BLOWN AWAY!
Lawmakers blast taxpayers

When the first straws in the wind appeared last December indicating a major push for a tax hike in 2007, Mackinac Center Senior Legislative Analyst Jack McHugh began a chronicle of events he called “Anatomy of a Tax Hike Campaign.” When McHugh’s prediction came to fruition with the approval of a nearly $1.4 billion tax hike on the morning of Oct. 1, 2007, McHugh detailed the event with an entry that began as follows:

“In the final hours before a shutdown of state government, to avoid cutting spending in the fiscal 2007-2008 Michigan budget, the Legislature votes to increase the income tax from 3.9 percent to 4.35 percent and expands the 6 percent sales tax on a wide variety of services. The income tax will take an additional $765 million out of the private economy, and the service tax $751 million in its first full year. This combined $1.5 billion tax hike [later revised to $1.358 billion] is accompanied by a package of reforms that correct some outright fiscal malpractice, but are not transformational for the state” (see “Legislators Link Common-Sense Reforms ...” nearby).

“This buck up, folks! We can survive this crisis if we just tighten our belts!”

See “Blown Away!” Page 4
TOURISM
from Page One

Several serious errors would get out-of-state visitors lost if they trusted Michigan government for directions, including the identification of Lake Huron as Lake Superior.

it. There were 20 votes in opposition, all from Republicans. The MichiganVotes.org tally for the amendment to increase state tourism industry subsidies by $10 million is located to the right.

LaFaive’s commentary regarding Jay’s Sporting Goods is available online at www.mackinac.org/4475, and a short synopsis of the errors in the “Travel Michigan” publication may be viewed at www.mackinac.org/3493. For a general commentary by LaFaive regarding the history and effectiveness of state government economic development programs, see www.mackinac.org/7084.

The Detroit People Mover Still Serves as “a Rich Folks’ Roller Coaster”
A poor city subsidizes 20 years of failure

By Kenneth M. Braun

The Detroit People Mover, a light rail transportation system, celebrated its 20th birthday in July. More than a year before People Mover opened in 1987, Time magazine printed an unflattering preview of the coming attraction titled “Horizontal Elevator to Nowhere.” Estimating the project to be a year late and 50 percent over budget, Time detailed numerous defects and problems, with the most notable mistake being the decision to build it at all. One Detroit resident was quoted as saying that it was “a rich folks’ roller coaster,” and a Reagan administration transit chief predicted that it could become “the least cost-effective transit project in the last 20 years.” The People Mover has repeatedly revisited these themes as if they were stations on its tiny circuit.

The system is a model of inefficiency. According to reports submitted to the Federal Transit Administration for the decade 1997-2006, the People Mover’s operational costs exceeded $3 per passenger mile every year and topped $5 per passenger mile for five of those years. In 1999, it spiked to $14.64. Consider that New York City’s famously efficient subway regularly run at around 30 cents per passenger mile and that most of Michigan’s largest city bus systems do the job for around $1 per passenger mile.

Check MichiganVotes.org

Legislators who voted FOR spending an additional $10 million on tourism promotion:

2007 Senate roll call vote 278 on Senate Bill 239
SENATE REPUBLICANS (1)
Allen (R)

SENATE DEMOCRATS (17)
Anderson (D)  Brater (D)  Clarke (D)  Jacobs (D)  Schauer (D)  Thomas (D)
Barcia (D)  Cherry (D)  Gleason (D)  Olshove (D)  Scott (D)  Whitmer (D)
Basham (D)  Clark-Coleman (D)  Hunter (D)  Prusi (D)  Switalski (D)

Legislators who voted AGAINST spending an additional $10 million on tourism promotion:

2007 Senate roll call vote 278 on Senate Bill 239
SENATE REPUBLICANS (20)
Birkholz (R)  Bishop (R)  Brown (R)  Jansen (R)  Richardville (R)
George (R)  Gilbert (R)  Hardiman (R)  Patterson (R)  Garcia (R)
Kuipers (R)  McManus (R)  Pappageorge (R)  Cropsey (R)  Kahn (R)
Stamas (R)  Van Woerkom (R)  Cassis (R)  Jelinek (R)  Sanborn (R)

SENATE DEMOCRATS (NONE)
Water Wars
By Russ Harding

In 2001, the governors of states and premiers of Canadian provinces in the Great Lakes region reached an agreement on a charter for dealing with Great Lakes water issues. In order to be binding, it must be put into statute by each of the seven states and two provinces as well as the federal government. To date, only Minnesota, Illinois, Ontario and Quebec have done so.

In Michigan, legislation to ratify these amendments has been introduced by Sen. Patty Birkholtz, R-Saugatuck Township. This would be a serious mistake for Michigan for a number of reasons.

Michigan would be turning over water use decisions to the governors of states with which we often compete for jobs. A thirsty Columbus or Fort Wayne would become real and present dangers.

Under the federal Water Resource Development Act of 1986 (WRDA), the governor of any Great Lakes state has the authority to veto proposed water diversions out of the Great Lakes basin by any other state. Michigan governors of both parties — including Gov. Jim Blanchard and Gov. John Engler — took advantage of this veto power to deny proposed diversion projects.

