MICHIGAN
CAPITOL CONFIDENTIAL

A review of the votes and proposals of the Michigan Legislature — Vol. 3 No. 1 — January/February 2009

A popular Government without popular information, or the means of acquiring it, is but a prologue to a farce or a tragedy; or, perhaps both.
JAMES MADISON

"SNEAK ATTACK"
House votes to undermine property tax protections

BY JACK MCHUGH

On Dec. 11, 2008, during a post-election "lame duck" session, the Michigan House of Representatives hastily and overwhelmingly approved House Bill 4141, legislation that would provide an end-run around significant taxing and spending limitations set in place by Proposal A, the 1994 property tax and school funding reform that was ratified by 69 percent of Michigan voters.

Taxpayers were relieved in 1994 when Proposal A ended the constant stream of local millage elections. The result was lower property taxes and, at the same time, significant funding increases for school operations. But in 14 years of chafing under these limitations, public school officials never stopped looking for ways around it.

The Michigan House's approval of HB 4141, which was sponsored by Rep. Mark Meadows, D-East Lansing, was the latest of several attempts. The legislation would let school districts levy "sinking fund" taxes for the same purposes as regular school bonds. In

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INSIDE THE ISSUE

SPECIAL INTERESTS

GRAPES OF WRATH
New law protects government-mandated "wholesaler monopoly"

BY KENNETH M. BRAUN

A new state law prohibits Michigan connoisseurs of wine and beer from purchasing these products and having them shipped directly to their home from out-of-state retailers. Instead, all such purchases will be allowed only through a state-endorsed wholesaler. Introduced in November 2008 as House Bill 6644, the new law was quickly passed during the final days of the 2008 legislative session. It was overwhelmingly supported by 134 of the 148 members of the Michigan Legislature, and became Public Act 474 of 2008 upon being signed by the governor and enacted on Jan. 9, 2009.

Michiganvotes.org notes that the purpose of this law is to "avoid complying with a federal court ruling that held state restrictions on such shipments from out-of-state retailers to be a violation of the U.S. Constitution's commerce clause." The majority opinion in this case, Granholm v. Heald, relied in part on a July 2003 report from the United States Federal Trade Commission which concluded that prohibitions on interstate alcohol shipments should be abolished because they result in increased prices and restricted choice while failing to produce any measurable benefit.

The Specialty Wine Retailers Association, a national trade group representing out-of-state retailers, and groups representing legal-age wine drinkers, all opposed the Legislature's most recent circumvention of the Heald Case, as did the Michigan Restaurant Association. The major supporter of the law was the Michigan Beer and Wine Wholesalers Association, a politically powerful trade group that represents the

See "Grapes of Wrath," Page 6

A LITTLE SCHOOL — A BIG IDEA
Chassell Township Schools' transparent spending

BY KENNETH M. BRAUN

One of the smallest public school districts in Michigan is Chassell Township Schools. Located on the Keweenaw Peninsula that juts out into Lake Superior, Chassell students live closer to Fargo, N.D., than to Lansing. All grades are housed in one school building and during 2007-2008 it had 264 students, taught by 20 teachers. The senior class had 17 and all of them graduated.

A tiny district in a remote part of Michigan obviously cannot afford to provide many

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Kenneth M. Braun, *Senior Managing Editor,* Michigan Capitol Confidential

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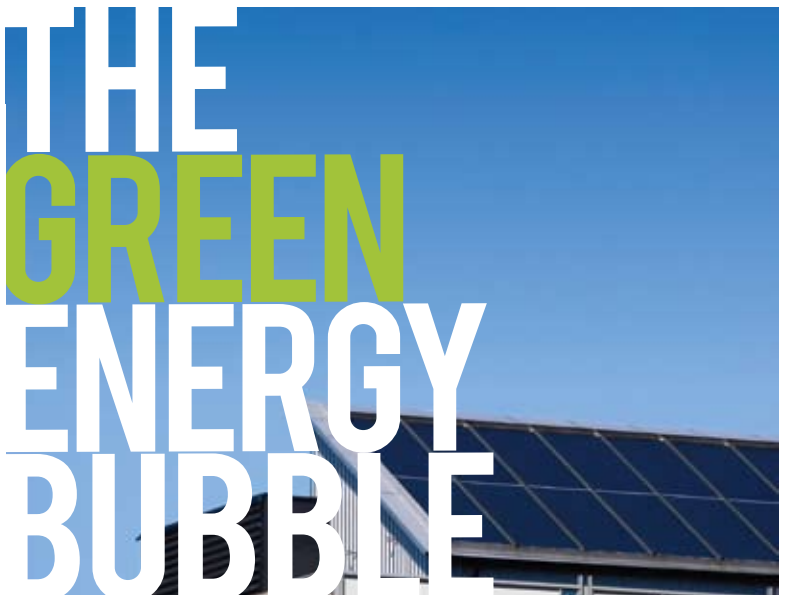

BY RUSS HARDING

Politicians and self-proclaimed environmentalist groups tell us that the salvation of our moribund economy is green jobs. We are being asked to believe in the bold new economy that will replace current forms of energy such as coal-fired power plants and gasoline-powered cars with alternative energy such as wind-powered utilities and cars that run on bio-fuels or electricity. But, are these green jobs our economic salvation or just another ill-advised attempt by politicians to steer the economy in a new direction?

Economic prosperity requires that we have access to both reliable and affordable energy to heat our homes and power our factories and vehicles. A steep run up in energy costs coincided with an economic recession in the 1970s and is once again a contributing factor to our current economic problems. Alternative energy mandates supposedly will serve as an economic stimulus by creating new jobs such as building wind mills and solar panels.

Claims similar to those being made by Phil Angelides of the Apollo Alliance that the development of clean energy will provide concomitant "growth in jobs, technology, equipment, suppliers and productivity if the United States actually treated the development of clean energy as a national economic priority" conveniently ignore economic realities. Mandating more expensive forms of alternative energy takes money out of the pocket of consumers and drives up business costs, resulting in the loss of jobs. An additional test for the viability of green job economic benefit claims is whether these projects require government subsides or not. If the answer is yes, the end economic results are more likely negative rather than positive.

Another significant problem with alternative energy mandates is that they often result in unintended consequences. Ethanol mandates are a prime example. The promise of ethanol to power our automobiles was simply too good for politicians to resist. After all, who could oppose growing our own fuel rather than relying on oil imports from hostile nations with the added benefits of assisting the nation's farmers and reducing the CO_2 emissions that many environmental activists and scientists believe contribute to global warming?

But, alas, ethanol did not deliver the promised benefits. In fact, the negatives of ethanol far outweigh its positives. "A Note on Rising Food Prices," a report released in July 2008 prepared for the World Bank, concludes "the most important factor [for world

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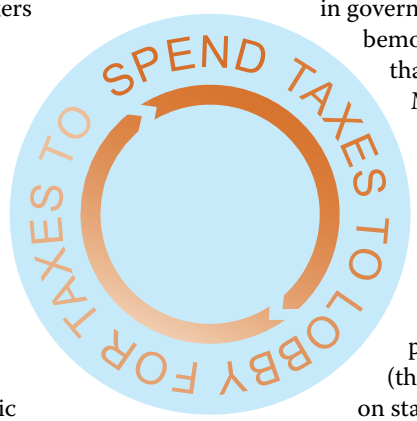
Using Taxes to Lobby for Taxes

BY DIANE S. KATZ

Municipalities and townships across the state, in concert with universities and hospitals, are spending public funds in pursuit of tax increases that will benefit them and reduce the need to control their budgets.

Unbeknownst to millions of Michigan residents, their hard-earned tax dollars are being spent to lobby the Legislature for higher taxes. Municipalities and townships across the state, in concert with universities and hospitals, are spending public funds in pursuit of tax increases that will benefit them and reduce the need to control their budgets.

The campaign for higher taxes that preceded the successful $1.4 billion tax hike imposed by Michigan lawmakers and the governor at the end of 2007 was being promoted by an organization with the ironic name of the "Michigan Fiscal Responsibility Project." This group was run by a Lansing public relations firm hired by the Michigan Municipal League, the Presidents Council, State Universities of Michigan and the Michigan Health & Hospital Association. A spokesman for the group would not divulge the cost of the open-ended effort when asked in the fall of 2007, but said it was launched the prior year.



The Michigan Municipal League is funded by dues from 515 of Michigan's 533 cities and villages whose primary source of income is tax dollars, of course. The President's Council is funded by dues from Michigan's 15 public universities — all of which rely on tax dollars to operate. The hospital association represents a variety of medical care organizations, both public and private, which receive considerable public funding.

True, it is routine for groups like the League, Presidents Council and hospital association to lobby legislators for specific appropriations related to their budgets. In this instance, however, they were pressing lawmakers for higher taxes, which constituted political activism of a much greater magnitude.

In dispatches to the media and in Web site postings, the groups advocated new "investment" in government and bemoaned the fact that the average Michigan family paid only 7.9 percent of its income to the state.

"If we were spending 9.49 percent of state personal income (the Headlee limit) on state spending … we would have $4.6 billion annually more in state spending," the group advised in an e-mail to reporters.

Contrary to the most basic economic principles, the high-tax enthusiasts actually claimed that Michigan had lost jobs and business investment because taxes were too low. "More cuts will only mean we'll fall farther behind states that are investing in the essential services that all citizens — and all prosperous communities — need," claimed Arnold Weinfeld, director of public policy and federal affairs for the Michigan Municipal League.

