



Public Sector Reports

Michigan ROUNDUP

Legislative Week in Review

- Negotiations on FY 1989-90 **supplemental appropriations** broke down this week over the issue of where to cut spending so that the budget will be balanced. Failure to reach agreement has delayed the setting of target appropriation levels for the FY 1990-91 budget; conference committees cannot complete their deliberations until current year spending and targets are known. Unless quick action is taken, the legislature is unlikely to meet its deadline for completing the budget process by June 14.
- The **Detroit utility tax bill**, stalled for weeks in the legislature, emerged Thursday in exchange for inheritance tax relief legislation. In a negotiated swap, the Republican-controlled Senate voted 26-12 to approve the 5 percent utility users' levy, and the Democrat-led House passed 76-24 inheritance tax legislation that will save Michigan heirs \$40 million annually. Detroit lawmakers had warned that failure to approve continuation of the utility tax would force the layoff of 1,000 police officers and would topple the city into bankruptcy. The inheritance tax revision cuts the current tax in half over three years, beginning with taxes imposed after January 31, 1991.
- A controversial Senate bill aimed at protecting **emergency room staff** from lawsuits eked out 21-16 passage this week, providing immunity to these health care providers unless they are guilty of gross negligence or willful misconduct. Sen. John Schwarz (R-Battle Creek), the bill's sponsor and himself a physician, told the Associated Press that some Michigan emergency rooms are in danger of closing and some physicians refuse to work in them without stronger legal protection from lawsuits.
- Governor James Blanchard signed Monday a bill requiring **seat belt use** by all automobile passengers under age 16, whether they are in the front or back seat of the vehicle. PA 90 will take effect in spring 1991 and expands the law that previously applied only to children age four and under.

Political News

- The season's least surprising political announcement came Tuesday when **Gov. Blanchard** officially confirmed his bid for a third term. In a two-day series of appearances around the state, Blanchard stressed Michigan's comeback over the past eight years and unveiled his campaign theme: "Tough. Tested. Trusted." Blanchard made headlines earlier this week when he called for abolition of the State Board of Education and popular election of the state superintendent of public instruction, currently an appointed position.
- U.S. Senate hopeful Clark Durant's problems with his nominating petitions were resolved this week by the Board of State Canvassers, who voted 4-0 to allow his name on the ballot for the **10th District primary** despite his failure to meet the distribution requirement for voter signatures. In other action, the state board disqualified nomination papers for Joseph Cox, leaving U.S. Rep. Bob Carr running unopposed in the **6th District**.
- A plan to stave off a state **budget deficit** by asking state workers to put in more hours for less money was outlined by officials last week. The state's 18,000 nonunion employees have been asked to consider (1) cutting their work week from 40 to 36 hours, (2) taking up to three months' unpaid leave, or (3) drawing only 36 hours' pay for a 40-hour work week, with reimbursement for the unpaid time at a later date. Michigan's 47,000 unionized state employees also likely will be asked to participate.
- Michigan taxpayers paid nearly ten times their share of the \$50.3 billion federal bail-out of insolvent savings and loan institutions, according to a congressional caucus report described in the *Detroit News*. Michigan individual and corporate taxpayers accounted for 3.9 percent of federal revenue during the 1986-89 period, yet the cost of closing, merging, or stabilizing bankrupt S&Ls in Michigan was only 0.4 percent of the federal tab nationwide. The report, "Stuck with the Tab," cites Texas as paying only about 7 percent of the nation's taxes while incurring 59 percent of the federal bailout costs. The 19 Middle Atlantic, New England, and Great Lakes states financed about 47 percent of the bailout, even though their ailing S&Ls accounted for only 10 percent of the nationwide cost.