiness Program (GSRP) by \$168.5 million, potentially expanding access to the program for 22,000 more children in Michigan, according to the Governor's office.

"BUY MICHIGAN" BILLS TO HELP MICHIGAN COMPANIES SECURE STATE CONTRACTS

Senator Jim Ananich (D-Flint) and Representative Graham Filler (R-Dewitt) teamed up to introduce a package of bills they hope will assist Michigan companies with securing state contracts. Michigan businesses would be allowed a seven-day window to resubmit a bid for a state contract if the initial lowest bid is submitted from an out of state contractor. The two are launching a task force in conjunction with the Michigan Chamber of Commerce and Small Business Administration of Michigan to explore the concept of the bills. Senate Bill 117, introduced by Senator Ananich, and House Bill 4902, introduced by Representative Filler were both referred to their respective chambers' committee on Government Operations.

UNEMPLOYMENT INSURANCE AGENCY (UIA) COULD BE ONE STEP CLOSER TO RETURNING TO NORMAL AFTER LEGISLATIVE ACTION

A pair of bills moving in the House and Senate would end the \$300 federal unemployment benefit that was added onto the state benefits and require anyone seeking to receive unemployment to register and report their work search history to Michigan Works.

Senate Bill 501, introduced by Senator Ken Horn (R-Frankenmuth), would allow the Unemployment Insurance Agency (UIA) to grant an additional 90-day waiver of work search requirements for an unemployed individual if an employer informed UIA that the initial temporary layoff (45 days or less) would be extended. UIA would have discretion as to when individuals would have to report their work search following their application for unemployment benefits. Before the substitute was adopted, individuals were required to register with Michigan Works within 21 days of their application for benefits.

House Bill 4434, sponsored by Rep. Jeff Yaroch (R-Richmond), was initially intended to ensure that the UIA used “plain language” in their communications with the public. Plain language as defined in the bill means clear and concise wording avoiding complex vocabulary and contradictory statements and based on a fourth-grade reading level. The bill was amended on the House floor to terminate the \$300 federal unemployment benefit causing backlash as all Democratic members of the House who had signed on as cosponsors requested their names be removed from the bill. The bill passed the House on a 59-49 mostly party line vote with two members not voting and Reps. Sara Cambensy (D-Marquette) and Karen Whitsett (D-Detroit) casting votes with the House Republican caucus.

The bills now await action from Governor Whitmer.

HOUSING PACKAGE UPDATE

A package of bills that seeks to address the state’s lack of affordable housing passed the Senate this month and now awaits action in the House. After several hearings in the Senate, the Housing Package (Senate Bills 360, 361, 362, 422, and 423) received overwhelming support on its way over to the House. The bills would allow local governments and employers more options as they debate ways to ensure affordable housing exists within their communities. The package now awaits a hearing in the House Local Government and Municipal Finance committee.

SENATE REPUBLICANS OFFER “PROTECT MI WATERS” INFRASTRUCTURE SUPPLEMENTAL

Last week Senate Republicans proposed a \$2.5 billion supplemental appropriations bill that would spend federal coronavirus relief funding on dam repairs, lead line replacement, and upgrades to other water infrastructure. Senate Bill 565, introduced by Senator Jon Bumstead (R-Newaygo), would appropriate a total of \$2.21 billion in federal funds and \$290 million in state restricted funds. An appropriation of \$2.485 billion would go to the Department of Environment, Great Lakes, and Energy (EGLE) while the remaining \$15 million would go to the Department of Agriculture and Rural Development (MDARD).



Highlights Include:

- \$650 million for a dam risk reduction revolving loan fund.
- \$600 million for lead line replacements.
- \$400 million for the state's drinking water program.
- \$235 million for clean water infrastructure.
- \$200 million for wastewater – clean water infrastructure grants.
- \$100 million for PFAS remediation.
- \$100 million for stormwater, asset management, and wastewater grants.

The bill is tie-barred to Senate Bill 184 (Sen. Curt Vanderwall, R-Ludington) and Senate Bill 185 (Senator Ananich, D-Flint).

LEGISLATURE PASSES BILL TO CREATE POST-ACUTE INJURY PROVIDER RELIEF FUND

On July 30, the Senate unanimously passed Senate Bill 28, sponsored by Senator Jim Stamas (R – Midland), which would create the Post-Acute Injury Provider Relief Fund. Initially tabbed at \$10 million, the Senate increased the appropriation to \$25 million. The House followed suit and voted on SB 28 before they left town, passing the bill on a vote of 79-30. The bill is awaiting Governor Whitmer's signature.

Michigan enacted historic bipartisan reforms to the no-fault insurance system in 2019. This fund was created to potentially address outstanding questions surrounding implementation of those reforms that took effect July 1, 2021. The \$25 million appropriation will go to the Department of Insurance and Financial Services (DIFS) who will operate the fund and provide reports to the Legislature.

LEGISLATIVE SCHEDULE

The House will return to session on July 14, 2021; the Senate will return on July 15, 2021.

FROM THE KAROUB FAMILY

On a final note, Karoub Associates would like to thank our valued clients who participated in the recent MIRS / EPIC-MRA survey of Capitol Insiders. We are honored to once again be recognized as one of Lansing's top multi-client lobbying firms. Congratulations to Tabitha Zimny and Matt Kurta on being named as two of the top three individual multi-client lobbyists in the State of Michigan. Their dedication to your interests and outstanding work ethic strongly reflects the Karoub philosophy and has been rightfully recognized by over 1200 peers, way to go Tab and Matt!