



## MEMORANDUM

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**To:** Chris Sieklucki

**From:** Matt Solak

**Date:** July 20, 2020

**Re:** MAAE Monthly Legislative Report

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### Overall State Issues

#### COVID-19

COVID-19 response continues to be the primary focus of the Whitmer Administration through the summer. By the beginning of June, Michigan's reported cases had declined after high points in April and May. Cases have once again been ticking upward although hospitalizations and deaths have been lower this time around. The most recent uptick has resulted in the Governor implementing more stringent mask rules, delaying any additional opening of Michigan's economy and in some cases threatening to reverse progress and order more shutdowns.

The Governor's response to COVID-19 has created an extremely volatile political climate in Lansing. Five current lawmakers have publicly endorsed the idea of looking into a possible impeachment because of decisions surrounding COVID and her nursing home policies. Although this effort is unlikely to go anywhere it is another example of a toxic relationship that has developed between the Governor and Republican led Legislature.

#### 2020 Budget

During the last week of June the Governor and legislative leaders agreed to shift around nearly enough federal money to fill the \$2.2 billion hole in the Fiscal Year (FY) 2020 budget without funding cuts to schools, universities, and local governments.

The plan calls for the state government to find \$490 million in cuts in the current budget through state hiring and spending freezes, cancellation or delays in state work projects and other changes in state government. Yesterday, those cuts were agreed to and will be presented in detail on Wednesday.

Once this budget deal is finalized work will ramp up on the 2021 budget.

## **Airport Issues**

### **Aviation Funding**

On March 10<sup>th</sup> House Bills 5582 and 5583 were introduced to remove the sales and use tax on motor and aviation fuel. These bills were to confirm Speaker Lee Chatfield's position that all taxes paid at the pump should go to support infrastructure. The legislation contained a motor fuel replacement tax in House Bill 5585. A replacement tax was not introduced on aviation fuel until an agreement can be reached between MAAE, MBAA, Delta and the State Aeronautics Office. The Legislature is committed to a replacement tax that provides additional funding for Michigan's airports. MAAE's lobbyist continues to work with other industry partners to find an agreeable solution. The COVID-19 situation will surely complicate all tax issues as the State is seeing massive declines in tax revenues.

### **Additional Federal Support**

MAAE leadership continues to monitor additional relief that may be coming from Washington, DC and any impact it may have on the aviation industry. Much of this relief seems to be currently focused on additional support for commercial airlines to head off major layoffs.