



Legislative Week in Review

Michigan ROUNDUP

- At a press conference Thursday, Governor Blanchard promised to veto all or part of the FY 1989-90 Michigan Department of Social Services budget. Blanchard said that the \$2.1 billion appropriation is at least \$200 million too high and that cuts will be necessary to balance the budget. "While I understand [legislators'] desire to increase spending in key areas, I cannot allow the budget process to take us back down the road of insolvency." Noting that the Senate's FY 1989-90 budget is \$600 million above and the House budget is \$350 million above his \$6.9 billion target, Blanchard also said he is confident that legislators will support his attempt to balance the budget.
- A House vote Wednesday on the Harden coalition's school finance reform plan (HJR I) fell 18 votes short of the number needed for passage. The plan proposes to raise the sales tax one cent, with half the revenue to go to schools and half to provide property tax relief. House Speaker Lew Dodak (D-Birch Run) remains optimistic that support will grow since "it's the only game in town." Senate Republicans, however, are playing a different game with their promotion of a plan to deposit a projected state surplus—estimated in a May 17 Senate Fiscal Agency report to be \$245 million—into the school aid fund, negating the need for a sales tax increase. The Senate added \$267 million more to the school aid bill than recommended by the governor; the House did not concur with the Senate version, and the bill was sent to conference committee.
- The wholesale beverage industry changed its position on HB 4704, a bill that specifies who should receive unclaimed beverage container deposits. As originally introduced, the bill would have allowed the beverage industry to keep the first \$12 million in unclaimed deposits, with the remainder to be spent on environmental cleanup and a handling fee paid to retailers. The substitute (HB 4704, H-10), supported by the Michigan Beer and Wine Wholesalers, would earmark 60 percent of the funds for environmental cleanup, 15 percent for alcohol abuse programs, and 25 percent for retailers. Despite the change, the Michigan United Conservation Clubs still plans to move ahead with its petition drive to obtain voter support for a proposal that would distribute 80 percent of the money for environmental cleanup and 20 percent for retailers. The substitute bill failed passage in the House by 12 votes; 83 votes are needed because the bill would amend the state constitution.

Political News

- After being sentenced to one year in the Ingham County jail for misdemeanor charges related to drunk driving offenses, Representative Dennis Dutko (D-Warren) resigned his seat in the Michigan House effective July 1. While adamant that his punishment does not fit his crime, Dutko indicated that his decision was based on his constituents' best interests. Governor Blanchard will schedule a special primary and general election to fill the 25th District seat. The first candidate to announce for the seat is Warren's city council president, Cecil St. Pierre, Jr.
- Dr. Abel Sykes has been named president of Lansing Community College. Sykes will replace Philip Gannon, LCC's first and only president, who will retire June 30 after 30 years. Sykes intends to complete his presidential responsibilities at Kings River Community College in California and assume his new post on September 1. Gannon expressed confidence in his successor.
- The recent chain of events in the U.S. House of Representatives presents Representative David Bonior (D-Mt. Clemens) with an opportunity to become Democratic whip. That post was vacated by Representative Tony Coelho as an alternative to enduring an ethics committee probe into his business endeavors. Bonior, who spent Memorial Day weekend enlisting support, predicts strong backing from his House colleagues. Bonior's strongest competition is Representative William Gray (D-Pa.).
- The federal Bureau of the Census, in a report entitled *Federal Expenditures by State, Fiscal 1988*, ranks Michigan last. Michigan's neighbors, Indiana, Illinois, and Wisconsin, also hold places among the bottom ten recipients of federal funds. The report indicates that the largest allocations of funds are related to military spending; Virginia, home of the Pentagon, is the number one recipient.
- According to an article in Sunday's *New York Times*, voter approval last November of California's Proposition 103, which, among its other provisions, mandated a 20 percent or larger reduction in automobile and other property and casualty insurance rates, is not likely to drive insurers out of the state as the industry had warned. This is due largely to the California Supreme Court's ruling unconstitutional a provision allowing insurers an exemption from the rate cut if they could prove a threat of insolvency. The court said insurers should be allowed a "fair" profit. The state's insurance commissioner is to determine what is fair and has received requests for exemptions from about 100 companies.