



MEMORANDUM

To: Chris Sieklucki

From: Matt Solak

Date: August 7, 2020

Re: MAAE Monthly Legislative Report

Overall State Issues

COVID-19

COVID-19 response continues to be the primary focus of the Whitmer Administration. Last week, with much blowback from northern Michigan and Upper Peninsula Republican lawmakers, Governor Whitmer rolled back opening provisions in northern Michigan and the Upper Peninsula. The new restrictions will cap indoor gatherings at 10 people and close indoor bars where alcohol accounts for 70% of sales. At the same time, the Governor allowed for the reopening of Detroit's three casinos with a maximum of 15% capacity.

July's case totals of COVID-19 across Michigan were the second-highest in a month since the pandemic began, but July also saw the most tests conducted of any month, and more than four times the amount done in the month that reported the most cases. April saw 33,764 cases, the most since March. In July, the total number of cases reported over the month was 17,649. In June, it was 6,644. May saw 15,505 cases and March had 7,576.

But July also saw four times the number of tests that happened in April – there were 794,924 tests done last month, compared to 185,998 tests that were done in April. That amounts to an 18% positive test rate for April compared to a 2.2% positive test rate for July.

2021 Budget

At the end of July, the Governor and Legislative Leaders finalized the 2020 Fiscal Year (FY) budget without funding cuts to schools, universities, and local governments. With the current budget deal done focus has turned to the 2021 FY budget and the pending \$3.1 billion dollar hole. As a point of reference, the \$3.1 billion-dollar short fall is 50% larger than the deepest hole

Governor Granholm had to fill in the midst of the Great Recession. The Administration has made it clear, from their perspective, it is critical that the federal government must provide financial assistance to Michigan and all states to help bridge the budget gap. The House Democrats provided \$500 billion in federal aid to state and local governments in the HEROS Act. Senate Republicans provided no federal aid to state and local governments in the HEALS Act. A final deal continues to be negotiated.

Airport Issues

Aviation Funding

On March 10th 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. The Senate Republican legislation included an additional \$10 billion for airports. The airport funding provisions include:

- **\$10 billion** in AIP funding (from the general fund) to remain available until September 30, 2025 to prevent, prepare for, and respond to coronavirus.
- The funding is 100 percent federal share.
- **\$9.5 billion** is designated for commercial service airports for "any purpose for which airport revenues may lawfully be used, including operations, public health, cleaning, sanitization, janitorial services, combating the spread of pathogens, and debt service payments."
- These funds are to be distributed based on AIP entitlement formulas, including the cargo set-aside, with no maximum grant amount and no PFC turnback, with any remaining funds to be distributed based on enplanements.
- Any airport that received more than four years of operating expenses under the CARES Act is ineligible for these funds.
- **\$500 million** is designated for nonprimary and general aviation airports apportioned in the same manner as the CARES Act with \$8.15 million of the funds reserved for Contract Tower airports to cover lawful expenses to support FAA contract tower operations.

The House Democrats legislation included money to support airline workers but no support for airports. Neither House nor Senate legislation provided direct aid to the Airlines. Final provisions continued to be negotiated. At the direction of AAAE, MAAE is supporting efforts to keep the airport funding provisions in the final version of the legislation.

2020 August Primary

On Tuesday, August 4th, Michigan held its statewide primary. There were numerous competitive primaries for U.S. House of Representatives.

Michigan's 3rd Congressional District

Peter Meijer an Iraq War veteran beat State Rep. Lynn Afendoulis (R-Grand Rapids Twp.) 50% to 26% to win the Republican nomination to succeed outgoing U.S. Rep. Justin Amash (R-Cascade Twp.) in this West Michigan-based 3rd District. Meijer will now face Democratic attorney Hillary Scholten in what could possibly be a competitive election in November. The Republican base is 53.5% after the last election, but Kent County is trending Democratic.

Michigan's 6th Congressional District

State Representative Jon Hoadley (D-Kalamazoo) won the Democratic Party's nomination in an unexpectedly close primary against 35-year-old school teach Jen Richardson. Rep. Hoadley will face long time incumbent Congressman Fred Upton (R-St. Joseph) this fall. This district leans Republican but has trended slightly more Democratic in recent elections. Congressman Upton will be the favorite to hold the seat for Republicans.

Michigan's 8th Congressional District

Former Lansing FOX47 anchor Paul Junge will be the Republicans' nominee to face U.S. Rep. Elissa Slotkin after he won with 35% of the vote against conservative Mike Detmer (29%) Alan Hoover (11%) and Kristina Lyke (25%) in a competitive primary. Congresswoman Slotkin has served only one-term and flipped the traditionally Republican seat to Democratic control in 2018. This should be a fairly competitive race this fall as this District is traditional Republican although Congresswoman Slotkin is considered to have staked out a moderate record.

Michigan's 10th Congressional District

Lisa McClain defeated Michigan House Appropriations Committee Chair Shane Hernandez (R-Port Huron) and retired Selfridge Air Force Base commander Doug Slocum to win the Republican nomination in the 10th Congressional District. McClain, the senior vice president of the Hantz Group, a financial planning firm, put in \$1.45 million of her own money and had a substantive on-air presence that outmatched Hernandez for most of the campaign. McClain is all but assured to be the next Congresswoman from this strong Republican District as she will replace retiring Congressman Paul Mitchel.

Michigan's 11th Congressional District

Attorney Eric Eshhaki, of Birmingham, won the Republican primary in a field of five candidates. Eshhaki will now challenge U.S. Rep. Haley Stevens (D-Birmingham) in the General Election. Eshhaki is a practicing attorney specializing in business law. He's also a registered nurse and worked in health care for 10 years. Congresswoman Stevens has served only one-term and

flipped the traditionally Republican seat to Democratic control in 2018. Although this District is considered traditionally Republican it is a District that has shifted significantly away from President Trump. Congresswoman Stevens is a slight favorite in the race.

Michigan's 13th Congressional District

Incumbent U.S. Rep. Rashida Tlaib, D-Detroit, beat Detroit City Council President Brenda Jones in the Democratic primary. What once was thought would be a competitive primary turned into a blowout with Tlaib earning about 2/3 of the primary vote. This is an overwhelming Democratic District and Congresswoman Tlaib will win a second term in November.

Michigan House of Representatives

Every Michigan House incumbent who ran for re-election won her or his primary election on Tuesday. There will be a major battle for control of the Michigan House this November. Currently, Republicans hold a slim 58-52 majority. The Michigan Senate was not up for election this year. Republican's hold a 22-16 majority in the State Senate.