



Moving Michigan Forward

2009-2010 Legislative Priorities

Agenda for Economic Competitiveness



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INTRODUCTION

We are pleased to provide you with this copy of the Michigan Chamber's 2009-2010 legislative priorities. These priorities were debated and developed by over 500 business leaders from across our great state and approved on January 29, 2009 by the Michigan Chamber's 84-member Board of Directors. The Michigan Chamber represents over 7,000 Michigan job providers who are committed to moving Michigan forward by advancing this aggressive agenda to improve Michigan's economic competitiveness.

We will use these legislative priorities to focus policy maker's attention on the challenges currently facing our state and to guide their decision making process throughout policy debates. These priorities are not an exhaustive list of the organization's position on every important issue that might be considered during the next two years. Rather, they are a communication to the Legislature, administration, news media and general public highlighting what our members believe state government should or should not do within the legislative and regulatory arena to encourage job creation and economic growth.

While we are currently in the middle of a difficult economic downturn, Michigan Chamber members and staff are strongly committed to playing an integral role in shaping Michigan's future. We are dedicated to a future that includes a modernized government that is focused on efficiencies and effectiveness to help employers and employees thrive and to provide a better quality of life for all citizens of this great state.

Please understand that our efforts to move Michigan forward do not end simply by offering solutions. Whenever possible, we will work with elected officials in both houses and on each side of the aisle to shape good public policy, but will hold lawmakers accountable when they stray. Prior to the 2010 elections, we will publish our *Legislative Voting Record: A Competitiveness Scorecard for Michigan*. This publication will provide detailed information regarding the voting record of State Senators and State Representatives on these priorities and other key issues that emerge.

Over the next two years, the Michigan Chamber will continue to be a strong advocate for our members. Please know that despite the current difficulties our state faces, we are confident that Michigan's brightest days are yet to come.

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BUDGET & TAX POLICY

ISSUE: Champion Government Efficiency and Reform

CHAMBER MEMBERS ADVOCATE:

- That the appropriations process should not drive tax policy decisions.
- Opposing tax or fee increases to balance the state budget.
- Supporting efforts to improve government operational effectiveness.
- Maintaining legislative oversight of state spending and user fees. The Michigan Chamber is opposed to constitutional or statutorily authorized automatic annual increases in state spending and user fees.
- Providing tax relief that benefits a wide class of taxpayers.
- Supporting a state constitutional amendment to cap total state spending at not more than 96 percent of total estimated revenues.

WHY?

The Michigan Chamber strongly believes the best way to control the cost of government is to improve government efficiency, implement cost-saving reform measures and reduce spending, instead of new taxes, tax increases or fees. Despite repeal of the Single Business Tax (and replacement with the Michigan Business Tax), Michigan continues to be uncompetitive in its business tax burden. Michigan must foster economic growth by allowing taxpayers to keep more of the money they earn and by providing a more competitive tax climate to encourage savings and investment.

ISSUE: Create a Competitive Business Tax System and Oppose Tax Increases

CHAMBER MEMBERS ADVOCATE:

- That the state should move decisively to reduce the burden of hiring workers and investing in Michigan, and consider dramatic changes in the tax structure that would accomplish this goal.
- Complete repeal of the MBT “surcharge” for all industries.
- Modifying the definition of Gross Receipts in a way that eliminates inappropriate items from the tax base.
- Opposing aggressive interpretations of the statute that result in a narrowing of available credits, or deductions, or expansion of the tax base.
- Modifying the deduction for purchases from other firms for the purposes of

simplification.

- Changing Michigan Individual Income Tax apportionment provisions and sourcing rules to be consistent with single factor (sales), benefit received sourcing, and no throwback as in the Michigan Business Tax Act.
- Promoting good tax policy and administration by providing penalty relief.
- Opposing a graduated personal income tax.

WHY?

The new Michigan Business Tax has some positive features: personal property tax relief for manufacturers, commercial, and telecommunications providers, as well as incentives for hiring employees and purchasing equipment. Yet, despite these positive aspects, the new MBT is proving to be as complicated and burdensome as the SBT, if not more. Furthermore, unreasonable inclusion of certain receipts, aggressive interpretations of the law, and double taxation of income will keep some businesses from relocating or expanding to Michigan. In addition, Michigan's flat-rate personal income tax is considered competitive compared to most states. Imposing a graduated income tax would remove this competitive advantage and discourage Michigan residents from living, working and saving here.

