

THE JACOBS REPORT

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KLEINE FOR TREASURER: UNANIMOUS SUPPORT

Surprisingly Smooth Confirmation

This week, the Senate Government Operations Committee subjected new Treasurer Robert Kleine to 30 minutes of questioning before unanimously supporting his appointment. The easy ride was without the pointed questions one might have expected when his appointment to the post was first announced.

Instead, Mr. Kleine was showered with compliments. "You clearly have the knowledge, the experience and the qualifications to do this," said Majority Leader Ken Sikkema (R-Wyoming). "More important to me, you also have the personal integrity and willingness to work with the Legislature."

Mr. Kleine, in return, said that he "envisioned a very close relationship" between himself and the Legislature.

He also reiterated his call for an end to the Single Business Tax, a tax that he helped to create as director of revenue and tax analysis for former Governor William Milliken.

"The current Single Business Tax is a shadow of its former self," he said. "It's become much too complicated and I understand it's become a distraction."

Mr. Kleine is currently working with business groups to develop a replacement for the tax, but he echoed Governor Jennifer Granholm's mantra that any replacement will not shift tax burden to individuals.

He also wants to revise the personal property tax. "Personally I think the personal property tax is more of a problem for business than the Single Business Tax," he said.

"We've got to come up with something we can all agree to," he said.

BUDGETS WIN UNANIMOUS SENATE OK

Departments Receive Cuts, Small Increases

In sweeping fashion, the Senate finished all its initial work on the 2006-07 budget this week. The efficient process that saw all 10 bills pass unanimously was unprecedented. Traditionally at least one Senate member has opposed at least some of the budgets, but there was no one taking that role this time around. Below is a brief recap:

HUMAN SERVICES (SB 1090): While the House enacted major reforms to Michigan's welfare system, the Senate took no such steps as it passed the budget on a 38-0 vote.

In fact, no one in the Senate even suggested the chamber consider the proposed changes to welfare policy the House has enacted as it approved the \$4.471 billion, \$1.2 billion in general funds for the Department of Human Services. The total budget would be about 1 percent larger than the current year.

Subcommittee chair Sen. Bill Hardiman (R-Kentwood) said that any changes in welfare policies should be addressed in regular legislation, not in the budget.

HISTORY, ARTS & LIBRARIES (SB 1089): The budget cuts \$384,000 from art and library grants although Governor Jennifer Granholm had called for an increase of \$600,000 and the House had called for an increase of \$530,000.

The budget totals \$53.9 million, \$42.2 million in general funds. The budget is less than 1.5 percent larger than the current year.

On Tuesday, Sen. Tom George (R-Portage) said the subcommittee had to make cuts to the arts and libraries grants because the administration did not fund fully fund the Michigan Film Office and the Mackinac Island State Park with general funds.

But Wednesday Sen. Hansen Clarke (D-Detroit) tried unsuccessfully to restore the funding for arts grants and the libraries to the level Gov. Granholm had proposed. The state's 21st Century Jobs Fund would allow for funding the film office without using general funds, he said.

And cutting funds to the libraries will hurt residents all across the state, Mr. Clarke said.

TRANSPORTATION (SB 1097): The state could spend no more money on the Detroit River International Crossing study under the budget, which passed on a 38-0 vote.

The budget for 2006-07 totals \$43.343 billion, none of it in general funds. The budget is a 1.3 percent increase over the current year.

Some \$180 million has been spent on the gateway project by the Ambassador Bridge, but whether a second span will be built and who will finance it are open to question, especially since the Canadian government has withdrawn support for the project going directly into Windsor.

But Sen. Ray Basham (D-Taylor) said the DRIC project has actually brought "some sunshine into the process" and should be continued.

STATE POLICE (SB 1096): State Police would receive a 3 percent increase to their budget, an allocation of \$566.8 million (\$255.3 million in general funds).

Adopted was an amendment directing that any unexpended funds, after retirement needs are paid for, go towards a new trooper school. The budget anticipates the state will have 1,052 troopers, which Sen. Cameron Brown (R-Sturgis) said would be a new low for the state.