This has caused tension with other Great Lakes states, which unlike Michigan are not entirely within the basin. For example, while governors of Ohio or Indiana certainly would oppose diverting water to non-Great Lakes states, they may well support diversions to areas that are in their state but outside of the basin. These other states have claimed at times that Michigan is “hypocritical” in denying the use of water to out-of-basin communities in their states, while allowing access to water by communities, utilities and businesses anywhere in Michigan.

In part due to this criticism, and also because of speculation that has been voiced by some that WRDA might not be legally enforceable under international water law, Michigan agreed to work with the other states in drafting an updated water agreement in the form of Annex 2001. Framers of this document sought to address the alleged legal shortcomings of WRDA by holding users of water within the Great Lakes basin to the same standards as potential users from outside the basin.

That would be bad news for Michigan. Specifically, the Annex 2001 should not be ratified by Michigan because:

- Michigan would give up its sovereignty regarding water-use decisions in the state. The governors and premiers of other Great Lakes states and provinces could halt particular water-using economic development projects in Michigan, even though this state lies entirely within the basin. Michigan would be turning over water use decisions to the governors of states with which we often compete for jobs.
- Instead of our governor having an absolute veto over diversions to “straddling communities” (communities only partially within the basin), other governors could approve these diversions. These communities are the real threat of Great Lakes diversion — not the usual boogeymen of Arizona or California (aside from the inherent difficulty of transporting water such long distances, the idea that it would be possible to get permits for such a cross-country project is not

See “Water Wars,” Page 8

NOTES ON STATESMANSHP

A Statesman To Remember
By Lawrence W. Reed

Good causes rarely advance easily. Some of the greatest accomplishments of civilization required perseverance and enormous sacrifice on the part of men and women who saw what was right and had the courage to work for it against all odds.

I can hardly recommend a more fitting example of this than William Wilberforce, who with anti-slavery crusader Thomas Clarkson and a band of uncompromising activists brought an end to slavery throughout the British empire. If you didn’t see the magnificent film “Amazing Grace” in a theatre earlier this year, you can now watch it on DVD; Wilberforce is the central character.

Born in 1759, Wilberforce never had the physical presence one would hope to possess in a momentous struggle. The British biographer Thomas Boswell called him a “shrimp.” Thin and short, Wilberforce compensated for his diminutive physical stature with a powerful vision, an appealing eloquence and an indomitable will.

Elected to Parliament in 1780 at age 21, Wilberforce spoke out against the war with America in no uncertain terms, labeling it “cruel, bloody and impractical.” But he drifted from issue to issue most too numerous to count. And what a model of perseverance he was! He endured and overcame all about every obstacle imaginable, including ill health, derision from his colleagues, threats on his life and parliamentary defeats almost too numerous to count.

He rose in the House of Commons to give his first abolition speech in 1789, not knowing that it would take another 18 years before British law would end the slave trade. Every year he introduced an abolition measure, and every year it went nowhere. At least once, some of his own allies deserted him when the opposition gave them free tickets to attend the theatre during a crucial vote. He was often ridiculed and condemned as a traitorous rabble-rouser.

But what once seemed to be an impossible dream became reality on Feb. 23, 1807. Abolition of the slave trade won Parliament’s overwhelming approval. Biographer David J. Vaughan reports that “as the attorney general, Sir Samuel Romilly, stood and praised the perseverance of Wilberforce, the House rose to its feet and broke out in cheers.”

The trade in slaves was officially over, but ending slavery itself remained the ultimate prize. To bring it about, Wilberforce worked for another 26 years. The great day finally came on July 26, 1833, when Britain became the world’s first major power to unshackle an entire race within its jurisdiction. Hailed as the hero who made it happen, Wilberforce died three days later.

Be persistent and passionate about noble causes. Maintain an optimism worthy of the goal itself, and do all within your character and power to rally others to the cause. Those are the lessons of the life of William Wilberforce, and they continue to inspire men and women of goodwill the world over.

Lawrence W. Reed is president of the Mackinac Center for Public Policy.
BLOWN AWAY!
from Page One

As McHugh went on to add, there were “no substantive spending cuts associated with the deal.” Yet just over a week earlier, such options were on the table. On Sept. 23, 2007, the Michigan Senate narrowly approved Senate Bill 511 and Senate Bill 237, two proposals that would have closed the gap between desired spending and projected revenue by $900 million with the implementation of both actual spending reductions and reductions in the rate of spending increase to nearly every major area of state spending. Some examples:

• Impose mandatory citizenship verification for Medicaid recipients: $10.0 million.
• Reduce local public bus transit grants: $2.5 million.
• Reduce state aid to libraries: $6.2 million.
• Freeze state spending on community colleges at current-year level: $7.1 million.
• Deduct 3.5 percent from budget for Community Health: $111.7 million.
• Strengthen welfare-to-work sanctions: $57.1 million.

• Do not approve governor’s request for a 2.5 percent hike in the per-pupil school aid foundation allowance: $289.7 million.

Senate Bill 237, the bill to cancel the governor’s proposed hike in school aid spending, was approved by the Michigan Senate on a strictly partisan vote — all 21 Republicans voting for the cuts, all 17 Democrats voting against. Senate Bill 511, the companion proposal to trim spending by $574 million in other state departments, was also narrowly approved — 20 of the Senate Republicans voted for the cuts, with one Republican joining all 17 Democrats voting against.