Beyond growing the size of local government, the League may have a secondary interest in higher taxes: Its membership dues are based on the amount of revenue sharing collected by member municipalities and townships. The more dollars Lansing collects and remits to local government, the larger the League's coffers will grow.

It's also worth noting that the League was then fresh from lobbying against ending the local cable television monopolies that had enriched municipal budgets for decades at the expense of consumers.

It's no mystery why municipalities, universities and hospitals want to maintain high taxes. Absent ever greater tax revenue, they would be forced to rein in spending. That's the deceit of tax-and-spenders. Instead, they are misleading taxpayers by claiming that lower taxes will decimate police and fire departments and undermine public safety. What they fail to acknowledge is that state government wastes enormous sums of money on all sorts of projects and schemes that are wholly unrelated to its core functions. Simply put, Michigan's budget shortfalls happen because Lansing spends too much, not because it collects too little.

That these advocates for higher taxes use tax dollars to indulge their spending is an insult to Michigan taxpayers and contrary to the best interests of the state. ■

Diane S. Katz is director of risk, environment and energy policy for the Fraser Institute. This is an updated version of an article that was published in February of 2007, when Ms. Katz was the director of science, environment and technology policy at the Mackinac Center for Public Policy. The author may be contacted at diane.katz@fraserinstitute.org.
For additional information and an opportunity to comment on this issue, please see www.mackinac.org/10207.

SNEAK ATTACK

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her 2002 election campaign, Gov. Jennifer Granholm endorsed the idea, so if this proposal is passed by the senate it's almost certain she would sign it.

The House passed an identical bill during another late-night session on Dec. 13, 2001, but most members had been told it was merely a "technical" change in the law. The bill is anything but that. When the truth became known, the Senate never considered the bill, though versions of it have been introduced in every legislative session since.

This most recent late-night approval of virtually the identical concept came almost seven years to the date later. Once again, the Senate came to the taxpayers' rescue when that chamber declined to consider HB 4141, letting it die when the 2007-2008 session of the Legislature came to a close.

While the Michigan Chamber's "conservative" estimate is a $3.2 billion property tax hike, their high-end estimate is $7.6 billion. This bill is clearly a taxpayer unfriendly "tweaking" of Proposal A.

The legislation did not receive a committee hearing and was instead the subject of a "discharge" motion, a parliamentary maneuver that allows a bill to be removed from committee deliberations and sent directly to the floor of the House for a vote. Sometimes, this tactic is used when a rapid and unexpected vote is desired so as to give public opponents less time to contact and persuade lawmakers to vote "no."

The Michigan Chamber of Commerce, one of the state's largest business representatives with 7,100 members, is one such opponent and strongly believes that this evasive strategy was being used against them. Blasting the vote as a an "unconscionable act" conducted "in the dark of night" without "public debate," the Chamber conservatively estimates that if it became law this expanded use of sinking funds would represent a $3.2 billion property tax hike.

"This sneak attack on taxpayers was utterly irresponsible," stated Chamber President Rich Studley. "With home foreclosures in Michigan among the highest in the nation and homeowners paying higher taxes on lower property assessments, this legislation is ludicrous."

The Chamber's press release also noted that the House's vote failed to provide "a single cost-saving reform measure or initiative to improve student achievement."

How does HB 4141 accomplish its end run around Proposal A? Traditionally, sinking funds were a way to set aside money to repay principal on a debt and for future capital projects — like buying real estate or constructing and repairing buildings. Unlike school bonds, which can be used for everything from furniture to school buses, the legal uses of sinking fund taxes are limited. Nevertheless, school districts are relying on them more and more — as of 2005 almost a quarter of the state's 551 districts had sinking funds. If the allowable uses for these funds are expanded, that number can be expected to grow even larger.

Because the bill doesn't explicitly repeal any of Proposal A's operating millage caps, it doesn't alert the public to its likely outcome. Technically, it just lets sinking funds be used for the same purposes as school bonds. Schools are limited in how many mills they can levy for regular bonds and still qualify for favorable interest rates — but if sinking funds could be used for the same purposes, it would create a whole new 5-mill property tax opportunity.

Sinking funds currently allow school officials to maintain a fund of property-tax-generated dollars available for the permissible uses, the scope of which would greatly expand under this legislation. Schools could dip into the pot whenever they like, a luxury not afforded by regular bonds.

If HB 4141 becomes law, a school board could offer higher salaries or benefits from its annual state foundation grant, since other expenses funded by these grants in the past might be covered by new sinking fund tax dollars — a potential shell game. School board members friendly to employee unions could seek ways to substitute sinking fund proceeds for these expenses, thereby conserving state money to boost payrolls without accompanying productivity increases.

This effort to raise taxes comes at a time when hundreds of millions of dollars in potential savings are already available. Following Ohio's example by exempting schools from "prevailing wage" rules would save at least $150 million every year. And millions more could be saved, as many districts have shown, through competitive contracting of support services such as food, custodial and transportation.

While the Michigan Chamber's "conservative" estimate is a $3.2 billion property tax hike, their high-end estimate is $7.6 billion. This bill is clearly a taxpayer unfriendly "tweaking" of Proposal A; it would diminish the system that has lowered Michigan property taxes, brought more money to our schools and injected a measure of competition into the school system.

Needing 56 votes to pass, the bill was approved with strong bi-partisan support when 20 House Republicans joined 51 Democrats in voting for the measure. The bill was opposed by 28 lawmakers, all Republicans, while 11 legislators did not vote. As noted above, the Michigan Senate declined to consider the proposal, which died when the 2007-08 term of the Michigan Legislature came to a close.

The Michiganvotes.org vote tally for HB 4141 is below. Contact information for the legislators is on page 15. ■

Jack McHugh is the senior legislative analyst for the Mackinac Center for Public Policy. He may be reached at mchugh@mackinac.org. This is an updated version of his May 23, 2006, commentary on a similar proposal. For additional information and an opportunity to comment on this issue,

Check MichiganVotes.org

"Sneak Attack" Legislators who voted TO ALLOW public schools to expand the use of sinking fund property tax spending:

HOUSE REPUBLICANS (20)

Caul (R)	Shaffer (R)	Jones, Rick (R)	Gaffney (R)	Casperson (R)
Emmons (R)	Proos (R)	Opsommer (R)	Ball (R)	Meekhof (R)
Green (R)	Agema (R)	Rocca (R)	Pavlov (R)	Pearce (R)
Huizenga (R)	Booher (R)	Pastor (R)	Schuitmaker (R)	Stakoe (R)

HOUSE DEMOCRATS (51)

Accavitti (D)	Constan (D)	Gonzales (D)	Lemmons (D)	Smith, Alma (D)
Angerer (D)	Corriveau (D)	Griffin (D)	Lindberg (D)	Spade (D)
Bauer (D)	Coulouris (D)	Hammel (D)	Mayes (D)	Tobocman (D)
Bennett (D)	Cushingberry (D)	Hammon (D)	McDowell (D)	Valentine (D)
Bieda (D)	Dean (D)	Hood (D)	Melton (D)	Warren (D)
Brown (D)	Dillon (D)	Hopgood (D)	Miller (D)	Wojno (D)
Byrnes (D)	Donigan (D)	Johnson (D)	Polidori (D)	Young (D)
Byrum (D)	Ebli (D)	Jones, Robert (D)	Sak (D)	
Clack (D)	Espinoza (D)	Lahti (D)	Scott (D)	
Clemente (D)	Farrah (D)	LeBlanc (D)	Sheltrown (D)	
Condino (D)	Gillard (D)	Leland (D)	Simpson (D)	

Legislators who voted AGAINST allowing expanding sinking fund spending options:

HOUSE REPUBLICANS (28)

Acciavatti (R)	Elsenheimer (R)	Law, David (R)	Nitz (R)	Stahl (R)
Amos (R)	Hildenbrand (R)	Marleau (R)	Nofs (R)	Walker (R)
Brandenburg (R)	Hoogendyk (R)	Meltzer (R)	Palmer (R)	Ward (R)
Calley (R)	Horn (R)	Moolenaar (R)	Palsrok (R)	Wenke (R)
Caswell (R)	Hune (R)	Moore (R)	Robertson (R)	
DeRoche (R)	Knollenberg (R)	Moss (R)	Sheen (R)	

HOUSE DEMOCRATS (NONE)

Legislators who DID NOT VOTE:

Cheeks (D)	Jackson (D)	Meadows (D)	Steil (R)
Garfield (R)	LaJoy (R)	Meisner (D)	Vagnozzi (D)
Hansen (R)	Law, Kathleen (D)	Smith, Virgil (D)	

2008 House Roll Call 1105 on HB 4141

THE LOWDOWN

MICHIGAN #1 FOR ECONOMIC DEVELOPMENT?

The December 2008 edition of Business Facilities magazine announced that Michigan had won the publication's 2008 "State of the Year" contest on the basis of the five best investments in the state during the year. The projects under consideration added up to more than 10,000 new jobs and almost $14 billion in corporate investment. The magazine characterized the competition as a "blowout victory" for Michigan that was "unequivocally propelled" by a joint investment between Dow Chemical and a Kuwaiti chemical company.