While Mr. Brown supported the amendment, he also said it was possible the department could face a budget shortfall in the current year of as much as \$7 million because traffic fine collections have not come in as expected.

GENERAL GOVERNMENT (SB 1087): The budget that allocates funds for the Legislature, the governor and seven departments - Attorney General, Civil Rights, Civil Service, Information Technology, Management and Budget, State and Treasury - would total \$3 billion, \$644.6 million in general funds and \$591.4 million in interdepartmental transfers.

The Attorney General totals \$68.1 million, \$32.5 million in general funds, just over a 5.2 percent increase from the current year.

Civil Rights would be allocated \$13.9 million, \$12.3 million in general funds, a 5.3 percent increase over the current year.

Civil Service would be allocated \$36.5 million, \$6.9 million in general funds, a roughly 1.4 percent total increase.

The Executive Office would be allocated \$5.5 million, all in general funds, approximately 1.7 percent more than the current year.

Information Technology would be allocated \$380.6 million, all through interdepartmental grants and transfers. The budget is nearly 9 percent larger than the current year.

The Legislature would be allocated \$131.6 million, \$126.8 million in general funds, a 1.4 percent increase over the current year.

Management and Budget would receive \$496.9 million, \$100.3 million in general funds, a better than 100 percent increase but that is due to moving the State Building Authority rent payments from Treasury to DMB. That total alone is \$272.8 million.

Dept. of State would be allocated \$198.5 million, \$18.9 million in general funds, only about a .5 percent increase over the current year.

Treasury would be allocated \$1.681 billion - \$1.4 billion of that in revenue sharing payments - with \$167.7 million in general funds. The budget is better that 10 percent smaller than the current year allocation, but that is largely because of the transfer of rent payments.

MILITARY AFFAIRS (SB 1093): The budget for the Department of Military and Veterans Affairs would total \$122.9 million, \$40.6 million in general funds. The total budget is a little more than 4 percent larger than the current year.

JUDICIARY (SB 1091): The budget for the state's courts would total \$257.3 million, with \$158 million in general funds. The total budget is about .7 percent larger than the current year.

The budget allows for four additional judges in the upcoming year, and the state is urging local courts to step up their efforts to collect judgments assessed against defendants. Local courts have not always been vigilant in collecting those judgments, and half the funds go for victim restitution and the rest to programs like the state's libraries.

AGRICULTURE (SB 1080): An effort to add some port inspectors to the budget failed as the Senate approved the \$113.1 million, \$30.4 million in general funds. The budget is a 3 percent decline from the current year.

D.L.E.G. (SB 1092): The budget for the Department of Labor and Economic Growth would total \$1.217 billion, \$48.8 million in general funds, about a .2 percent increase.

The budget does not contemplate an increase in liquor license fees, as Ms. Granholm had proposed.

The budget also adds \$1.3 million to cover costs for the newly approved fire safety authority that was created in the department.

D.N.R. (SB 1094): The budget totals \$290.1 million, \$24.8 million in general fund. Passed 38-0 as were all the other budgets, a better than 5 percent increase over the current year.

The budget includes an estimated \$3.5 million in additional revenue due to an increase in camping fees, because of that the budget adds funds for state parks. The budget also adds \$1 million in private funds from the Kellogg Foundation to improve access for disabled persons at state parks.

KLEINE: PROPERTY TAX CALCULATORS COMING SOON

Info Protects Potential Home Buyers

At Senator Jacobs' suggestion, the Department of Treasury will be providing an on-line calculator so that prospective home buyers can figure out an accurate estimate of their new property taxes before buying. Attempting to estimate new owner property taxes based on those paid by the current owner is a big mistake. The Proposal A property tax cap is lifted when a primary residence is sold, resulting in higher taxes for the new owner.

The property tax calculator can be found at www.treasury.com with 2005 millage rates beginning in mid-June.

HAVE A SAFE AND JOYOUS HOLIDAY WEEKEND.

All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/>.

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State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield

Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at sengjacobs@senate.michigan.gov or toll-free at 1-888-937-4453.

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