The combined package of $900 million in spending restraint did not become part of the budget agreement. The Michigan House of Representatives declined to bring either Senate bill up for a final vote.

Just days before the agreement to balance the budget with tax increases rather than spending cuts, with one Republican joining all 17 Democrats voting against. Senate Republicans voted for the cuts, all 21 Republicans voting for the cuts, all 17 Democrats voting against.

Legislators who voted IN FAVOR of increasing the state income tax:

Legislators who voted AGAINST increasing the state income tax:

Legislators who voted AGAINST the budget agreement:

Senators who voted IN FAVOR of $574 million in spending reductions:

Senators who voted AGAINST $574 million in spending reductions:

Check MichiganVotes.org

Legislators who DID NOT VOTE:

State Rep. Agema (R)
Legislators who voted IN FAVOR of imposing a new 6 percent sales tax on services:

**Senate roll call vote 398 on House Bill 5198**

**SENATE REPUBLICANS (3)**

Garcia (R)  Jelinek (R)  Kuipers (R)

**SENATE DEMOCRATS (16) + LIEUTENANT GOVERNOR**

Barcia (D)  Clarke (D)  Prusi (D)  Whitmer (D)

Basham (D)  Gleason (D)  Schauer (D)  *Lt. Gov. John Cherry (D)  Ollis (D)  Thomas (D)

**House roll call vote 434 on House Bill 5198**

**HOUSE REPUBLICANS (56)**

Accavitti (D)  Cushingberry (D)  Johnson (D)  Polidori (D)

Angerer (D)  Dean (D)  Jones (D)  Robert (D)  Sak (D)

Bauer (D)  Dillow (D)  Laht (D)  Scott (D)

Bennett (D)  Donigan (D)  Law, Kathleen (D)  Shelbrow (D)

Bieda (D)  Espinoza (D)  LeBlanc (D)  Simpson (D)

Brown (D)  Farrar (D)  Leland (D)  Smith (D)

Byrne (D)  Bilardello (D)  Lemmons (D)  Virgil (D)

Cheeks (D)  Griffin (D)  Mayes (D)  Tococian (D)

Clack (D)  Hammel (D)  McDowell (D)  Vagnozzi (D)

Clemente (D)  Hammon (D)  Meadows (D)  Valentine (D)

Condino (D)  Hood (D)  Meissner (D)  Warren (D)

Constan (D)  Hopgood (D)  Melton (D)  Wojno (D)

Couloris (D)  Jackson (D)  Miller (D)  Young (D)

Legislators who voted AGAINST imposing a new 6 percent sales tax on services:

**Senate roll call vote 398 on House Bill 5198**

**SENATE REPUBLICANS (18)**

Allen (R)  Cropsey (R)  Kahn (R)  Sanborn (R)

Birkholz (R)  George (R)  McManus (R)  Stamas (R)

Bishop (R)  Gilbert (R)  Pappageorge (R)  Van Woerkom (R)

Brown (R)  Hardiman (R)  Patterson (R)  

Cass (R)  Jansen (R)  Richardville (R)

**SENATE DEMOCRATS (1)**

Anderson (D)

**House roll call vote 434 on House Bill 5198**

**HOUSE REPUBLICANS (51)**

Accavitti (R)  Garfield (R)  Meekhof (R)  Proos (R)

Amos (R)  Green (R)  Meiltzer (R)  Robertson (R)

Bail (R)  Hansen (R)  Moolenaar (R)  Rocca (R)

Booher (R)  Hildenbrand (R)  Moore (R)  Schultemaker (R)

Brandenburg (R)  Hoogendyk (R)  Moss (R)  Saffier (R)

Calley (R)  Horn (R)  Nitz (R)  Sheen (R)

Casperson (R)  Huizenga (R)  Nofs (R)  Stahl (R)

Caswell (R)  Hune (R)  Opsommer (R)  Stakoe (R)

Caul (R)  Jones, Rick (R)  Palmer (R)  Steil (R)

DeRoche (R)  Knollenberg (R)  Palsrok (R)  Walker (R)

Eisenheimer (R)  LaJoy (R)  Pastor (R)  Ward (R)

Emmons (R)  Law, David (R)  Pavlov (R)  Wenke (R)

Gaffney (R)  Marleau (R)  Pearce (R)

**HOUSE DEMOCRATS (2)**

Corrievau (D)  Ebli (D)

Legislators who DID NOT VOTE:

State Rep. Agema (R)
PUBLIC EMPLOYEE HEALTH INSURANCE REFORM

Four substantive reforms stood out in the budget deal. The first reform is incorporated in state Senate Bills 418-421. These bills include provisions that allow schools and local governments to form health insurance purchasing pools, but the bills’ primary effect lies in other provisions that essentially deal with MESSA, the health insurance administration affiliate of the Michigan Education Association, the state’s largest school employees union.

Under the bills, a school district (or a local government) would be required to solicit competing bids before awarding a health insurance provider a contract to provide employee health insurance — a provision that supplies mandatory competition to MESSA, which currently holds health insurance contracts with most of the state’s school districts. In addition, the bills require MESSA to furnish a district with the district’s aggregate claims history under MESSA insurance plans. Release of the claims history data was bitterly opposed by MESSA and the MEA, but other health insurers typically provide such information to client districts, enabling those districts to solicit meaningful bids from other insurance providers.