The validity of this award had a healthy share of skeptics, due in part because during the same month Michigan was on its way to posting the nation's worst unemployment rate, going above 10 percent for the first time since September 1985. One media outlet, the MIRS Capitol Capsule newsletter (www.mirsnews.com – subscription required) decided to investigate the rationale behind the award after the "K-Dow" joint chemical company investment was cancelled in late December, just after Business Facilities proclaimed its "State of the Year." The loss of this single deal eliminated $11 billion of the $14 billion that the magazine was crediting to Michigan in the contest.

MIRS found out that Business Facilities ranked states based on "unverified claims a state development agency made about its top five projects." In the case of Michigan, the agency submitting the claims was the Michigan Economic Development Corporation. According to the magazine's Web site, the publication is "a dynamic community for C-level executives and economic development organizations." Effectively, this implies that the MEDC is a typical Business Facilities magazine customer.

Contacted by MIRS, the author of the "State of the Year" article explained that the magazine used the numbers "exactly as received by each state organization" and that the organizations "also supplied us press releases that verified their numbers."

"In other words," according to MIRS, "a state such as Michigan, even if it were hopelessly mired in 50th place in terms of overall business development, could still do very well in the contest."

The MEDC and many other state-based economic development agencies like it use targeted tax incentives as a means of luring specific corporate investment to a state. Critics of this approach contend that no panel of government experts can know better than the marketplace what companies are best at creating growth, and thus that cutting taxes evenly for all businesses is a far more effective — and fairer — tool than awarding special favors to a few companies deemed most worthy by the state.

Champions of targeted abatements contend that state experts can sometimes be more effective than the market at predicting who will best maximize the state's economic growth, and use the Business Facilities' ranking and other barometers to help demonstrate their prowess relative to competitors in other states.

Michael D. LaFaive is director of the Mackinac Center for Public Policy's Morey Fiscal Policy Initiative and a skeptic of targeted tax abatements. In 2005, he and Michael Hicks, an adjunct scholar with the Center, teamed up to write a historical retrospective of the first nine years of the Michigan Economic Growth Authority, the MEDC's primary tool for granting these special favors. The peer-reviewed economic analysis found that the program had no impact on Michigan's per-capita personal income, did not improve Michigan's unemployment measures, and produced nothing of lasting value. To date, the MEDC has not refuted a single claim made by LaFaive and Hicks.

When contacted regarding the anomaly in the "State of the Year" rankings, LaFaive told MIRS that magazines such as Business Facilities "hand out awards like candy on Halloween" as a means of generating publicity. Likewise, he asserted that the MEDC and similar agencies enter the contests because it "adds legitimacy to their claims, however shallow that legitimacy may be."

MIRS published this story in its Jan. 23 issue. Four days later, the Michigan Senate Finance Committee held a hearing on Senate Bills 71 and 72, proposals that would require the MEDC to submit more concrete and transparent documentation of their jobs claims to the Legislature so that lawmakers can better establish what — if any — impact targeted tax abatements have on the Michigan economy.

Kenneth M. Braun, director of the Mackinac Center's "Show Michigan the Money" transparency project, testified at the invitation of the committee chair, Sen. Nancy Cassis, R–Novi. Braun reiterated the LaFaive and Hicks findings regarding the failures of targeted tax abatements.

The MEDC did not send a representative to testify at the hearing.

The committee voted in favor of the bills and sent them to the full Senate with a recommendation that they pass. Two similar bills were overwhelmingly approved by the Senate at the end of 2008, but then died in the House of Representatives when that chamber declined to consider them.

NEW LAWMAKER TO SAVE STATE FROM 'CLEAR AND PRESENT DANGER'

State Rep. Paul Scott, R–Grand Blanc, is one of 46 lawmakers joining the Michigan Legislature for the 2009-2010 session. The new legislator's first two bills are designed to slay what he characterizes as a "clear and present danger to all Michigan residents."

House Bill 4099 would make it illegal for an owner of virtually any public facility to allow smoking. House Bill 4100 would put out of business any restaurant that allows customers to smoke. Scott asserts that there would be "no exceptions" to this ban.

The Michigan Restaurant Association, representing more than 4,500 locations across Michigan, believes that its members should set their own smoking policies so as to cater to the desires of each restaurant's unique base of customers.

"We're in the business of providing customers with choices and giving them what they want," is how former MRA president Rob Gifford characterized the matter when fighting against similar legislation in 2004. "With the growing number of smoke-free restaurants across the state in recent years, the restaurant and foodservice industry has done an excellent job of regulating itself without government interference."

Scott's media release dismissed the arguments made by these job providers as the work of "naysayers." He suggests that they could learn something by visiting a local restaurant in his district that he says is thriving because it voluntarily banned smoking so as to please its customers.

The MRA says this restaurant's decision to go smoke-free voluntarily is an example of a rapidly growing trend and is precisely why government does not need to and should not impose a ban on restaurant owners who think it might hurt their particular business.

"Since 1998 the number of restaurants and taverns that offer a 100 percent smoke-free environment has increased more than 97 percent," noted the MRA while successfully resisting a bill similar to Scott's during the 2007-2008 legislative session. "In 1998, there were 2,200 smoke-free establishments. Today, there are more than 4,350."

The restaurant owners' organization also submitted evidence showing states that totally ban smoking in restaurants have seen their sales growth projections disappoint by as much as 12.4 percent following the imposition of the ban.

But Scott believes the will of the majority has spoken and that no restaurant owner anywhere in Michigan should be allowed to cater to a smoking minority that may wish to have a few places left where they can light up when eating out.

"People overwhelmingly want this ban," notes the lawmaker. "I talked with thousands of local residents during the last few months and there is steadfast support for a smoking ban." ■

For additional information and an opportunity to comment on these issues, please see www.mackinac.org/10207.

GRAPES OF WRATH

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state-endorsed wholesale beer and wine distributors.

While the Heald decision recognized Michigan's authority to regulate alcohol distribution within its borders (which is granted by the U.S. Constitution's 21st Amendment), it prohibited the state from applying a different standard to in-state and out-of-state wine and beer suppliers. Michigan lawmakers could have responded to this ruling by allowing Michigan consumers to save money by avoiding the MB&WWA middlemen, instead granting residents here direct access to all of the nation's federally licensed wine and beer suppliers. Some form of this standard is the law in many states. Instead, Public Act 474 essentially prohibits both in-state and out-of-state suppliers from shipping directly to Michigan customers, effectively blocking many out-of-state wine retailers from the Michigan market.

The MB&WWA forms the second tier of what is known as a "three-tier" distribution network. The first tier is producers, importers or other suppliers of beer and wine to the Michigan market; the third tier is the final retail seller, such as local stores and restaurants. Nearly all beer and wine sales in Michigan must pass through this licensing network.

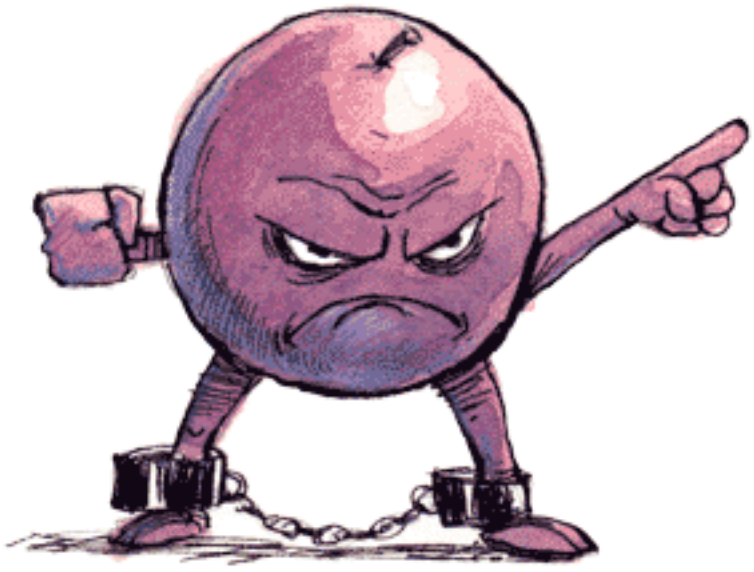
The 2003 Federal Trade Commission report, "Possible Anticompetitive Barriers to E-Commerce: Wine," cites four historical justifications for why states such as Michigan use three-tier distribution networks to ban direct shipment, thereby creating a government-protected market for the middleman. Two of these reasons, preventing minors from purchasing alcohol and ensuring the collection of taxes, are still vehemently defended by the wholesalers and the state. However, both the FTC and a majority of the U.S. Supreme Court justices reject these rationales.

The FTC report concludes that "many states have decided that they can prevent direct shipping to minors through less restrictive means than a complete ban, such as requiring an adult signature at the point of delivery," and that these states "report few, if any, problems." Typical of such responses, an Illinois regulator told the FTC in early 2003 that mail-order shipment to minors was "not a serious problem." Likewise, a California official testified before that state's Legislature in 1997 that after 20 years of allowing direct shipment, they "never had an incident where there was a complaint about a minor receiving it." Likewise, a Dec. 7, 2004, article about the Heald case in the Detroit Free Press quotes the executive director of the Michigan Sheriffs' Association saying that he was "unaware of any issues" regarding minors buying wine online during the period when Michigan consumers could legally do so from in-state wineries.

Regulators from Illinois, Wisconsin and New Hampshire offered an opinion to the FTC regarding why this was so, each asserting that it was easier for minors to make an illegal purchase from a local "bricks-and-mortar" store. The FTC report cites a 2002 survey that backs up these speculations, finding that 68 to 95 percent of high school students claim that it is "fairly easy" or "very easy" to get alcohol in this fashion. The report notes that Michigan officials conducting sting operations found that alcohol could be obtained by minors from local retailers 55 percent of the time, even after a "valid Michigan license" was provided "that identified the customer as a minor."

