



Friday, October 19, 2007

MANAGEMENT

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***GCSEye on the Capitol***

*Ward Loses Leadership Post*

House Minority Floor Leader Chris Ward (R-Brighton), whom *GCSIntel* profiled last week, resigned his leadership post Monday afternoon.

The resignation came following a move by 16 members of the House Republican caucus to sign a letter calling for a leadership election for his post. Members of the caucus assert that the primary issue with Ward was one of trust. The Brighton Republican voted yes on the income tax hike after supposedly telling his caucus that he was going to vote no.

In fact, he voted yes after the voting board was closed and the 56 yes votes required for passage had been secured. Ward's 57th yes vote robbed the caucus of the ability to claim any of the vulnerable Democrats cast the deciding vote.

Ward asserted in his resignation letter that the lack of reforms in the final budget solution and the high tax burden "was due to a lack of Republican leadership in seeking to find solutions and offer difficult votes for alternatives. Politics is a game of give and take. Far too many of us were only willing to take so we got very little."

On Thursday, the caucus selected Rep. Dave Hildenbrand (R-Lowell) as Ward's replacement.

*Term Limit Extension Issue Delayed*

The Michigan Senate this week appeared poised to take up a resolution that would have placed before voters the option of modifying — essentially extending — term limits.

The resolution was penciled in on the agenda of the Senate Campaign and Elections Oversight Committee, chaired by Sen. Michelle McManus (R-Lake Leelanau), for Wednesday; however, the committee meeting was cancelled. According to a spokesman for the Senate Majority Leader, the meeting was scrubbed while McManus works to make sure the language is correct.

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### Governor Losing Chief

The second term changes continued in the state's executive office this week with the announced resignation of Mary Lannoye from the position of Chief of Staff to Gov. Jennifer Granholm.

The departure closes the latest chapter in a long history of state service for Lannoye who also served as Granholm's budget director and as budget director for former GOP Gov. John Engler.

No word yet on who will replace Lannoye.

### Business Group Ponders Sales Tax Repeal Initiative

The business community's consternation over the recently enacted expansion of the sales tax to some services took another turn this week when Michigan Chamber of Commerce Executive Vice President Rich Studley said his organization was pondering launching a ballot initiative to repeal the tax if the Legislature doesn't repeal the measure.

The service tax was run through the Legislature on the last day before the beginning of the new fiscal year — hours before state government shut down. The measure reportedly raises \$613.8 million for a state budget that was \$1.75 billion in the red.

While the Chamber wants the service tax repealed, the GOP Senate and the Democratic House are only talking about modifications and fixes to the measure. The possibility of a repeal also is clouded by the fact that replacing the revenue would require the Legislature to enact deep budget cuts or hike even further the state's income tax — something that pending recalls of lawmakers will make all but impossible.

Using an initiative, the Chamber would have to gather 304,101 valid signatures by May 28, 2008. If the House and Senate then opted not to approve the repeal, the matter would go before voters on the November 2008 general election ballot. Another option is a referendum that would require the gathering of 190,063 signatures. The problem with a referendum is the possibility that it could be shot down in court because lawmakers put into the measure a small appropriation — making the measure "referendum proof."

### **The Week Ahead**

#### There's still the budget . . .

In case you forgot — Michigan's state government is running out of time again and could face another possible shutdown as the clock ticks down to Oct. 31 and the end of the month-long continuation budget that lawmakers adopted in the wee morning hours of Oct. 1.

There were meetings throughout the week to set targets for the various state budgets — but as of late Thursday no word yet on an agreement that encompasses all the budgets.

**Michigan Factoid:**  
Alpena, Michigan is home to the world's largest cement plant.

That leaves lawmakers just five session days to resolve the issue. House sources are already prepping reporters to expect an all night Halloween session as the two chambers begin passing the 18 or so budget bills.

The good news for rank and file lawmakers is the budget bills are all in conference. That means when the conference reports are issued, it's just one straight up or down vote in each chamber on each budget – no amendments, no changes, and arguably limited debate.

Hopefully by the end of next week, a decision will be reached and budget conference committees can begin meeting. *GCSIntel*, however, wouldn't be surprised if there's no budget action next week meaning lawmakers will take it right up to the line again.

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