The Detroit News found that MPSERS’ total cost is more than schools pay for “books, buses, computer technology and building maintenance combined.”

The MESSA reforms were prompted by the high cost of MESSA insurance to school districts and MESSA’s relationship with the MEA, which has received substantial fees from MESSA for fighting for MESSA insurance coverage during collective bargaining with school districts. A Detroit News Op-Ed by Ryan S. Olson, education director for the Mackinac Center for Public Policy, recently underscored the burden of MESSA’s insurance costs by reporting that due to MESSA cost increases, the MEA was now backing at giving its own employees MESSA’s top-tier insurance plan to cover their retiree health benefits. The resulting impasse with the MEA’s staff over the MESSA plan nearly resulted in the MEA’s being picketed by its own workers.

The main bill in the MESSA reform — Senate Bill 418 — was narrowly approved in the Michigan Senate on a vote of 21-17, with 18 Republicans joining three Democrats in favor, and with three Republicans joining 14 Democrats in opposition. The bill passed with the barest possible majority in the House of Representatives, 56-53, with 47 Republicans joining nine Democrats in favor, and with four Republicans joining 49 Democrats in opposition.

COMPETITIVE BIDDING FOR PRISON MENTAL HEALTH

The second substantive reform came with Senate Bill 622, which repeals a prohibition on competitive contracting with third parties to privatize mental health services for prisoners (under current law, the department may “contract” only with the Department of Community Health).

Competitive contracting with private businesses for government services has been the subject of considerable research over several years by Michael D. LaFave, the Mackinac Center’s director of fiscal policy. This research consistently finds that in the presence of good bidding practices and contract monitoring, such “privatization” of government services can improve services and lower costs.

Michigan prison costs may in fact be inflated. Mackinac Center Senior Legislative Analyst Jack McHugh recently observed in an Op-Ed for The Detroit News that according to an American Federation of Teachers survey, “corrections officers wages ... are almost one-third above the national average for corrections employees.”

Competitive contracting for prison mental health services was narrowly approved in the Michigan Senate on a vote of 22-16, with 21 Republicans joining one Democrat in favor, and with 16 Democrats in opposition. The reform passed the House of Representatives on a vote of 82-27, with 48 Republicans joining 34 Democrats in support, and with three Republicans joining 24 Democrats in opposition.

PUBLIC SCHOOL PENSION COST CONTAINMENTS

Senate Bills 546 and 547 make up the third substantive reform.
Legislators who voted IN FAVOR of ending certain unusually generous benefits in the public school retirement system:

Senate roll call vote 399 on Senate Bill 546

SENATE REPUBLICANS (19)
Allen (R) Cassis (R) Gilbert (R) Kuipers (R) Sanborn (R)
Birkholz (R) Cropsey (R) Hardiman (R) McManus (R) Stamas (R)
Bishop (R) Garcia (R) Jansen (R) Pappageorge (R) Van Woerkom (R)
Brown (R) George (R) Jelinek (R) Richardville (R) 

SENATE DEMOCRATS (4)
Anderson (D) Jacobs (D) Schauer (D) Switalski (D)

House roll call vote 444 on Senate Bill 546

HOUSE REPUBLICANS (48)
Acciavatti (R) Caul (R) Hildenbrand (R) Marleau (R) Palsrok (R) Shaffer (R)
Amos (R) DeRoche (R) Hoogendyk (R) Meekhof (R) Pastor (R) Sheen (R)
Ball (R) Elsenheimer (R) Horn (R) Meltzer (R) Pavlov (R) Stahl (R)
Booher (R) Emmons (R) Huijzena (R) Moolenaar (R) Pearce (R) Stakoe (R)
Brandenburg (R) Gaffney (R) Hune (R) Moss (R) Proos (R) Steil (R)
Calley (R) Garfield (R) Jones, Rick (R) Nitz (R) Robertson (R) Walker (R)
Casperson (R) Green (R) Knollenberg (R) Opsommer (R) Rocca (R) Ward (R)
Caswell (R) Hansen (R) LaJoy (R) Palmer (R) Schultmaker (R) Wenke (R)

HOUSE DEMOCRATS (17)
Angerer (D) Clack (D) Espinoza (D) Hammon (D) McDowell (D) Tobocman (D)
Brown (D) Clemente (D) Gonzales (D) Hammon (D) McDowell (D) Tobocman (D)
Byrnes (D) Dillon (D) Griffin (D) Lahti (D) Simpson (D)

Legislators who voted AGAINST ending certain unusually generous benefits in the public school retirement system:

Senate roll call vote 399 on Senate Bill 546

SENATE REPUBLICANS (2)
Kahn (R) Patterson (R)

SENATE DEMOCRATS (13)
Barcia (D) Cherry (D) Gleason (D) Prusi (D) Whitmer (D)
Basham (D) Clark-Coleman (D) Hunter (D) Scott (D) 
Brater (D) Clarke (D) Olshove (D) Thomas (D)

House roll call vote 444 on Senate Bill 546

HOUSE REPUBLICANS (3)
Law, David (R) Moore (R) Nofs (R)