In Heald, the majority opinion of the Court both cited and agreed with the FTC's conclusions, saying that Michigan and New York — the two states involved in the lawsuit — had provided "little evidence" of a problem with minors purchasing alcohol through the mail.

The Court also dismissed Michigan's claim that fears of tax evasion provided a reason for prohibiting direct shipment, calling it a "diversion" because "unlike many other states" Michigan does not use its three-tier system to collect taxes from producers. Instead, the opinion points out that Michigan collects taxes "directly from out-of-state suppliers" for what they voluntarily report shipping into the state.



WWW.FREETHEGRAPES.ORG

Free the Grapes! is a national, grassroots coalition of consumers, wineries and retailers which seeks to remove restrictions on wine direct shipping. Their goal is to augment, not replace, the three-tier system with limited, regulated wine shipments from wineries and retailers to consumers. (Illustration used with permission)

Draconian federal penalties for violation of state tax laws, such as revocation of a retailer's federal license to sell alcohol in *every* state, are cited by the Court as a powerful incentive for honest self-reporting of tax liabilities, and state officials are empowered to bring suit against out-of-state violators of in-state laws.

The FTC reached similar conclusions, asserting that states with fewer restrictions on direct shipping report "few or no problems with tax collection."

Creating artificially high prices so as to discourage drinking is noted in the FTC report as the third of four historical reasons that states have used for prohibiting direct shipment outside of a three-tier network. Unlike preventing minors from purchasing alcohol or promoting the efficient collection of taxes, this third reason is not publicly offered by the MB&WWA as a justification for the existence of its membership's market protection. Nonetheless, the FTC concludes that increased prices and reduced choice for consumers is what occurs in the states where such arrangements are permitted to exist.

The director of the FTC's Office of Policy Planning teamed up with an Ohio State University political science professor in 2003 to examine Virginia's direct shipment ban. Their conclusions are included in the 2003 FTC wine report. They found that even after accounting for shipping costs, consumers in McLean, Va., would have saved an average of 8 to 13 percent per bottle for wines costing more than $20, and 20 to 21 percent per bottle on wines costing more than $40, if they had been permitted to avoid the state's direct shipment ban and order direct from out-of-state suppliers.

Furthermore, the McLean wine selection was found to be artificially restricted, precluding shoppers from finding "some of the more popular bottlings" to say nothing of "thousands of lesser known labels." Similarly, Wine Michigan, a trade industry group that represents Michigan wineries, asserts that there are "150,000 different wine labels available today in the United States," but that the MB&WWA — which it refers to as Michigan's "Wholesaler Monopoly" — has admitted to carrying only 10 percent of them.

These consumer benefit concerns were also given a sympathetic nod by a majority of the U.S. Supreme Court in Heald. The opinion asserts that the "extra layers of overhead increase the cost of out-of-state wines to Michigan consumers" and further that the "cost differential, and in some cases the inability to secure a wholesaler for small shipments, can effectively bar small wineries from the Michigan market."

"Preventing organized crime from gaining control of alcohol distribution," is the last of the four historical reasons the FTC reports as motivations for states deciding to create three-tier alcohol distribution networks. Though unaddressed by the rest of the report as well as the majority opinion in the Heald case, this concern was no trifling matter when Prohibition was repealed in 1933.

Charles "Lucky" Luciano was perhaps the most notorious example of the problem to be avoided. According to "Five Families," a book about the history of the New York underworld, this architect of the modern American mafia once bragged that his personal gross share of the New York bootlegging market in 1925 exceeded $12 million (more than $145 million in 2008 dollars), but that his net from this was just $4 million (more than $48 million in 2008), because of "overhead" that included not just salaries for staff, but also bribes to law enforcement and other officials.

Contrary to initial fears, organized crime's control of alcohol distribution did not survive after Prohibition, in the wake of which many states created three-tier distribution systems. Michigan's system dates back to 1933, the year of Prohibition's repeal. Today, the MB&WWA represents 75 private distributors, each with a state-granted privilege to control the flow of more than 90 percent of all the beer and wine that is consumed by Michigan residents. In 2004, the MB&WWA dedicated a new 8,500-square foot, $2 million Lansing headquarters. The reception area is named the "1933 Room."

This room was featured in a detailed series of articles about the MB&WWA written by Detroit Free Press reporter Jennifer Dixon and published between Feb. 10th and 12th, 2005. A popular location for state lawmakers to host fundraisers, the 1933 Room represents just one form of political influence that Dixon linked with the organization.

She asserts that Michigan wholesalers are "the envy of their industry" and quotes a former

chairman of MB&WWA who claimed that they are routinely congratulated by out-of-state colleagues who note "how good we have it" in Michigan. High up amongst what he called the group's "blessings" is not being one of the states that allow consumers to avoid the middleman-wholesalers.

Because these government-sanctioned monopolies are privately held, businesses records of their value and profits are not public information. Dixon gives a hint as to their profit-making potential by citing statistics showing that one large Michigan distributor marks up each case of beer by $4 to $5 after getting it from Anheuser-Busch and before sending it along to a retail store. The wholesalers' chief lobbyist is quoted as saying that many of his members are millionaires.

What sustains these "blessings?" Dixon's work suggests that much of it involves political campaign contributions.

She found that all but nine of the 148 lawmakers elected to the Legislature in 2002 received a campaign contribution from the wholesalers. (Michigan Capitol Confidential research for this article discovered that all but 11 of the 148 lawmakers serving in 2008 and voting on the bill to create the direct shipment ban had received at least one such contribution during their career.) Michigan's current governor, attorney general and secretary of state are also recipients.

The Michigan Campaign Finance Network lists the wholesaler's political action committee as donating $722,698 during the 2006 election cycle, ranking it as the 14th largest PAC. However, unlike virtually all of those PACs listed higher, such as unions, business groups and funds linked directly to Democrat and Republican causes, Rich Robinson, director of the MCFN, told the Detroit Free Press that the MB&WWA is unique because it is one of the few that gives generously to politicians from both political parties.

And these donations are not trivial. MCFN analysis shows that the MB&WWA ranked as one of the "top contributors" for 88 of the 148 lawmakers during the 2006 election cycle. Winning this election put them in position to vote on the bill to ban direct shipment. For 65 of them, the MB&WWA was one of their five largest single sources of campaign cash; 51 of them received $4,000 or more from the wholesalers' PAC and eight senators received equal to or in excess of $9,000.

Dixon reported additional benefits given to some lawmakers. One front-page article highlighted a 2004 trip to Grand Cayman for four lawmakers — paid for by the MB&WWA — so that they could attend and speak at a wholesaler's event. Even though the Michigan Legislature was still in session during part of the trip, the four guests included the speaker of the House, the Senate minority leader, and the chair of the House committee that handles bills dealing with liquor regulation.

The newspaper notes that the trip cost the trade group $11,213, and that this was an "unusual lobbying tactic" given that their analysis of more than 100 other associations and corporations revealed "only a few" that reported trips for lawmakers with costs exceeding even $1,000. The article quotes the wholesalers' newsletter that described the trip as "five days of governance, business seminars, social events, sporting activities and to just kick back from the winter doldrums of the Midwest."

Because the lawmakers spoke at the gathering, and thus ostensibly provided something of value to the wholesalers, under Michigan law they were entitled to have the cost of their trip paid for by the MB&WWA. Similar trips have been provided to resorts in Cabo San Lucas, Palm Beach, the Bahamas and more. One of the four lawmakers in attendance at the Grand Cayman event was asked by Dixon what the wholesalers got for such expenditures. He replied: "They get a lot of goodwill, no doubt about it."

That lawmaker, State Rep. Ed Gaffney, R–Grosse Pointe Farms, was one of 98 state representatives to vote in favor of the bill to ban direct shipment of beer and wine to adult customers. It was one of his last acts as a term-limited state legislator. On Jan. 16, 2009, just over two weeks after he left office and exactly one week after Gov. Granholm signed the direct-shipment ban into law, the governor appointed Mr. Gaffney to a seat on the Michigan Liquor Control Commission, the primary regulatory agency that oversees the state's beer and wine wholesaler industry. This job pays $82,000 per year.