ISSUE: Reduce Michigan's Property Tax Burden

CHAMBER MEMBERS ADVOCATE:

- Eliminating the personal property tax for all taxpayers.
- Protecting the new personal property tax relief contained in the MBT by opposing efforts by the state and assessors to re-classify property for all taxpayers.
- Local units of government should provide the maximum amount of notice possible when mailing assessment notices to property owners and the Board of Review should provide for hearings each week during the statutory time period allowed.
- Preserving, protecting and expanding upon the reforms of Proposal A and the Headlee Amendment, and opposing measures that circumvent the intent of these voter-approved tax limitation amendments.
- Providing taxpayers with the same right granted to the Department of Treasury to appeal property classification to court.
- Eliminating the 2009 sunset for certain "qualified errors" to be eligible for review by the July and December Boards of Review.
- Expanding the term "qualified error" eligible for review by the July or December Boards of Review to include property classification.

WHY?

Michigan must continue to make personal property tax relief a priority. This tax on business machinery and equipment, furnishings, and office equipment is an administrative burden and a disincentive to capital investment, job retention and job creation.

Proposal A has been largely successful in its two fundamental goals: reducing out-of-control property taxes for school operating purposes; and narrowing the gap between low and high spending school districts. However, Michigan's property tax burden remains high compared to other states. Michigan must not return to double-digit property tax increases by changing or circumventing the intent of Proposal A or the Headlee Amendment. Furthermore, the Headlee Blue Ribbon Commission examined the misuse of special assessments and recommended many of them be subject to various taxpayer protections.

ISSUE: Oppose Expansions or Increases of Sales, Use, and Excise Taxes

CHAMBER MEMBERS ADVOCATE:

- Opposing any further increase in the sales, use and excise tax rates on goods and services currently subject to tax.
- Opposing the levying of sales, use or excise taxes by any local tax jurisdiction.
- Opposing the levying of sales, use or excise taxes on any goods or services not currently subject to tax.
- Legislation or administrative action to resolve numerous problems with implementation of the Streamlined Sales and Use Tax Agreement and unreasonable audit practices.
- Opposing efforts by the Michigan Department of Treasury to transition Michigan from a “vendor liability” state into a “consumer’s liability” state.
- Supporting administrative or legislative changes to allow taxpayers to obtain refunds of overpaid sales tax from the state.

WHY?

Michigan's sales tax continues to provide a substantial source of revenue to state government, especially since voters approved a 50 percent increase in the Michigan sales tax rate as part of Proposal A. The Michigan Chamber strongly believes that any increase in the sales tax rate, expansion of sales tax to services, or allowing local jurisdictions to levy sales, use or excise taxes, will hurt our state's economic competitiveness, encouraging individuals and job providers to purchase goods and services outside of Michigan. Furthermore, Michigan's entry into the Streamlined Sales and Use Tax Agreement must be continually monitored to ensure Michigan's deductions, exemptions and operational framework are not sacrificed in the name of nationwide uniformity and simplification.

ISSUE: Strengthen Taxpayer Rights

CHAMBER MEMBERS ADVOCATE:

- Opposing retroactive tax increases resulting from law changes, changes in policy or court decisions.
- Supporting a provision for interest to be paid on overpayments in the same manner and at the same rate as interest is currently assessed on underpayments.
- Eliminating the requirement that taxpayers must pre-pay disputed non-property taxes if they are seeking redress in the Court of Claims.
- Improving taxpayer access to the Department of Treasury policies and rules that generally communicate policy and statutory interpretations and opportunities for interactive dialogue between Treasury and taxpayer advisory groups.
- Opposing the use of third-party auditors, whether flat fee or contingent fee. The use of these types of auditors presents a conflict of interest, poses serious questions of confidentiality, due process and equal protection under law.
- Allowing taxpayers and Treasury to settle, negotiate and compromise tax disputes, including, but not limited to, mistakes, errors and omissions, at the administrative level with appropriate safeguards prior to going to court.
- Advocate legislation to clarify Michigan's statute of limitations.