HOUSE DEMOCRATS (41)
Acciavatti (D) Cowlis (D) Jackson (D) Meisner (D) Vagnozzi (D)
Bauer (D) Cushingberry (D) Johnson (D) Melton (D) Valentine (D)
Bennett (D) Dean (D) Jones, Robert (D) Miller (D) Warren (D)
Bedla (D) Donigan (D) Law, Kathleen (D) Polidori (D) Wojno (D)
Byrum (D) Ebli (D) LeBlanc (D) Sak (D) Young (D)
Cheeks (D) Farih (D) Leland (D) Scott (D) 
Condino (D) Gillard (D) Lemmons (D) Shelbrow (D) 
Constan (D) Hood (D) Lindberg (D) Smith, Alma (D) 
Corriouveau (D) Hopgood (D) Meadows (D) Smith, Virgil (D) 

Legislators who DID NOT VOTE:
State Rep. Agema (R)

These bills require school employees to contribute more money to their pension and post-retirement health care benefits system. The bills also establish a “graduated” pension and retirement health care vesting system, where the size of the pension and benefits a school employee receives is tied more directly to the number of years worked. Under previous law, an employee who was employed for only 10 years (or five in some cases) could be eligible for a full pension and benefits.

MPSERS has become a significant concern for Michigan taxpayers and the state budget. For instance, a three-part special See “Reforms” on next page

Legislators who voted IN FAVOR of allowing more competitive bidding of school district health insurance by requiring the release of aggregate claims history:

Senate roll call vote 378 on Senate Bill 418

SENATE REPUBLICANS (18)
Allen (R) Cropsey (R) Jansen (R) Sanborn (R)
Birkholz (R) Garcia (R) Kuipers (R) Stamas (R)
Bishop (R) George (R) McManus (R) Van Woerkom (R)
Brown (R) Gilbert (R) Pappageorge (R)
Cassis (R) Hardiman (R) Richardville (R)

SENATE DEMOCRATS (3)
Schauer (D) Switalski (D) Thomas (D)

House roll call vote 442 on Senate Bill 418

HOUSE REPUBLICANS (47)
Acciavatti (R) Garfield (R) Marleau (R) Proos (R)
Amos (R) Green (R) Meekhof (R) Robertson (R)
Ball (R) Hansen (R) Meltzer (R) Schultmaker (R)
Booher (R) Hildenbrand (R) Moolenaar (R) Shaffer (R)
Calley (R) Hoogendyk (R) Moss (R) Sheen (R)
Casperson (R) Horn (R) Nitz (R) Stahl (R)
Caswell (R) Huijzena (R) Opsommer (R) Stakoe (R)
Caul (R) Hune (R) Palmer (R) Steil (R)
DeRoche (R) Jones, Rick (R) Palsrok (R) Walker (R)
Elsenheimer (R) Knollenberg (R) Pastor (R) Ward (R)
Emmons (R) LaJoy (R) Pavlov (R) Wenke (R)
Gaffney (R) Law, David (R) Pearce (R)

HOUSE DEMOCRATS (9)
Condino (D) Griffin (D) Smith, Virgil (D)
Cushingberry (D) Hammel (D) Tobocman (D)
Dillon (D) Smith, Alma (D) Young (D)

Legislators who voted AGAINST allowing more competitive bidding of school district health insurance by requiring the release of aggregate claims history:

Senate roll call vote 378 on Senate Bill 418

SENATE REPUBLICANS (3)
Jelinek (R) Kahn (R) Patterson (R)

SENATE DEMOCRATS (14)
Anderson (D) Cherry (D) Hunter (D) Scott (D)
Barcia (D) Clark-Coleman (D) Jacobs (D) Whiter (D)
Basham (D) Clarke (D) Olshove (D) 
Brater (D) Gleason (D) Prusi (D) 

House roll call vote 442 on Senate Bill 418

HOUSE REPUBLICANS (4)
Brandenburg (R) Moore (R) Nofs (R) Rocca (R)

HOUSE DEMOCRATS (49)
Acciavatti (D) Cowlis (D) Jones, Robert (D) Polidori (D)
Agerer (D) Dean (D) Lahti (D) Sak (D)
Bauer (D) Donigan (D) Law, Kathleen (D) Scott (D)
Bennett (D) Ebli (D) LeBlanc (D) Sheltrown (D)
Bedla (D) Espinoza (D) Leland (D) Simpson (D)
Brown (D) Farih (D) Lemmons (D) Spade (D)
Byrnes (D) Gillard (D) Lindberg (D) Vagnozzi (D)
Byrum (D) Gonzales (D) Mayes (D) Valentine (D)
Cheeks (D) Hammon (D) McDowell (D) Warren (D)
Clack (D) Hood (D) Meadows (D) Wojno (D)
Clemente (D) Hopgood (D) Meisner (D)
Constan (D) Jackson (D) Melton (D)
Corriouveau (D) Johnson (D) Miller (D)

Legislators who DID NOT VOTE:
State Rep. Agema (R)
from Page 7

The final substantive reform, House Bill 4800, repealed a provision of the state employee pension law that allowed an employee to "retire," start collecting a pension and then return to work for the state either directly or through a contractual arrangement with a third party, thus collecting a wage or salary while simultaneously collecting pension benefits. The bill suspended pension payments while an individual worked for the state and also suspended post-retirement health insurance benefits if the person was eligible for employer-sponsored coverage or Medicare (the federal health plan for seniors). This reform was approved overwhelmingly by both chambers of the Legislature: a 38-0 vote in the House of Representatives, and 97-12 in the state Senate. Four Democrats in favor, and two Republicans joining 13 Democrats in opposition. In the House of Representatives, the bill was approved on a vote of 65-44, with 48 Republicans joining 17 Democrats in favor, and three Republicans joining 41 Democrats in opposition.