Thirty-six senators also voted in favor of the ban. Four state representatives voted against the ban, along with two senators. The Michiganvotes.org roll call vote for 2008 House Bill 6644 appears below. The contact information for legislators is on pages 14 and 15. ■

For additional information and an opportunity to comment on this issue,

Check MichiganVotes.org

"Grapes of Wrath" Legislators who voted TO BAN home shipment of beer and wine to Michigan consumers:

SENATE REPUBLICANS (19)

Allen (R)	Cropsey (R)	Hardiman (R)	McManus (R)	Sanborn (R)
Birkholz (R)	Garcia (R)	Jansen (R)	Pappageorge (R)	Stamas (R)
Bishop (R)	George (R)	Jelinek (R)	Patterson (R)	Van Woerkom (R)
Brown (R)	Gilbert (R)	Kahn (R)	Richardville (R)	

SENATE DEMOCRATS (17)

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

HOUSE REPUBLICANS (46)

Acciavatti (R)	DeRoche (R)	Hune (R)	Opsommer (R)	Shaffer (R)
Agema (R)	Elsenheimer (R)	Jones, Rick (R)	Palmer (R)	Sheen (R)
Amos (R)	Emmons (R)	LaJoy (R)	Palsrok (R)	Stahl (R)
Ball (R)	Gaffney (R)	Law, David (R)	Pastor (R)	Stakoe (R)
Booher (R)	Green (R)	Marleau (R)	Pavlov (R)	Ward (R)
Brandenburg (R)	Hansen (R)	Meekhof (R)	Pearce (R)	Wenke (R)
Calley (R)	Hildenbrand (R)	Moolenaar (R)	Proos (R)	
Casperson (R)	Hoogendyk (R)	Moore (R)	Robertson (R)	
Caswell (R)	Horn (R)	Moss (R)	Rocca (R)	
Caul (R)	Huizenga (R)	Nitz (R)	Schuitmaker (R)	

HOUSE DEMOCRATS (52)

Accavitti (D)	Condino (D)	Gonzales (D)	LeBlanc (D)	Simpson (D)
Angerer (D)	Constan (D)	Griffin (D)	Leland (D)	Smith, Alma (D)
Bauer (D)	Corriveau (D)	Hammel (D)	Lemmons (D)	Spade (D)
Bennett (D)	Coulouris (D)	Hammon (D)	Lindberg (D)	Tobocman (D)
Bieda (D)	Cushingberry (D)	Hood (D)	Mayes (D)	Valentine (D)
Brown (D)	Dean (D)	Hopgood (D)	McDowell (D)	Warren (D)
Byrnes (D)	Donigan (D)	Jackson (D)	Meadows (D)	Wojno (D)
Byrum (D)	Ebli (D)	Johnson (D)	Polidori (D)	Young (D)
Cheeks (D)	Espinoza (D)	Jones, Robert (D)	Sak (D)	
Clack (D)	Farrah (D)	Lahti (D)	Scott (D)	
Clemente (D)	Gillard (D)	Law, Kathleen (D)	Sheltrown (D)	

Legislators who voted TO ALLOW home shipment of beer and wine to Michigan consumers:

SENATE REPUBLICANS (2)

Cassis (R) Kuipers (R)

SENATE DEMOCRATS (NONE)

HOUSE REPUBLICANS (4)

Garfield (R) Meltzer (R) Steil (R) Walker (R)

HOUSE DEMOCRATS (NONE)

Legislators who DID NOT VOTE:

Rep. Dillon (D)	Rep. Meisner (D)	Rep. Melton (D)	Rep. Smith, Virgil (D)
Rep. Knollenberg (R)	Rep. Miller (D)	Rep. Nofs (R)	Rep. Vagnozzi (D)

2008 Senate Roll Call 872 on HB 6644
2008 House Roll Call 1778 on HB 6644

LITTLE SCHOOL — BIG IDEA

from Page One

of the amenities offered at large, suburban districts on the other end of the state. But plucky little Chassell Township Schools has done something important that few of those bigger — and usually wealthier — schools are doing: Providing a monthly, online check register report that allows anybody with a Web browser to see how the district spends taxpayers' money.

On Dec. 31, 2008, the district wrote a check for $187.50 to a private individual for "7.5 hrs of service" and another for $275.00 to a different person for "snowplowing." Anyone with Internet access — from a local newspaper reporter to a researcher far away in Australia — can go to the CTS Web site any time of day, and learn the name of those receiving that money and the number on the checks used to pay them. Dozens of such expenditures for December, from bus repairs to Kleenex to legal bills and more, are also provided.

CTS was one of the first school districts in Michigan to open up its checkbook after receiving a request from the Mackinac Center for Public Policy's "Show Michigan the Money" transparency project (www.showmichiganthemoney.org). A similar request was made of the much larger districts in Macomb and Oakland counties.

While curiosity and a computer gets you access to CTS's spending details, prying this same information from local schools in much of metro Detroit, even for the parents of children attending those districts, is a much more convoluted challenge. Anyone seeking spending information must first know what to ask for; usually they must know how to file a Freedom of Information Act request. Often they will be required to wait several days for the information to arrive, and in some cases they must be willing to pay the district to go find it for them.

What accounts for some districts doing this while others do not?

"We take stewardship of taxpayer funds very seriously, and this gives us a monthly chance to prove it to our community," said CTS Superintendent Mike Gaunt, explaining his district's online check register.

Granting the Show Michigan the Money project's request for an online check register was "no big deal," according to Farmington Public Schools Superintendent Sue Zurvalec, speaking to the Farmington Observer. That district is one of a minority in Oakland County providing this information on the Internet.

The Waterford School District is another. Assistant Superintendent Tom Wiseman told The Grand Rapids Press that his district's online check register "does not cause any problems." He also noted that the district has "always provided detailed check registers for our citizens at Board of Education meetings" and that putting them online is "just another way of getting information to our citizens."

The Montrose Community Schools in Genesee County may have been the very first district in Michigan to so widely share this information. A school employee there was convicted in 2007 of stealing more than $1 million from the district over a 10-year period. As part of the process of reassuring the community that the district was committed to keeping a judicious watch over its dollars, Superintendent Mark Kleinhans led the way to putting the district's check register on the Web. He did this following a request from Peyton Walcott, a Texas transparency advocate.

The Chippewa Valley School District in Macomb County could profit from this example. Twice in recent years, the U.S. Department of Justice has investigated and won convictions against Chippewa Valley school employees for thieving money from the district and its taxpayers. James Tague was sentenced last year to 42 months in prison after stealing more than $2 million from the district while he worked there as a purchasing agent. And Dr. Richard Zaranek, then an elementary school principal, embezzled more than $400,000 between 1996 and 2003. A press release from the U.S. Attorney's office noted that Zaranek "laundered the money by funneling cash and checks through different school-related accounts, then wrote checks on those accounts to himself, personal creditors and personal investment accounts."

There is no certainty that an online check register would have uncovered or prevented these crimes at Chippewa Valley, but in both cases the criminals needed only to hide from the watchdogs they could see: other employees, administrators and the school board. Both criminals could — with a reasonable degree of accuracy — evaluate the risk of success and proceed accordingly. But if posting spending details on the Internet would encourage anyone in the district — or the world — to watch for things that looked out of place and ask questions, then bad actors would never know whose eyes or how many eyes were on them.

Plucky little Chassell Township Schools has done something important that few of those bigger – and usually wealthier – schools are doing: Providing a monthly, online check register…

Bad actors such as Bernie Madoff can happen anywhere and public servants shouldn't be the only watchdogs of the public purse. The taxpayers can and should have the tools to help out as well.

Deterring crime is just an extreme example of why a transparent checkbook is a benefit; saving money is another. Anyone can quickly find out what the Chassell Township Schools pays for snow removal. If it's a good deal, then a neighboring district paying more can ring up that same contractor and perhaps get the better price. Alternatively, if CTS is paying more than necessary, then a rival contractor can see this and propose a better deal. Similar savings could be accomplished by comparing costs for other goods and services.

For both of these reasons and more, the Show Michigan the Money project has requested that Chippewa Valley and every school district in Macomb County commit to regularly placing their check registers on the Internet. With more than 15,000 students, the Chippewa Valley School District ranked as Michigan's 12th largest public school district for 2006-2007. The combined thefts at CVSD mentioned above would amount to more than 80 percent of the Chassell Township Schools' annual budget of almost $3 million. If one of the tiniest school districts in the state can commit to opening its checkbook to the public, then it's a standard that Michigan taxpayers should be able to expect of all the others. ■

Ken Braun is the director of the 'Show Michigan the Money' transparency project for the Mackinac Center for Public Policy and also the senior managing editor of this newspaper. He may be reached at braun@mackinac.org.

ON JAN. 16, 2009, THE FARMINGTON PUBLIC SCHOOLS WROTE A CHECK FOR $362.83 TO JEAN'S HARDWARE

What did they buy? What other checks did they write?

Thomas Jefferson envisioned that the finances of government should be "as clear and intelligible as a merchant's books," allowing "any man of any mind" to "comprehend them, to investigate abuses and consequently to control them." Because the Farmington Public Schools puts its check register online — making the district's finances an open book to anyone with a Web browser — all that is needed to make Jefferson's vision a reality is curiosity and less than five minutes of your time.

Anybody can do it, any time, without an appointment. And you don't need to ask for permission: Farmington doesn't even bother to know who is checking or why.

But to get this same information from most of Michigan's other school districts you will need to ask them first. You might even need to know how to file a Freedom of Information Act request that tells them who you are; it might cost you money; and you may have to wait more than a week for it to arrive.

Michigan Capitol Confidential readers: The "Show Michigan the Money" project needs YOUR help!

The Michigan House Fiscal Agency reports that the state's public school districts collectively spend more than $17 billion of the taxpayers' money each year. The goal of the Show Michigan the Money project is to get all of the state's 551 school districts to follow Farmington's example.

Log on to check our listing of every school whose checkbook is an open book: **www.showmichiganthemoney.org/9329**.

Chances are you won't see your local school district on the list. If you don't, we'd like you to contact district officials and ask them to participate.

You may do this by writing, phoning or e-mailing your superintendent or school board members. Or — best yet — attend a school board meeting and ask in person. Sometimes, all that you need to do is ask nicely: Farmington and several other districts on our list made plans to provide online check registers within just days of us making the request.

Please encourage your schools to check out our Web site and contact project director Kenneth M. Braun (braun@mackinac.org) with questions or to let him know that they have decided to show Michigan the money!

Michigan Capitol Confidential will report the results in forthcoming issues.