WHY?

Both the tax burden and the manner in which tax laws are enforced are critical to improving Michigan's competitive standing. Unfortunately, Michigan is often perceived as being a difficult tax "environment" within which to conduct business. This can negatively influence the decisions to locate, retain or expand jobs in Michigan. Removing obstacles to tax administration fosters compliance. Predictability and fairness are the backbone of a cooperative tax environment. The Michigan Chamber advocates for fair procedures and fair policy.

ENERGY & TELECOMMUNICATIONS

ISSUE: Foster Economic Development and Job Creation through a Safe, Reliable and Affordable Energy Marketplace

CHAMBER MEMBERS ADVOCATE:

- Supporting implementation of cost-of-service rates as required by PA 286 of 2008. The Public Service Commission (PSC) must ensure that rate subsidization by industrial and commercial customers is eliminated within the next five years.
- Supporting development of affordable energy supplies, reliable electrical interconnections and utility services that will be competitive with those states that Michigan competes with for jobs and investment.
- Continuing support of customer choice and competition in electric markets. The PSC should ensure that customers can exercise choice based on the new requirements of PA 286 of 2008. Michigan customers should continue to have access to economical energy supplies located both within and outside of the state.
- Supporting efforts to ensure that new clean coal and nuclear plants, including new regulated utility plants—when a need has been demonstrated—can be fairly evaluated. New base-load plants should not be held up due to political agendas. The Michigan Department of Environmental Quality must review environmental permits related to new base-load plants in a timely fashion and act in accordance with the law.
- Supporting efforts to reduce regulatory barriers to promote the new generation of renewable energy.
- Supporting cost-effective implementation of Michigan’s renewable portfolio standards required under PA 295 of 2008, and assuring that renewable energy supplies are economically and efficiently connected to the power grid. The new law will require one of the largest renewable builds in the country. In order to ensure Michigan achieves the stated goals of renewable energy, lawmakers must avoid increasing renewable percentages or making any dramatic changes to current law.
- Supporting cost-effective implementation of energy efficiency requirements under PA 295 of 2008. The PSC must ensure that business customers have adequate time and opportunity to self-certify that they are implementing efficiency standards. The costs of energy efficiency programs must be implemented without any inter- or intra-class subsidies.
- Supporting additional reviews for cost-effective energy efficiency savings including appliance and equipment standards, model building codes, peak management response programs, smart metering technology, and operational practices and measures.

- Opposing efforts to establish a Michigan-specific, low-carbon fuel standard for gasoline. Efforts to enact a low-carbon fuel standard are best addressed by the federal government. Requiring boutique, state-specific fuels will drive up the price of gasoline.
- Supporting federal action to enhance the viability of nuclear energy production as a supply option if and when the need for more capacity is demonstrated. Efforts should be made to streamline the regulatory process at the Nuclear Regulatory Commission. In addition, Congress and the states must look to find effective nuclear waste solutions, including enhancing opportunities for the reprocessing of waste, and establishing a permanent waste repository.
- Opposing efforts by Congress to preempt state-adopted renewable portfolio standards. Congress should recognize the work done by the states and defer to state approved standards. Each state is unique and has unique resources that should be accounted for. A one-size-fits-all national approach could lead to dramatic electric rate increases.

WHY?

In 2008, the Michigan Legislature adopted a comprehensive energy plan for Michigan. The new laws set the framework to address Michigan's energy needs, including construction of new generation, upgrades of transmission, enhanced energy efficiency programs, a robust renewable energy build, and the establishment of cost-of-service rates. In 2009, the Legislature should closely monitor the Public Service Commission to ensure that the new laws are being properly implemented. The Legislature must be responsive to any new information or issues that arise.

ISSUE: Fight Overregulation of Michigan's Telecommunications Industry

CHAMBER MEMBERS ADVOCATE:

- Supporting the premise that private sector deployment and ownership of technologies is the most efficient manner of delivering services to customers.
- Eliminating existing state and local laws or regulations that discourage or delay deployment of technologies without substituting excessive regulation at one level for overregulation at the other level.
- Supporting the principle that a level regulatory structure among all providers – wire-line, cable, satellite and wireless—be competitively and technologically neutral.
- Opposing state net neutrality or net regulation legislation. State government should not regulate the provision of internet services due to its national and international nature. Telecommunications markets should be driven by advances in technology, competition between telecommunications companies, and consumer choice, not by government regulation.