CLOSING GOVERNMENT PENSION LOOHOLE

The Michiganvotes.org tallies begin on Page 6 for the votes on the main bill regarding teacher retirement benefits, Senate Bill 546; the main bill requiring MESSA to release its claims history, Senate Bill 418; and the bill which allows prisoners to privatize their mental health care, Senate Bill 622. (The vote tally for House Bill 4800, which passed overwhelmingly in both houses of the Legislature, has been omitted for space reasons. It may be viewed at http://www.michiganvotes.org/Legislation.aspx?ID=53535.)

More information regarding MESSA, the public school employee union’s health insurance affiliate, is available at www.mackinac.org/9003 and www.mackinac.org/9007; more information regarding privatization is available at www.mackinac.org/7970 and www.mackinac.org/pubs/impr. For more on MPSERS, the public school employee retirement system, see www.mackinac.org/8057 and www.mackinac.org/7924.

from Page 3

plausible). On the other hand, a thirsty Columbus or Fort Wayne would become real and present dangers under the Annex.
• It is not in the best interest of Michigan or the other Great Lakes states to have Congress open up WRDA to ratify the Annex. The migration of population to the southern and western regions of the country has diluted the political clout that Great Lakes states have in Washington. The strong protections in current federal statute could well be watered down if Congress were to debate the current law.

It would be bad for this state and bad for the Great Lakes if Michigan lawmakers to ratify Annex 2001 in order to placate the other Great Lakes states or because of speculation regarding the legal status of WRDA. The veto power our governor enjoys under current federal law has served this state well. To trade for a majority vote by other governors is clearly not in the best interest of Michigan.

In addition, it would be folly for a state in the midst of a severe and sustained economic downturn to give as a hostage to competitors one of the few comparative advantages Michigan still enjoys — an abundance of constantly replenished fresh water, which is vital to many forms of commerce.

Russ Harding is director of the Mackinac Center’s Property Rights Network. From 1995 through 2002, Harding served as director of the Michigan Department of Environmental Quality.
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$1 or less — including the Detroit Department of Transportation buses that run within the People Mover’s route.

The federal government’s estimated number of daily rides steadily eroded from 70,000 to 20,000 as the People Mover project stumbled from planning toward completion. After the first eight months in operation, The Detroit News reported that the government’s daily rider expectation was just 16,500, and that even this would probably not be met because only 13,207 daily rides had been given during its very best single month to that point.

The “people” are still not being moved. According to a December 2006 Detroit News article, about 10 percent of the tram’s seats are used, and ridership figures reported to the FTA for 2006 worked out to 6,323 rides per day. Largely because Detroit hosted a Super Bowl during the reporting period, the overwhelmingly total for 2006 reflects the best People Mover year of any of the previous 10. For the four prior years, the rides per day worked out to an average of just 3,915.

Some years were worse. A People Mover station was planned to help the financially struggling yet historic J.L. Hudson retail outlet, but the store closed its doors before the monorail was completed, leaving a track that still went past an empty 439-foot tall building. Before imploding the old store in October of 1998, then-Mayor Dennis Archer stated, “Today, we say goodbye to years of frustration.” But frustration continued for the People Mover, as falling rubble damaged the track. The resulting service delays through 1999 cut usage that year to 2,090 rides per day.

Mayor Coleman Young was the People Mover’s original champion and the first to experience its frustrations. When ridership during the first year was falling well short of expectations, he proposed a city budget that would have increased the system’s subsidy from $5.9 million to $8.3 million. Demonstrating questionable priorities, his budget also proposed a $9.8 million cut to the city police. This would have eliminated 264 law enforcement jobs at a time when the violent crime rate was rising and people were referring to the Motor City as the “Murder City.”

This subsidy eventually became standard practice. For most of the past decade, 85 to 90 percent of the annual bill for the system’s operating expenses has come from the city budget — usually over $8 million and sometimes more than $10 million — in a city with one of the nation’s highest poverty rates. Ironically, a 2004 survey by The Detroit News revealed that fewer than 30 percent of the People Mover’s riders are Detroit residents.

Another telling statistic about the users: Ride figures for Saturdays routinely dwarf those for weekdays. The vast majority of the system’s users are clearly suburbanites and out-of-town visitors, who pay only a 50-cent-ride fare that regularly covers less than 10 percent of the line’s annual operating cost (and often less than 5 percent). The People Mover celebrates many wasteful accomplishments as it turns 20, but few stand taller than fulfilling what that wise Detroiter predicted back in 1986: It really is a rich folks’ roller coaster.