CAPITOL CONFIDENTIAL · MACKINAC CENTER FOR PUBLIC POLICY · Michigan Transparency.org

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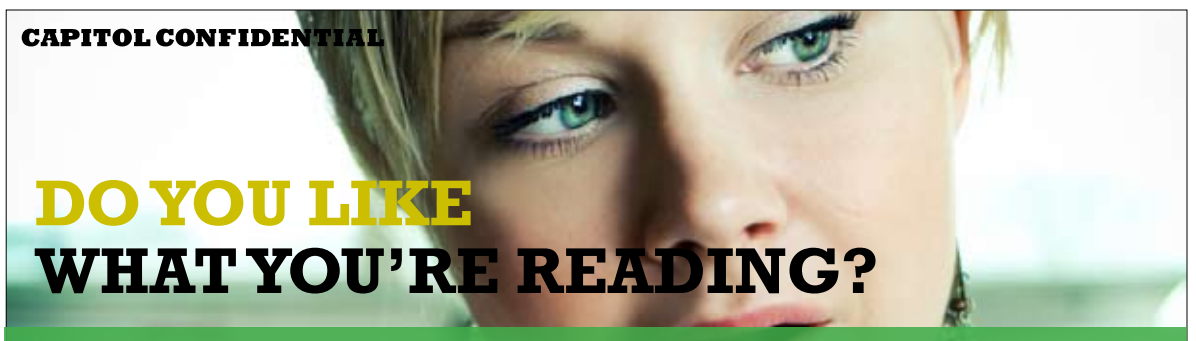

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We look forward to hearing from you!

GREEN BUBBLE

from Page 3

food price increases] was the large increase in bio-fuels production in the U.S. and the EU."

Mandating more expensive forms of alternative energy takes money out of the pocket of consumers and drives up business costs, resulting in the loss of jobs.

The energy bill passed by Congress last year requires a 400 percent increase in the use of renewable fuel in gasoline from the current 9.0 billion gallons per year to 36.0 billion gallons per year in 2022. In a Congressional Research Service report ("Biofuels Provisions in the 2007 Energy Bill and the 2008 Farm Bill: A Side-by-Side Comparison"), updated June 27, 2008, the authors conclude: "Although this is not an explicit ethanol mandate, it is expected that much of this requirement will be met using corn-based ethanol." This expanded renewable fuel mandate caused increases in food prices.

Many environmentalists who formerly pushed for ethanol subsidies and mandates now have dropped their support for corn-based ethanol. Two studies published by the journal "Science" in February of 2008 posit that ethanol production actually increases the release of greenhouse gases. According to researchers at Princeton University, it would take 167 years of producing ethanol to offset the release of carbon dioxide from converting lands to agricultural production. Even with federal and state government subsidies, several ethanol plants across the country have gone bankrupt and plans to build new plants are being shelved.

Solar and wind are now the darlings of advocates for the "new green economy." Producing solar panels and wind turbines are supposed to replace lost manufacturing jobs from industries such as steel and automobiles (never mind that solar energy has been shown to have only limited applicability and that the best wind farm in the world only operates 30 percent of the time). This economic transformation, of course, can be achieved only with government subsidies and mandates. Taxpayers are being asked to foot the bill and the end result will be increased utility bills. Increasing the cost of energy for consumers and businesses can only result in one outcome — fewer jobs.

First we had the dotcom bubble and then the housing bubble. Is the green energy bubble next? American taxpayers would be better served by being told the truth by politicians, rather than the economic nonsense that surrounds the hype regarding the green economy.

(Note: Michigan lawmakers approved two bills relating to the subject matter of this article during December of 2008, as part of the "lame duck" session of the 2007-2008 Michigan Legislature. Brief descriptions of these bills and the Michiganvotes.org roll calls are noted to the right.) ■

Russ Harding is director of the Property Rights Network at the Mackinac Center for Public Policy. He may be reached at harding@mackinac.org. For additional information and an opportunity to comment on this issue, please see www.mackinac.org/10207.

Check MichiganVotes.org

"Subsidize manufacture of electric cars" The following lawmakers voted IN FAVOR of 2008 House Bill 6611, which would authorize a refundable Michigan Business Tax credit for makers of plug-in traction battery packs used in electric cars. Additional credits would be available for research and development expenses. "Refundable" means that the state will send a manufacturer a check for the amount that the credit exceeds the firm's tax liability. Altogether the bill authorizes some $335 million in subsidies each for automakers over seven years.

SENATE REPUBLICANS (17)

Allen (R)	Cropsey (R)	Jelinek (R)	Pappageorge (R)	Van Woerkom (R)
Birkholz (R)	Garcia (R)	Kahn (R)	Richardville (R)	
Bishop (R)	George (R)	Kuipers (R)	Sanborn (R)	
Brown (R)	Hardiman (R)	McManus (R)	Stamas (R)	

SENATE DEMOCRATS (14)

Anderson (D)	Cherry (D)	Gleason (D)	Olshove (D)	Scott (D)
Barcia (D)	Clark-Coleman (D)	Hunter (D)	Prusi (D)	Whitmer (D)
Brater (D)	Clarke (D)	Jacobs (D)	Schauer (D)	

HOUSE REPUBLICANS (42)

Agema (R)	Emmons (R)	Marleau (R)	Palsrok (R)	Sheen (R)
Amos (R)	Green (R)	Meekhof (R)	Pastor (R)	Stahl (R)
Ball (R)	Hansen (R)	Meltzer (R)	Pavlov (R)	Stakoe (R)
Booher (R)	Hildenbrand (R)	Moolenaar (R)	Pearce (R)	Walker (R)
Brandenburg (R)	Horn (R)	Moore (R)	Proos (R)	Ward (R)
Calley (R)	Huizenga (R)	Moss (R)	Robertson (R)	Wenke (R)
Casperson (R)	Hune (R)	Nitz (R)	Rocca (R)	
Caswell (R)	Jones, Rick (R)	Nofs (R)	Schuitmaker (R)	
Caul (R)	Knollenberg (R)	Opsommer (R)	Shaffer (R)	

HOUSE DEMOCRATS (52)

Accavitti (D)	Corriveau (D)	Hammel (D)	Lemmons (D)	Simpson (D)
Angerer (D)	Coulouris (D)	Hammon (D)	Lindberg (D)	Smith, Alma (D)
Bauer (D)	Dean (D)	Hood (D)	Mayes (D)	Smith, Virgil (D)
Bieda (D)	Dillon (D)	Hopgood (D)	McDowell (D)	Spade (D)
Brown (D)	Donigan (D)	Jackson (D)	Meadows (D)	Tobocman (D)
Byrnes (D)	Ebli (D)	Johnson (D)	Meisner (D)	Valentine (D)
Byrum (D)	Espinoza (D)	Jones, Robert (D)	Melton (D)	Warren (D)
Clack (D)	Farrah (D)	Lahti (D)	Polidori (D)	Young (D)
Clemente (D)	Gillard (D)	Law, Kathleen (D)	Sak (D)	
Condino (D)	Gonzales (D)	LeBlanc (D)	Scott (D)	
Constan (D)	Griffin (D)	Leland (D)	Sheltrown (D)	

Legislators who voted AGAINST subsidizing electric cars:

SENATE REPUBLICANS (3)

Cassis (R)	Gilbert (R)	Jansen (R)

SENATE DEMOCRATS (NONE)

HOUSE REPUBLICANS (NONE)

HOUSE DEMOCRATS (NONE)

Legislators who did not vote:

Senator Basham (D)	State Rep. Acciavatti (R)	State Rep. Gaffney (R)	State Rep. Palmer (R)
Senator Patterson (R)	State Rep. Bennett (D)	State Rep. Garfield (R)	State Rep. Steil (R)
Senator Switalski (D)	State Rep. Cheeks (D)	State Rep. Hoogendyk (R)	State Rep. Vagnozzi (D)
Senator Thomas (D)	State Rep. Cushingberry (D)	State Rep. LaJoy (R)	State Rep. Wojno (D)
	State Rep. DeRoche (R)	State Rep. David Law (R)	
	State Rep. Elsenheimer (R)	State Rep. Miller (D)	

2008 Senate Roll Call 922 on HB 6611
2008 House Roll Call 1207 on HB 6611

Check MichiganVotes.org

"Authorize special tax breaks for ethanol gas stations" The following lawmakers voted IN FAVOR of 2008 House Bill 5878, which would authorize a nonrefundable Michigan Business Tax credit equal to 30 percent of the costs incurred by a gas station to convert existing pumps and tanks, or acquire new ones that deliver E85 ethanol or biodiesel fuel, up to $20,000 per taxpayer per year. A total of no more than $1 million in credits would be allowed per calendar year. The bill was signed by Gov. Granholm on Dec. 23, 2008 and became Public Act 335 of 2008.