- Opposing new taxes or excessive fees on the infrastructure needed to provide broadband services, video, telecommunications or other new technologies.
- Supporting funding 911 services through general revenues instead of user fees. Any 911 user fees collected must go to support 911 services. Government entities receiving fee dollars must provide a defensible workload analysis.
- Supporting the proposition that 211 services continue to be locally funded.

WHY?

State government's primary role in this rapidly changing and increasingly important area of economic activity should continue to be fostering competition and encouraging private sector development of Michigan's telecommunications infrastructure by maintaining a minimum level of regulation that is applied fairly to all providers.

ENVIRONMENTAL QUALITY

ISSUE: Stop Regulatory Overreach by the Department of Environmental Quality

CHAMBER MEMBERS ADVOCATE:

- Supporting legislation that prohibits state agencies from promulgating rules more stringent than the federal standard unless specifically authorized by statute.
- Supporting legislation to ensure timely action by state government on permits.
 - Failure to meet statutory deadlines by regulatory agencies should result in automatic issuance of permits and full refunds of permit fees.
 - Authorize the use of private sector contractors to help complete work in a timely and professional manner.
 - Support legislation to authorize permit applicants to seek expedited legal review of permit denials, including damages and attorney fees for failure by state agencies to meet regulatory deadlines or for improper denials.
 - Support the establishment of metrics and online report cards to track the performance of state agencies in meeting statutory time frames.
- Supporting exploring efforts to return back to the federal government of under-performing, federally-authorized regulatory programs currently being administered by state government, with termination of parallel state programs, legislation and rules. The state should seek to eliminate duplicative efforts of review with the federal government. Programs should be evaluated through a series of metrics that include overall customer service, length of time to process permits, cost to the state of Michigan, and measurable environmental benefits.
- Ensuring that any fee increases include reforms that reduce regulatory burdens. Fees should only be used to pay for the processing of permit applications. General Fund dollars should be used to support compliance assistance, enforcement, rent, computers, and central office support. All fee proposals must include sunsets and defensible workload analysis justifying the need for the fee and budgetary documentation showing proper use of fee funds.
- Supporting the elimination of duplicative regulation between state agencies and even between divisions within one state agency. Businesses should not have to seek multiple approvals on the same issue.
- Supporting legislation to strengthen the rulemaking process.
 - Create a standardized process for when MDEQ or any agency issue rules. This would include the development of an administrative record, preamble, and responses by the agency to comments and publication of these as well as of the draft rules (including on the State website).
 - Require a periodic review of all existing rules to determine their effect on Michigan's overall competitiveness.
 - Support legislation to authorize affected individuals that successfully challenge rules as improper to receive statutory damages and attorney fees.

- An independent Environmental Science Board should be created by the Legislature to review science and findings and conclusions from the MDEQ.
- Supporting efforts to revise the guidance document and operational memoranda process.
 - Ensure that guidance documents are defined to include operational (op) memoranda and similar documents so that it is clear that these op memos (and other similar documents) cannot bind entities other than the agency issuing them.
 - All new guidance documents including op memos (and similar documents) and changes to existing documents must go through a specified stakeholder process including notice and the opportunity to comment prior to adoption.
 - Draft op memos cannot be relied upon or utilized by any agency until they have been finalized
 - Notice of op memos and copies of the op memos must be made clearer through the DEQ website and other avenues
 - The APA should include remedies for agency violations of the APA beyond those already included to provide a disincentive to the adoption and application of the APA beyond those already included.

WHY?

Michigan's regulatory burden is negatively affecting economic growth. Delay of permit processing imposes serious economic constraints on the ability of businesses to plan for their operations. MDEQ has been unilaterally imposing standards beyond federal rules, beyond state legislation and in some cases even beyond state rules, making Michigan less competitive with other states. The Legislature must take aggressive action to help reduce the overall regulatory burden which will help to encourage job growth and investment in Michigan.