Kenneth M. Braun is a policy analyst for the Mackinac Center for Public Policy.

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**FISCAL FITNESS**

**Tax Hikes: Bad Policy and Bad Timing**

**MICHIGAN’S TAX BASE STARTING TO CRUMBLE**

By Lawrence W. Reed

The budget deal struck by the Michigan Legislature in the wee hours of Oct. 1, 2007, represents both bad policy and bad timing. The Legislature’s limited reforms were dwarfed by tax hikes of historic dimensions — an 11.5 percent increase in the state’s income tax and a new services-related 6 percent sales tax that will make Michigan a uniquely uncompetitive location for many firms.

This projected $1.358 billion tax hike for fiscal 2007-2008 would be difficult in a robust climate, but it is much worse in a state that’s in the grip of a one-state recession. Michigan’s tax base of people and businesses is beginning to crumble, as evidenced by these sobering facts:

- The unemployment rate, at 7.5 percent, is 60 percent higher than the national average.
- According to United Van Lines statistics, Michigan was tied with North Dakota for the highest outbound migration rate in the nation last year.
- Relative to the rest of the nation, the state’s per-capita income has been in free fall since 2000. It is now an astonishing 7.8 percent below the national average.
- Home values are plummeting as foreclosures soar to their highest level in recent memory.
- Government statistics show that in 2001, Michigan’s average private-sector wage was $9 percent below the average state government wage. Today, it’s about 18 percent below. We’re becoming a poor state with well-off public servants.
- Michigan’s state and local tax burden is estimated to rise to 11th in the country under the new taxes, according to the nonprofit Tax Foundation in Washington, D.C. Add in the “taxing” effect of Michigan’s high regulatory burden and the perception of an unfriendly labor climate, and you have a toxic brew that drives people and businesses away.

The extension of the sales tax to certain services is a guaranteed job-killer that will hit small businesses particularly hard. Those are the very businesses that create most of the new jobs; many of them are mobile enough to simply leave the state and escape the tax completely. For those that remain, paperwork blizzards, legal headaches and accounting nightmares await.

It should not surprise anyone that Michiganders aren’t happy. By a 2-1 margin in a poll taken before the tax hikes materialized, likely Michigan voters indicated they preferred more spending cuts than tax increases to balance the state budget. Since passage of the new taxes, 10 of the legislators who voted for them — five Democrats and five Republicans — have become targets of recall election campaigns, and a broad-based coalition of business groups may put repeal of the taxes on the ballot if the Legislature doesn’t reverse the damage.

Will higher taxes truly put the fiscal 2008 budget into the black? If people line up like sheep to be sheared, maybe. More likely, the dynamic disincentive effects of a bigger tax burden will accelerate the decline in Michigan’s ability to produce new tax revenues. The Legislature will almost certainly be grappling with yet another shortfall soon.

Legislators and the governor can do the responsible thing and repeal the tax increases. If they don’t, it is possible the people will do that for them through a ballot initiative. Either way, the issue of spending reductions and meaningful reform of state government must be revisited — the sooner the better.

The Mackinac Center for Public Policy has offered many suggestions over the years to help resolve the state’s fiscal problems. With the folly of the midnight budget deal now apparent to almost everyone, the state’s immediate need is for spending cuts and cost-saving reforms in the current fiscal year, thus eliminating the need for the tax hikes just passed.

The Mackinac Center has recommended 55 specific state spending reductions, clearing the way for urgently needed transformational reforms and government restructuring. The time for gimmicks, Band-Aids, distractions and punitive tax hikes is over. The moment for real remedies is long overdue.

Will the governor and Legislature muster the courage to do what’s right by undoing what’s wrong? Our state’s future hangs in the balance.

Lawrence W. Reed is president of the Mackinac Center for Public Policy.
On April 19, 2007, a legislative proposal to impose a “comparable worth” labor standard on Michigan’s private employers was introduced in the Michigan House of Representatives. In a 2001 commentary on this subject, Lawrence Reed, president of the Mackinac Center for Public Policy, described “comparable worth” as the notion that “individual workers who perform jobs of substantially comparable value to their employer should be paid similar wages. If the work done by an accountant is deemed to be as valuable to an employer as that done by a typist, for example, the law would require the two employees to earn the same wage.”

The three-bill package seeks to accomplish the following:

- House Bill 4625 would prohibit paying a person a wage or salary that is less than an amount established under a proposed statutory interpretation of comparable wages. Members of the commission would have to include representatives from the Michigan Department of Civil Rights, the Michigan Economic Development Corporation, the Michigan Women’s Commission, the Michigan Chamber of Commerce, the AFL-CIO union, the United Auto Workers union, the Michigan Small Business Association, the National Organization for Women, and the Michigan Women’s Studies Association.

On May 8, these bills were presented with a favorable recommendation to the full House of Representatives after a 7-4 approval vote by the House Committee on Labor. The Michigan chapter of the National Organization for Women and the National Association of Social Workers each submitted statements of approval for these bills to the committee. The National Federation of Independent Businesses and the Michigan Farm Bureau are opposed to the bills. The Michigan Department of Civil Rights endorsed House Bill 4625 and is neutral on the other two bills.

Comparative worth would arbitrarily and effectively abolish the role of supply and demand in the labor market.