SENATE REPUBLICANS (18)

Allen (R)	Cropsey (R)	Jelinek (R)	Pappageorge (R)	Stamas (R)
Birkholz (R)	Garcia (R)	Kahn (R)	Patterson (R)	Van Woerkom (R)
Bishop (R)	George (R)	Kuipers (R)	Richardville (R)	
Brown (R)	Hardiman (R)	McManus (R)	Sanborn (R)	

SENATE DEMOCRATS (17)

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

HOUSE REPUBLICANS (50)

Acciavatti (R)	DeRoche (R)	Hune (R)	Moss (R)	Robertson (R)
Agema (R)	Elsenheimer (R)	Jones, Rick (R)	Nitz (R)	Rocca (R)
Amos (R)	Emmons (R)	Knollenberg (R)	Nofs (R)	Schuitmaker (R)
Ball (R)	Gaffney (R)	LaJoy (R)	Opsommer (R)	Shaffer (R)
Booher (R)	Green (R)	Law, David (R)	Palmer (R)	Sheen (R)
Brandenburg (R)	Hansen (R)	Marleau (R)	Palsrok (R)	Stahl (R)
Calley (R)	Hildenbrand (R)	Meekhof (R)	Pastor (R)	Stakoe (R)
Casperson (R)	Hoogendyk (R)	Meltzer (R)	Pavlov (R)	Steil (R)
Caswell (R)	Horn (R)	Moolenaar (R)	Pearce (R)	Walker (R)
Caul (R)	Huizenga (R)	Moore (R)	Proos (R)	Wenke (R)

HOUSE DEMOCRATS (58)

Accavitti (D)	Constan (D)	Griffin (D)	Lemmons (D)	Simpson (D)
Angerer (D)	Corriveau (D)	Hammel (D)	Lindberg (D)	Smith, Alma (D)
Bauer (D)	Coulouris (D)	Hammon (D)	Mayes (D)	Smith, Virgil (D)
Bennett (D)	Cushingberry (D)	Hood (D)	McDowell (D)	Spade (D)
Bieda (D)	Dean (D)	Hopgood (D)	Meadows (D)	Tobocman (D)
Brown (D)	Dillon (D)	Jackson (D)	Meisner (D)	Vagnozzi (D)
Byrnes (D)	Donigan (D)	Johnson (D)	Melton (D)	Valentine (D)
Byrum (D)	Ebli (D)	Jones, Robert (D)	Miller (D)	Warren (D)
Cheeks (D)	Espinoza (D)	Lahti (D)	Polidori (D)	Wojno (D)
Clack (D)	Farrah (D)	Law, Kathleen (D)	Sak (D)	Young (D)
Clemente (D)	Gillard (D)	LeBlanc (D)	Scott (D)	
Condino (D)	Gonzales (D)	Leland (D)	Sheltrown (D)	

Legislators who voted AGAINST special tax breaks for ethanol gas stations:

SENATE REPUBLICANS (3)

Cassis (R) Gilbert (R) Jansen (R)

SENATE DEMOCRATS (NONE)

HOUSE REPUBLICANS (1)

Garfield (R)

HOUSE DEMOCRATS (NONE)

Legislators who did not vote:

State Rep. Ward (R)

2008 Senate Roll Call 767 on HB 5878
2008 House Roll Call 937 on HB 5878

Dear Michigan Capitol Confidential

Here is a sample of what Michigan Capitol Confidential readers are saying.

How do you use Michigan Capitol Confidential? Please write us and let us know!

MICAPCON@MACKINAC.ORG

NORTH MUSKEGON, MI
If our local newspaper would publish this type of information it would not be going out of business. People need this Lansing capitol reporting in their faces all the time.

GRAND LEDGE, MI
I think this is the greatest freebee I ever received in the mail.

ORTONVILLE, MI
I especially like seeing how some hypocrites call themselves Republicans yet consistently vote with the Democrats. And there's no excuse for the 'did not vote' crowd, who want a paycheck but don't show up at work.

PLYMOUTH, MI
Just received my first issue (Nov/Dec) and what catches my eye [is] Random Acts. (See "Novelty Lighters, Annie Oakley and other Random Acts of Legislating," November/December 2008 Michigan Capitol Confidential.) If this is what Lansing is turning out then the voters of this state should be ashamed of themselves. If anything they should create a bill that protects us from them.

VALDEZ, AK
Yes! I do want to keep receiving your great newspaper. You guys are a great source of information to this former Michigander with numerous family ties to your great state.

MT. CLEMENS, MI
I just received your November/December issue. It was my first one. Being informed through the local papers is one thing. Being informed from a perspective that fills in the blanks is even more useful.

KALAMAZOO, MI
I just picked up my first copy (July/August) and how refreshing! Just once I would like to hear of a legislator who believed that "Money is NOT the solution to money problems. A change of life style is."

CONTEST WINNER!

Reader asks lawmaker about his vote

RUTH A. BRAUN
[redacted]
SAGINAW, MI [redacted]
(989) [redacted]

January 8, 2009

Representative Kenneth Horn
P.O. Box 30014
Lansing, MI 48909

RE: HB 4454 - "Right-to-Work"

Dear Ken,

I have enthusiastically agreed with almost all of your positions on issues facing the Michigan House of Representatives. There is one glaring exception, however, which is the reason for this letter.

In the recent November/December 2008 issue of the MICHIGAN CAPITOL CONFIDENTIAL, I was shocked to note that you voted to oppose the "Right-to-Work" bill. Since your vote seems counter to everything you stand for, I would be very interested to learn the reasoning behind your vote.

I believe that the adoption of the "Right-to-Work" option would be extremely beneficial to Michigan. It would not only encourage established businesses, large and small, to remain here, but also would lure others from out-of-state to relocate here.

In these tumultuous economic times, particularly in Michigan, it is absolutely necessary and incumbent upon our lawmakers to maximize the appeal for doing business in our state. This bill would be a giant step in that direction.

Many thanks for your fine service to the greater Saginaw area and to the people of the State of Michigan.

Warmest regards,

Ruth

Ruth A. Braun

cc: Michigan Capitol Confidential

Ruth Braun of Saginaw (no known relation to the senior managing editor of this newspaper) is the inaugural winner of the Michigan Capitol Confidential letter contest. Her winning entry is the letter shown at left. It was written to state Rep. Ken Horn, R-Frankenmuth, asking the law- maker to explain his roll call vote as it was reported in the article titled "Right-to-Work Bill Rejected" from the November/December 2008 issue of Michigan Capitol Confidential.

She wins the framed original of the "Energy 101" Henry Payne cartoon that adorned the front page of the November/December 2008 issue.

The contest, which was also introduced in the November/December 2008 issue, was created in response to recent reports from readers that some lawmakers have begun to deny their own voting records when confronted by Michigan Capitol Confidential readers. Subscribers who have referenced Michigan Capitol Confidential stories when writing to lawmakers or submitting letters that are published in Michigan newspapers are encouraged to forward copies of those letters to us. The very best examples will win a framed original of one of the cartoons from our front page. (If readers receive responses from lawmakers, they are encouraged to enter copies of those as well.)

Ms. Braun's winning entry was selected primarily because of its exceptionally civil tone, brevity and informed prose. While disagreeing with the legislator's vote regarding the issue at hand, she generously conceded that he often does represent her views well and thanks him for it. Additionally, she lucidly but dispassionately argues her point and invites him to respond in kind. Legislators work for the people and Ms. Braun's note to her employee provides a model for how every boss should respectfully interact with their subordinates.

Legislators work for the people and Ms. Braun's note to her employee provides a model for how every boss should respectfully interact with their subordinates.

(Note: Ms. Braun reports that an equally civil and thoughtful reply was received from Rep. Horn.)

The contest will continue, with the winners announced periodically in forthcoming issues of Michigan Capitol Confidential.

Subscribers may submit entries to:

Michigan Capitol Confidential
c/o Contest
140 West Main Street
Midland, MI 48640

Please remember to include your own name, address and contact information with the entry.

Congratulations and thanks to Ms. Braun. ■

PRESIDENTIAL PRIVILEGES

Senators refuse to stand up to state workers' perks

On Feb.12, 2009, the Michigan Senate resoundingly defeated 2009 Senate Resolution 13, a proposal urging Gov. Jennifer Granholm "to work with the Civil Service Commission to require that state employees either work on President's Day or take the day off as an unpaid holiday to reflect the state's dire financial challenges."

SR 13's sponsor, state Sen. Tom George, R-Kalamazoo, reminded his colleagues before the vote that President's Day is a real workday for state employees in other states and much of the private sector everywhere. Only four other Republicans, including Senate Majority Leader Mike Bishop, R-Rochester, voted in favor of the proposal, while 14 Republicans and 16 Democrats voted against it.

In order to fix Michigan, state employees cannot be paid for being idle while the rest of Michigan is yearning to go to work.
– State Sen. Tom George

On the same day, the governor introduced her fiscal 2010 budget, which included proposals to cut $670 million from a variety of state programs, including layoffs for approximately 1,500 state employees, the early release of roughly 4,000 state prisoners, a $100 million cut to state universities, a $164 million cut to K-12 spending and more.

This alarmed some of the Democratic governor's most powerful allies in the Legislature. State Rep. George Cushingberry, D-Detroit, accused the governor of "taking advantage of state workers." Cushingberry is the chair of the House of Representatives' Committee on Appropriations.

According to a 2007 analysis of state worker benefits written by the Mackinac Center's Michael D. LaFaive (www.mackinac.org/8207), each member of Michigan's classified workforce receives 12 holidays every year, and 13 during even-numbered years because Election Day is also credited as a holiday.

LaFaive also noted that employees of the state House of Representatives receive 12 official holidays and also one paid leave day for each ten days of service – a total of 26 leave days per year. The combined total is nearly 2 months of paid leave per year for each of these legislative employees.

The pay and benefits for several Michigan government jobs, such as corrections officers and receptionists, were also examined, revealing that Michigan's state workers are well compensated when compared to comparable workers in the private sector and in other state governments.