ISSUE: Protect the Great Lakes and Allow Reasonable Use of Water Resources

CHAMBER MEMBERS ADVOCATE:

- Supporting the implementation of the scientifically-based groundwater model established under Public Acts 179-190 of 2008. Implementation of the model must protect existing water users through full recognition of registered capacity levels.
- Supporting continuation of sector-driven voluntary water conservation efforts created by statewide trade associations consistent with Public Acts 179-190 of 2008.
- Opposing efforts to expand the public trust doctrine or further restrict Compact-recognized consumptive uses.
- Supporting implementation of the Great Lakes Compact as ratified by the states and Congress. Oppose efforts to expand the scope of the Compact through regional governance measures and procedures without legislative approval. The newly-

created Regional Body must establish an open and transparent process in its decision-making process.

- Supporting federal funding for those portions of the Great Lakes Regional Collaboration's Restoration Strategy that provide economic benefits for the region and have measurable results and a demonstrated cost benefit analysis. Funding for the Great Lakes must have a targeted and prioritized spending plan.
- Supporting reforms to the state's wetlands program. Fee increases being sought by the department must include reforms to the program. Reforms should include ensuring definitions and permits are consistent with federal standards, creating exemptions for wet areas created by human activity, and a creation of a comprehensive statewide wetland inventory. If reforms are not achieved, the state should explore returning the wetlands program back to the federal government.
- Supporting careful deliberation in the ongoing review of Michigan's wetlands program by the U.S. Environmental Protection Agency. The review should be closely monitored and the interests of Michigan's residents and businesses should be taken fully into account before proposing or adopting any material changes in the program and before eliminating any permitting exemptions.

WHY?

Michigan's economy is heavily dependent on the availability and access to water resources. A recent Brookings Institution analysis showed the Great Lakes and coastal systems can be a major catalyst for economic growth. It is critical that the Great Lakes are protected from harmful diversions to help ensure that water and jobs remain in Michigan. At the same time, any further regulation of water resources or significant limitations on access to water must balance the need for resource protection with the need to grow our jobs and the economy.

ISSUE: Enact Balanced Solid Waste and Recycling Laws

CHAMBER MEMBERS ADVOCATE:

- Supporting efforts to streamline rules and regulations related to waste management and recycling. The state should adopt as written the EPA's Final Rule revising the Definition of Solid Waste, encourage the beneficial reuse of waste, and minimize reporting requirements such as those in the current manifest system.
- Supporting implementation of a cost-effective, market-based statewide plan to encourage waste reduction and waste utilization. Funding of such a plan may include a recycling fee of not more than one-cent per sales transaction on tangible goods sold at retail. For any new funding source, measures must be taken to ensure that there is accountability in the process and clear measurable goals and outcomes to the purpose and that any new tax generates more revenue than its total cost to administer.
- Opposing new solid waste taxes.

- Opposing expansion of the bottle deposit law.
- Opposing new landfill bans not supported by scientific and proven environmental evidence.

WHY?

Solid and industrial waste policies need to achieve a balance that benefits job providers, the environment, and all of society. To achieve this balance, the state needs to develop and implement a comprehensive cost-effective program to minimize waste generation and maximize waste utilization and recycling. This should be done by focusing on market-based approaches rather than top-down mandates. Prescriptive regulatory options, such as expanded container deposit laws or unnecessary garbage taxes, will increase costs for Michigan manufacturers and retailers and make Michigan less competitive in a global marketplace. Outdated rules related to disposal of industrial waste are causing job providers to needlessly spend resources with no corresponding environmental benefits.

ISSUE: Develop Reasonable Air Quality Standards

CHAMBER MEMBERS ADVOCATE:

- Supporting efforts to establish federal legislation that provides reasonable cost-effective greenhouse gas (GHG) regulations. The legislation must give job providers adequate timeframes to transition to new technologies. Policymakers must be cautious not to over reach in developing new regulations which could cause dramatic job loss and further economic decline in Michigan. The Environmental Protection Agency should withdraw efforts to implement rules related to climate change and defer to Congress.
- Supporting efforts to promote the advancement and deployment of greenhouse gas reduction technology. Michigan offers a lot of opportunities for the development of clean energy, including renewable and carbon capture and storage technologies. Efforts should be undertaken to ensure that there are no conflicts with the state constitution, to establish a clear set of property rights, and to address future liability issues associated with stored carbon.
- Opposing the adoption of mandatory state-only or regional greenhouse gas regulations. A state-only or regional approach would make Michigan uncompetitive and do little or nothing to affect the climate.
- Supporting efforts to extend the current air quality Title V fee. The air fee must not exceed the federal presumptive minimum. Cost-saving reform measures should be implemented, including value stream mapping throughout the entire air program.
- Supporting streamlining Michigan's Air Toxic Review Program. Air toxic reviews can add significant delays and costs for job providers often without measurable benefit to the environment.

