

Michigan Guardianship Association
Legislative Update
January 2, 2008

Budget Update/Year End

Revenues and the budget remain a major issue before the legislature, even as departmental directors are working on their budget proposals for the 2008-2009 budget year to be presented by the Governor in February of next year. Requests have already been submitted to Senator Roger Kahn (R – Saginaw Twp.) and Representative Gary McDowell, D – Rudyard), the chairs of the Senate and House Community Health Appropriations Subcommittees to at least retain the recently-won \$60-per-month guardianship fee. On November 28, the legislature went into an evening session, attempting to eliminate the expanded sales tax on business so unpopular with the business community that is scheduled to take effect at midnight December 1, 2007.

The House version of HB 5408 included a surcharge of 32.9% in the first year, with a cap of \$2 million on the total amount of tax. The Senate passed the bill with several changes: a surcharge below 14 percent, a cap of \$7.5 million, and a January 1, 2011 sunset on the tax, with a longer term reduction in business taxes. Estimates were that the Senate version would have reduced state revenues by \$40 million, causing the measure to draw opposition from human service groups. The version that finally passed included a 22.9% surcharge, a 2017 sunset, a \$7.5 million cap, and a tax amnesty provision for any business who, because of the confusion and delay in passing the newest “fix,” was liable for collecting the extended sales tax on services for the one day it existed.

The Governor indicated throughout discussions on the issue of the service tax that she would not sign a bill that fell short of the tax revenue it was supposed to raise. Ultimately, the service tax repeal and replacement legislation met the Governor’s criteria.

Fiscal analysts are again projecting a deficit some time by next May of some half a billion dollars, but business organizations predict the Michigan Business Tax and surcharge will raise more than anticipated.

With that, the legislature has left Lansing for the rest of the year, having adjourned *sine die*, or, without a day, which is a ceremonial end to the legislative year. They are constitutionally required to return on January 9, 2008, but business will not begin in earnest until the week of January 21. The Governor plans to give her annual State of the State address on January 29, which will largely set the tone of at least the budget discussions for next year. 2008 also brings a House election where more than 40 State Representatives are facing term limits, the contentious Michigan Presidential Primary and an as-of-yet uncertain budget.

Guardianship Reimbursement Rate Restored!

Late in the evening of September 30, hours before the extended deadline to pass appropriations bills before yet another government shutdown, HB 4344, the Community Health budget bill, passed both chambers and was sent to the Governor. In it was the restoration of the guardianship reimbursement rate back up to \$60 (from the proposed cut down to \$45).

The Michigan Guardianship Association worked extremely hard to restore this fee. Numerous emails, faxes and contacts with legislators responsible for this budget paved the way for the fee to be restored. The argument that seemed to resonate the most with legislators were that fee reductions would force already struggling businesses to close down, thus actually *increasing* costs to the state as patients are then moved to Medicaid. MGA members and lobbyists also stated that there is already a shortage of those wishing to be a guardian, and a fee reduction would further exacerbate that shortage.

The MGA has already sent thank-you notes to the members of the Senate and House Community Health Subcommittees, but each member is also encouraged to thank the members for restoring the fee. The restoration was ultimately agreed to unanimously. If you need assistance with finding and contacting your legislators, click or type http://house.michigan.gov/find_a_rep.asp for Representatives and <http://senate.michigan.gov/SenatorInfo/find-your-senator.htm> for Senators.