Of the 110 members in the Michigan House of Representatives, 2 Republicans and 47 Democrats are co-sponsors of at least one of the bills in this proposal. Since 56 votes are needed for a majority vote in the House, this large number of co-sponsors indicates a high level of potential support if the bills are brought up for passage and referral to the Senate.

Examining the likely result of imposing a “comparable worth” standard on the private sector for a 2001 commentary on the subject, Reed observed that it “would arbitrarily and effectively abolish the role of supply and demand in the labor market.” Looking at the example of Minnesota, a state that passed a “comparable worth” law in 1984 for local governments, he reported that the city of St. Paul described “$32 million in additional salary expense between 1985 and 1992, endless disputes about who is comparable to whom, and lingering uncertainty as to whether the city is in compliance with the law.”

Reed’s commentary and the National Federation of Independent Business’ April 24, 2007, committee testimony in opposition to House Bills 4625-4627 pointed out that the Minnesota law forced municipalities to depress wages for nurses, contributing to a nursing shortage. The full text of Mr. Reed’s commentary is available at www.mackinac.org/3681. A listing of those lawmakers who co-sponsored House Bills 4625-4627 appears above.
Michigan’s 38 Senate Districts
2001 Apportionment Plan

Mail should be addressed to state senators as follows:
State Sen. <Name of senator>
Michigan Senate
P.O. Box 30036
Lansing, MI 48909

Map provided by Michigan Information Center, October 2001
**Did you know?**

Members of the Michigan House and Senate are the second highest-paid state legislators in the United States, behind only California.

- **Base member annual pay:** $79,650
- **Additional annual expense allowance:** $12,000

Supplements are paid to the following 12 legislative officers:

- Speaker of the House: $27,000
- Majority leader in the Senate: $26,000
- Minority leaders in both House and Senate: $22,000
- Majority floor leaders in both House and Senate: $12,000
- Minority floor leaders in both House and Senate: $10,000
- Chair of Appropriations Committee in both House and Senate: $7,000
- House speaker pro tempore and Senate president pro tempore: $5,513

In more than 30 states, the position of state legislator is a part-time job with a salary of $30,000 or less. Texas — the second most populous state and second-largest geographically — pays lawmakers $7,200 per year. Some pay much less: New Hampshire legislators are paid a salary of $200 for a two-year term of office, Alabama pays $10 per day and New Mexico offers no salary at all — just expenses. ■

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**Michigan Capitol Confidential - November / December 2007**

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We look forward to hearing from you!
Michigan’s 110 House Districts
2001 Apportionment Plan

Mail should be addressed to state representatives as follows:
State Rep. <Name of representative>
House of Representatives
P.O. Box 30014
Lansing, MI 48909

Map provided by Michigan Information Center, October 2001
HOUSE BILL 4173
(Name US-127 “Annie Oakley Trail”)
Introduced by State Rep. Marie Donigan, D-Royal Oak

Name portions of US-127 in Lenawee and Gratiot counties the “Annie Oakley Memorial Trail.”

HOUSE BILL 4085
(Revise recall petition rules)
Introduced by State Rep. Richard Ball, R-Bennington Township

Would require the reasons cited for an official’s recall and determined by the county board of elections to be of sufficient clarity to be affixed to the recall petition. Under current law, the boards are required to determine whether the reason is sufficiently clear to enable voters and the official to identify the course of conduct that is the basis for the recall. The bill also would prohibit collecting recall signatures until an official had been in office for six months and would impose a $50 fee when the petition was filed. Current law prohibits filing the petition in the first six months, but not collecting signatures.

HOUSE BILL 4752
(Pay Detroit School Board members $61,890 salary plus pension)
Introduced by State Rep. George Cushingberry, D-Detroit

Would authorize salaries for Detroit School Board members equal to 90 percent of what Wayne County Commission members are paid, plus a pension benefit equal to 90 percent of the commissioners’ pension. Commissioners get an annual salary of $68,767. Note: Wayne County commissioners also get a $500 per month auto allowance and an $86,000 annual office budget.

SENATE BILL 788
Require licensure of massage therapists
Introduced by State Sen. Gilda Jacobs, D-Huntington Woods

Would require licensure and regulation of massage therapists and impose a $75 annual license fee. The bill would require 500 hours of training and would create a Michigan Board of Massage Therapy to establish licensure and competence assessment requirements for the practice of massage therapy.

SENATE BILL 626
(Ban dog racing and simulcasting)
Introduced by State Sen. Valde Garcia, R-Howell

Would ban dog racing and dog-race simulcasting.

SENATE BILL 139
(Restrict local elected official recalls)
Introduced by State Sen. Gerald Van Woerkom, R-Muskegon

Would prohibit the recall of an elected official, even if a majority of those voting in the recall election approved it, unless the number of votes in favor were greater than the votes received by the official when he or she was elected. The bill applies to elected local government and school officials only, not to state official.

HOUSE BILL 5111
(Revise cigarette fire safety law)
Introduced by State Rep. Michael Sak, D-Grand Rapids

Would revise and make more specific various duties of the Department of Treasury related to the enforcement of Michigan law on the fire safety standards of cigarettes.

MichiganVotes.org
A sampling of proposed new state laws, as described on MichiganVotes.org