WHY?

Many factors influence business location decisions. One key factor is the overall regulatory structure. Michigan should work to ensure that our regulations are competitive with the rest of the country. Any solution on climate change must preserve Michigan jobs and help keep Michigan competitive in the global economy.

ISSUE: Reinvigorate Cleanup of Contaminated Sites

CHAMBER MEMBERS ADVOCATE:

- Opposing efforts to provide state government with more funding for cleanups unless dramatic reforms are made to the cleanup program. The current program is impeding development in our state and chasing away investment dollars from the private sector. Reforms are necessary to improve process certainties, enhance agency cooperation and ensure closures are occurring.
- Supporting reprioritizing the efforts of the agency to focus on achieving closure of sites. Metrics should be established that record annual closures being achieved. Failure to achieve cleanup goals should result in a decrease in agency funding.
- Supporting the creation of an administrative review board made up of qualified technical experts that would act as an appeals board on decisions being made by the state agency.
- Supporting efforts to establish an open and transparent decision-making process by the Department of Environmental Quality. Currently, much of the Department's decision-making on remedial action plans is conducted in secrecy and the responsible party is afforded no opportunity to participate or respond to issues before being handed what is effectively a final decision. This is particularly true of the Department's RAT team (Remediation Advisory Team). Applicants should be given the ability to defend their applications and have an understanding of why applications are denied.
- Supporting efforts to streamline the decision-making process. There should be hard deadlines on all reviews and consequences if the agency does not hit the deadlines. Shorter time frames (30 days) should be established for reviews of low-risk sites. Automatic approvals should be established if the agency fails to meet the time lines.
- Continuing support of the current causation-based liability scheme and risk-based cleanup standards contained in Part 201. These standards are essential components for a successful Brownfield Redevelopment cleanup program.

WHY?

In the mid 1990's, policymakers in Michigan recognized the need to develop a comprehensive strategy to clean up and put into productive use contaminated properties.

This strategy made Michigan a leader in the brownfield redevelopment movement. Unfortunately, the success of Michigan's cleanup program is now waning. The program has become over-burdensome and few closures of sites are now occurring. To return as a leader in the cleanup and redevelopment field and entice business investment in our communities, Michigan must enact reforms to improve the performance of our cleanup program.

HEALTH CARE REFORM

ISSUE: Advocate for Consumer-Driven Reforms Resulting in Affordable Health Care Options Provided Through Private Insurance

CHAMBER MEMBERS ADVOCATE:

- Supporting state and federal efforts that enable employers to provide cost-effective health care benefits and expand flexibility, competition and choice in the marketplace while developing competitive alternatives for individually-owned and consumer-driven health coverage.
- Opposing healthcare mandates and policy changes that ignore the important role of the free market, especially in the area of benefit plan design.
- Supporting employers' rights to provide health care coverage for their employees while opposing efforts to penalize job providers who do not.
- Encouraging personal responsibility for health by promoting wellness, prevention and chronic disease management programs.
- Supporting meaningful efforts to promote transparency in the health care marketplace by supporting efforts to promote the disclosure of cost and quality data in order to educate consumers about the cost and effectiveness of treatment options, and the performance of health care providers so they can make well-informed health care decisions.
- Opposing cost-shifting by Medicaid and Medicare to the private sector by ensuring appropriate payment by government entities and programs in a manner that promotes quality and efficiency.
- Supporting the Certification of Need (CON) program and Commission to the extent that it benefits consumers, providers and purchasers of health services with affordability, accessibility and quality.

WHY?

