



Michigan ROUNDUP

June 20, 1991

Legislative Week in Review

- The current-year **budget impasse** that preoccupied state government for five months was broken Friday with an agreement incorporating these principal elements approved this week by the Senate and House:
 - A **supplemental appropriation** of \$184.3 million, to be used for program restorations and to reduce underfunding, primarily in the Department of Social Services
 - **Executive Order reductions** just under \$180 million, which previously had been disallowed by the legislature
 - Annulment of ten of eleven **State Administrative Board transfers**, whose legality was disputed by legislators in a court case still pending. One of the original transfers was deliberately not rescinded to allow a court ruling on the question of executive branch budget authority; nine other transfers were reinstated through legislative action.
- Notwithstanding this agreement, **Michigan's cash flow** is the worst in recent memory, and the state is still spending almost \$1 billion more than it will collect in revenue this fiscal year, according to PSC Vice President and Senior Economist Robert Kleine. In an analysis released this week, Kleine estimates that even without property tax relief (the governor's earlier plan would cost \$278 million) the FY 1991-92 budget is more than \$500 million out of balance; Kleine recommends rescinding the previously approved state pay raise, temporarily increasing taxes, and halting many nonessential state services as ways of pulling next year's budget out of the red.
- One major contributor to the state's current cash shortfall that resisted resolution this week was the **capital acquisition deduction** to Michigan's single business tax: House Democrats failed to muster adequate partisan support to pass HB 4931, which would replace language struck down by a state court earlier this year. The bill's opponents objected to the three-year sunset provision of the measure. The state is losing more than \$300 million in anticipated revenue as a result of the court's action in the absence of either judicial appeal or legislative remedy.
- *Correction:* Last week's *Roundup* incorrectly identified legislation creating a **health professionals disciplinary board**. The measure is embodied in HB 4894, which passed the House on Wednesday.
- The Senate began its **summer recess** after session Tuesday; the chamber will meet again on June 27, which is currently the last day the House plans to meet before starting its summer break.

Political News

- The departure of U.S. House **Majority Whip** William Gray may provide another chance at that post for the man who lost to Gray in 1989: Mt. Clemens Democrat David Bonior. An eight-term Capitol Hill veteran, Bonior lost the whipship to Gray on a 134-97 vote and is considered a strong candidate for the number-three spot in the House Democratic leadership.
- White House confirmation this week of George Bush's planned **Grand Rapids visit** as his second presidential appearance in Michigan this year has state capitol residents feeling snubbed. Under a page-one banner headline, the *Lansing State Journal* reported that Bush visited the state capital seven times in eight years when he was a fund-raising vice president but has "bypassed" Michigan's seat of government since his presidential election. Grand Rapids native Gerald Ford was the last president to include Lansing on an itinerary, in 1974.
- Michigan taxpayers are "cheapskates" when it comes to paying their fair share of **higher education costs**, said U.S. Rep. William Ford at a congressional hearing in Ann Arbor this week. The Taylor Democrat, chairman of the House Education and Labor Committee, was commenting on recent statistics ranking Michigan 29th among the states in total state and local appropriations for per pupil spending at public universities. "Taxpayers aren't doing their share in Michigan," Ford told the *Detroit Free Press* at one of a series of national hearings on revisions to the Higher Education Act, which requires reauthorization in 1992.
- Among Michigan's congressional delegation, U. S. Reps. Guy Vander Jagt and John Dingell earned the most in speaking or **personal appearance fees** in 1990, according to financial disclosure summaries published this week in the *Detroit News*. Vander Jagt reported \$44,650 in honoraria, of which nearly \$18,000 was donated to charity to stay within the \$26,850 ceiling on House members' earnings from these sources. Rep. Dingell reported receiving \$39,800 in honoraria, of which \$12,950 was donated to charity. Senator Donald Riegle and Reps. Bob Davis and William Ford reported receiving more than \$30,000 (before charitable contributions) in speaking fees, while Senator Carl Levin and Reps. Wolpe, Upton, Kildee, Camp, and Levin reported receiving no honoraria during 1990.
- As expected, freshman State Rep. Michael Bouchard swept to an easy, 2-1 **Senate victory** in Tuesday's 16th District special election. Bouchard, whose legislative service began in January, will be sworn in June 27 to fill the unexpired term of Doug Cruce.

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