The Michiganvotes.org roll call vote for SR 13 is provided at right. The text of the resolution along with Sen. George's remarks in support of it follows.

SENATE RESOLUTION NO. 13

A resolution to urge the Governor to work with the Civil Service Commission to require that state employees either work on President's Day or take the day off as an unpaid holiday to reflect the state's dire financial challenges.

Whereas, Michigan's economic conditions are well documented. Our longstanding status as the state with some of the highest unemployment rates from month to month and the several years we have lagged behind the rest of the country in a host of key economic measures make it clear that significant changes must be made; and

Whereas, As thousands of Michigan families cope with joblessness, the fear of unemployment, and grave uncertainty in their finances, it is important for the public sector to ake the same kinds of sacrifices many in the private sector have been making. It is an incongruous situation that 50,000 state employees enjoy paid holidays for dates when most private workers report for work the same as always; and

Whereas, As Michigan searches for new ways to revive our economy and improve the state's outlook, it is most appropriate to revisit our current practices. Assumptions and policies that may have worked well in the past, when Michigan was in a far stronger situation economically, are not so applicable today. Setting a more realistic tone by reevaluating the benefits enjoyed by state employees can send a significant message and help Michigan in both practical and symbolic ways; now, therefore, be it

Resolved by the Senate, That we urge the Governor to work with the Civil Service Commission to require that state employees either work on President's Day or take the day off as an unpaid holiday to reflect the state's dire financial challenges; and be it further

Resolved, That copies of this resolution be transmitted to the Office of the Governor.

SENATOR GEORGE'S STATEMENT:

Monday morning, the sun will come up and alarm clocks will sound and Michiganders who are lucky enough to have jobs will rub the sleep from their eyes and will celebrate President's Day by heading off to work. Throughout Michigan, auto repair shops will open; so will restaurants, retail shops, dry cleaners, and dental offices. In my district, the public schools are open; teachers and students will report as usual. The Kalamazoo Public Library will be open; so will both Kalamazoo and Portage city halls. Most county offices will be open. Classes will be held at Western Michigan University, Michigan State University, and the University of Michigan. Across the border in Indiana, all state offices are open for business.

However, here in Michigan, where state government faces another huge budget shortfall; here in Michigan, where we don't have enough resources to pave our roads; here in Michigan, where we can no longer afford to keep our prisoners locked up; here in Michigan, where we can't find enough money to fully fund our schools; here in Michigan, on Monday, we are going to give state employees the day off with full pay.

When we lose people and jobs to the state of Indiana, we are sometimes told that it is because of our tax structure—that people and businesses pay more in Michigan. Now if that is so, shouldn't it follow that they should be receiving better services from state government? One might think that perhaps those higher taxes would result in faster services, a quicker turnaround time, or a better response from government. But sadly, on Monday that will not be the case. There will be no state services on Monday, as state government will be on vacation.

I am heartened to see that Governor Granholm and her administration will be meeting with state employee unions in the coming weeks to discuss ways to help fix Michigan through concessions. Colleagues, concessions are nothing new to workers in Michigan, as the Big Three continue to negotiate contracts with their employees to find ways to keep the companies viable and the employees employed.

My friends, if we are ever to truly turn Michigan around, we must stop paying government more and getting less in return. In order to fix Michigan, state employees cannot be paid for being idle while the rest of Michigan is yearning to go to work. ■

For additional information and an opportunity to comment on this issue, please see www.mackinac.org/10207.

Check MichiganVotes.org

"Presidential Privileges" Legislators who voted IN FAVOR of requiring state workers to either work on President's Day or take the day off as an unpaid holiday:

SENATE REPUBLICANS (5)

Bishop (R)	George (R)	Stamas (R)
Cassis (R)	Jansen (R)	

SENATE DEMOCRATS (NONE)

Legislators who voted to keep President's Day as an official paid holiday for state workers:

SENATE REPUBLICANS (14)

Allen (R)	Jelinek (R)	Patterson (R)
Birkholz (R)	Kahn (R)	Richardville (R)
Brown (R)	Kuipers (R)	Sanborn (R)
Cropsey (R)	McManus (R)	Van Woerkom (R)
Gilbert (R)	Pappageorge (R)	

SENATE DEMOCRATS (16)

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

Legislators who DID NOT VOTE:

Garcia (R)	Hardiman (R)

2009 Senate Roll Call 22 on SR 13

Information appears as follows:
State Senate District
Last Name, First Name: Party
Location
Phone
E-mail

01
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02
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03
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04
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06
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07
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10
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11
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12
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13
PAPPAGEORGE, JOHN: R
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15
CASSIS, NANCY: R
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16
BROWN, CAMERON: R
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17
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18
BRATER, LIZ: D
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517-373-2406
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19
VACANCY

20
GEORGE, THOMAS M.: R
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21
JELINEK, RON: R
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22
GARCIA, VALDE: R
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23
WHITMER, GRETCHEN: D
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24
BIRKHOLZ, PATRICIA L.: R
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25
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26
CHERRY, DEBORAH: D
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27
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28
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29
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30
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32
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33
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34
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35
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36
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37
ALLEN, JASON: R
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38
PRUSI, MICHAEL: D
515 Farnum Building
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WHY WE GIVE PARTY AFFILIATIONS:

The Legislature is managed as a partisan institution. Lawmakers segregate themselves by party in matters from daily meetings to seating. They have separate and taxpayer-financed policy staffs to provide them with research and advice from differing perspectives. As such, gaining a full understanding of the vote of an individual lawmaker requires knowing his or her partisan affiliation.

Did you know?

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

CAPITOL CONFIDENTIAL

WHO ARE YOUR LAWMAKERS?

As a result of the November 2008 election, the House of Representatives now has 46 new members (highlighted on these pages in yellow)!

To find out which lawmakers represent you and to view interactive legislative district maps, please point your web browser to www.mackinac.org/9313.

If you do not have Internet access, then you may obtain copies of legislative district maps by calling 989-631-0900 or by sending a written request to us at:
Mackinac Center for Public Policy, c/o MiCapCon District Maps
140 West Main Street, Midland, MI 48640

Information appears as follows:
State House District
Last Name, First Name: Party
Location / Phone
E-mail
—
HOB = House Office Building
CB = Capitol Building
New Members highlighted in yellow

001
BLEDSOE, TIMOTHY: D
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002
LEMMONS JR., LAMAR: D
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003
SCOTT, BETTIE COOK: D
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004
YOUNG II, COLEMAN: D
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HAINES, GAIL: R
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KOWALL, EILEEN: R
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045
MCMILLIN, TOM: R
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MARLEAU, JIM: R
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047
DENBY, CINDY: R
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MichiganVotes.org

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

To comment on these bills, please see www.mackinac.org/10207

SENATE BILL 11
(Ban reimbursement of lame duck politician's travel)
Introduced by state
Sen. John Gleason, D – Flushing

The bill proposes to prohibit a school and local elected official from traveling to a conference or seminar at public expense during the "lame duck" period if he or she has been defeated in a primary general election, or after the candidate filing deadline for the election to replace him or her if the official is term limited.

SENATE BILL 18
(Earmark sales tax money to tourism subsidies)
Introduced by state
Sen. Jason Allen, R – Traverse City

The bill proposes to earmark a portion of state sales tax receipts to government tourism promotion subsidies.

HOUSE BILL 4037
(Authorize alternative energy vehicle tax credit)
Introduced by state
Rep. Matt Lori, R – Constantine

The bill proposes to authorize an income tax credit of up to $250 per vehicle for individuals who purchase a vehicle powered by a fuel cell, advanced lean burn technology, gasoline/electric hybrid, or "alternative fuel" (including ethanol).

HOUSE BILL 4004
(Authorize alternative energy income tax break)
Introduced by state
Rep. Brian Calley, R – Portland

The bill proposes to authorize a refundable income tax credit equivalent to 50 percent of the amount spent on a wind, water, biomass or solar energy system in a residence. "Refundable" means the state would write a check for the amount exceeding a taxpayer's income tax liability, in effect making this a cash subsidy in many cases.

HOUSE BILL 4017
(Allow nonresident property owner to vote on millages)
Introduced by state
Rep. Richard LeBlanc, D – Westland

The bill proposes to allow nonresident property owner to vote on local property tax millage elections.

SENATE BILL 8
(Ban Wal-Mart bank)
Introduced by state
Sen. John Gleason, D – Flushing

The bill proposes to revise the status of certain banks in Michigan statute (specifically, "Industrial Loan Companies" or ILCs) in a way that would prohibit Wal-Mart from using its own bank or ILC to process credit card transactions at its Michigan stores.

HOUSE BILL 4016
(Authorize carbon dioxide sequestration equipment tax break)
Introduced by state
Rep. Paul Opsommer, R – Dewitt

The bill proposes to authorize a credit against the Michigan Business Tax for the amount spent by a firm on carbon dioxide sequestration equipment. Carbon dioxide sequestration (injection into wells deep in the ground) is a technique being investigated to mitigate the possibility of global warming caused by the release of CO_2 into the atmosphere.

HOUSE BILL 4034
(Prohibit enforcement of residential loan contracts for one year)
Introduced by state
Rep. Shanelle Jackson, D – Detroit

The bill proposes to require courts to prohibit the foreclosure of a residential mortgage or land contract for one year if the borrower requests it, notwithstanding the provisions of any contract between the lender and borrower, or any obligations of the lender which may be dependent on the revenue from loan repayments or proceeds from the foreclosure and sale of the property.