True health care cost containment cannot be achieved if the focus is on price controls and government interference in health care purchasing decisions. Rules and regulations already on the books have driven up costs and reduced choices; more of the same kind of regulation will only produce more of the same result. Instead, policymakers should focus on implementing market-friendly, consumer-driven reforms and the elimination of regulations increasing employer and employees' costs and adding to the number of uninsured individuals statewide.

LAWSUIT ABUSE

ISSUE: Prevent Lawsuit Abuse

CHAMBER MEMBERS ADVOCATE:

- Protecting current Michigan laws pertaining to general tort, medical liability, consumer protection and products liability, including Michigan's FDA Defense law.
- Supporting reforms, such as limitation on attorney fees and loser pay, which ensure Michigan's civil justice system is fair and balanced.
- Preserving Michigan's No-Fault automobile insurance system while allowing for competition, flexibility and choice in the marketplace and opposing attempts to reduce the tort liability threshold or increase the benefit or coverage thresholds.
- Maintaining the right to enter into pre-dispute agreements requiring arbitration.

WHY?

The general, medical and products liability reforms that were enacted by the Legislature in the 1980s and 1990s have been effective in bringing reliability and balance to our legal system by curtailing lawsuit abuse, helping to retain practicing physicians in Michigan, and focusing court and financial resources on legitimate cases. Given Michigan's reputation as a leader in the national legal reform movement, Michigan cannot afford to turn back the clock and should instead proactively work to strengthen and improve the state's civil justice system. For similar reasons, the Michigan Chamber is opposed to any legislative attempts to erode the tort thresholds under Michigan's No-Fault insurance system. Furthermore, parties should be free to agree in advance to a prompt, efficient and fair dispute resolution process outside of the court system.

PROTECTING EMPLOYER RIGHTS IN THE WORKPLACE

ISSUE: Preventing Unwarranted Government Intervention in the Workplace

CHAMBER MEMBERS ADVOCATE:

Federal -

- Retaining the right to a secret ballot election in the choice of union representation and current National Labor Relations Board (NLRB) enforcement provisions, while opposing the implementation of mandatory arbitration of collective bargaining agreements.
- Opposing Congressional efforts to expand application of the Family Medical Leave Act (FMLA) and efforts to require paid leave.

State -

- Ensuring the financial stability, accountability and solvency of the state's unemployment compensation trust fund while opposing efforts to increase the current level of unemployment insurance benefits (UI) unless offset by significant cost savings reforms.
- Requiring comprehensive payment, assessment, and timely appellate processes for unemployment insurance taxpayers.
- Supporting voluntary and cooperative efforts between labor and management to promote safety in the workplace, while opposing mandatory ergonomics standards.
- Opposing efforts to burden employers with new or expanded leave mandates.
- Supporting Michigan's doctrine of employment-at-will by protecting employers' rights to direct, manage, compensate and communicate with their workforce in an efficient and productive manner without governmental interference.
- Retaining the current minimum wage law, and opposing any efforts to automatically link future minimum wage increases to the rate of inflation or increase the wage for tipped employees.
- Opposing an increase in workers' compensation benefits and efforts to shift the cost of operating the Bureau of Workers' Disability Compensation to employers.
- Opposing any state efforts to reverse the U.S. Department of Labor's 2004 Fair Labor Standards Act (FLSA) overtime regulations.
- Opposing expansion of the Persons with Disabilities Civil Rights Act.

WHY?

In today's volatile economy, it is the Michigan Chamber's position that fair and affordable employment laws, including unemployment and workers' compensation programs, are more important than ever. In 2007, Michigan employers paid out over \$1.8 billion in unemployment insurance (UI) benefits and nearly \$1.5 billion in workers' compensation benefits. One hundred percent of these benefits are financed by employers; therefore, any reforms to the UI or workers' compensation systems should balance the needs of the employees and employers. Furthermore, employees should have the right to choose freely and anonymously whether to unionize and employers should not be required to arbitrate the terms and conditions of employment. Finally, employers should have the flexibility to manage their workforce and employees' needs—with limited governmental involvement or regulation that allows Michigan to be attractive, competitive and a better place to do business.

TRANSPORTATION INVESTMENT

Issue: Modernize Michigan's Transportation System to Strengthen Michigan's Economy.

Chamber Members Advocate:

- Supporting a multi-modal and intermodal transportation system to enhance connectivity, increase productivity, and mitigate congestion.
- Identifying transportation assets in the state and national interests and ensuring that they are modernized and kept in good condition to provide adequate capacity.
- Encouraging research, development, and the application of new technologies to foster better project design, construction, maintenance, financing and operations.
- Ensuring that all state and federal funding is spent efficiently and effectively and is commensurate with state and national needs.
- Considering all funding and financing options and ensuring that the costs are borne primarily by users of the system.
- Reinvesting transportation taxes, revenues, and other user fees into the system and its services.
- Encouraging project financing and delivery approaches that attract private investment.
- Improving and making consistent the governmental project review and approval process for all transportation investments to ensure timely completion in an environmentally sound manner.
- Ensuring a comprehensive, results-oriented approach to safety by developing state and national goals, performance metrics, complementary plans and incentives for applying best practices.

WHY?

In 2008, the balance in the Federal Highway Trust Fund dropped to zero and Congress took steps to temporarily restore funding for this critical program. In 2009, Congress will start work on reauthorizing the federal law that distributes highway funds to the states. Michigan has historically been a "donor state," which means that for every dollar of transportation taxes we send to Washington, D.C., we get back less than 90 cents. This unfair treatment of our state must stop. In November 2008, a non-partisan State Transportation Funding Task Force, appointed by the Governor under Public Act 221 of 2007, submitted its report to the Legislature and administration on Michigan's transportation needs and alternative strategies to replace or supplement transportation related taxes and fees. In addition to identifying

numerous efficiencies and reforms to stretch current funding farther, the key findings of the Task Force were: Michigan must at least double current investment in transportation; despite the magnitude of the funding gap, it can be closed; the federal government is not likely to come to Michigan's rescue; the choice we cannot afford is to do nothing; and good transportation will return benefits directly to households and businesses.

WORKFORCE DEVELOPMENT & STUDENT ACHIEVEMENT

ISSUE: Educate a Superior Workforce and Reform Michigan's Education System

CHAMBER MEMBERS ADVOCATE:

- Full implementation of the high school graduation requirements and holding schools accountable for teaching the content expectations, including the 21st Century Learning Core.
- Promoting competition and choice by eliminating the arbitrary cap on the number of public school academies that can be chartered by state universities.
- Using taxpayer dollars in a more efficient and effective manner by:
 - Seeking operational efficiencies
 - Containing pension & healthcare costs
 - Getting more funding directly to classrooms
 - Promoting an outcome-based funding formula for higher education
 - Fighting efforts aimed at eroding the principles of Proposal A
- Consolidating all non-instructional services within counties or intermediate school districts, but allow local school boards to retain control and focus on academic matters.
- Opposing any further expansion of school sinking fund taxes unless all commercial and industrial property is exempted from new or increased sinking fund taxes and school elections are consolidated.
- Promoting alternative routes to teacher certification and working to remove obstacles within the current system that limit the transition of business leaders to education.
- Holding state universities that operate Schools of Education more accountable for the quality of teachers and education administrators they graduate and credential.
- Ensuring that a functional data system to track, monitor and report academic progress in Michigan's education system is designed as a tool for improvement and is user friendly for parents and the general public.
- Supporting initiatives that effectively reduce the dropout rate in Michigan.

WHY?

In 1994, voters overwhelmingly approved Proposal A to amend the State Constitution to provide for permanent property tax relief and school finance reform. While Proposal A is not perfect, overall it served the state well. From 1994 until 2007, the state saw a period of

stable enrollment and low inflation. At the same time, school operating revenues increased 79 percent and revenue from school infrastructure taxes (debt, building and sinking funds) grew 234 percent. Michigan taxpayers pay more for education (K-12, community college and state universities) than any other item within the state budget. Meanwhile, even with a good effort by many individuals and groups, student scores on academic assessments remained flat or declined, the dropout rate increased slightly, and there was a minimal increase in the number of Michigan high school graduates admitted to college. More recently, despite years of effort and tens of billions of dollars in government spending, in January 2009, Michigan received a grade of only C+ for overall educational value and a student's chances of success in Education Week magazine's 13th annual Quality Counts report. These facts clearly demonstrate the need for dramatic change in Michigan's education system. Students, parents and employers all deserve better.