



ASSOCIATION MANAGEMENT | GOVERNMENT RELATIONS | STRATEGIC INITIATIVES

MEMORANDUM

To: Steve Smigelski

From: Matt Solak

Date: February 2023

Re: MAAE Monthly Legislative Report

Legislative Session off to a Fast Start

The start of the legislative session has been marked by some large issues. Normally, the early part of a legislative session—especially—with a large group of new lawmakers is slow as members get their feet under them in Lansing. The Governor has had different plans and under her leadership the legislature has pushed through two massive spending bills in very short order.

On Tuesday, by a 22-16 vote, the state Senate passed a \$1.338 billion supplemental bill (HB 4016) highlighted by nearly \$800 million to prepare 1,800 acres near Marshall for a Ford battery plant. To secure the needed votes from both sides of the aisle the supplemental budget included over \$525 million in additional funding. Of interest for the MAAE, in exchange for a yes vote on the legislation, Senator John Damoose (R-Harbor Springs) secured \$3.75 million from the General Fund to upgrade the aviation center at Northwestern Michigan College in Traverse City, which is in the Senator's district.

The supplemental budget was passed in the House on Wednesday by a vote of 59-49.

Additionally, the legislature sent HB 4001 to the Governor without immediate effect. HB 4001 is a multifaceted bill impacting many high priority issues for Democrats and Republicans. Importantly for Democrats, certain pensions and other retirement income will be exempt from the state's income tax once again, saving 500,000 households an average of \$1,000 a year. Also, the legislation expands the Earned Income Tax Credit (EITC) from 6% of the federal level to 30% will give around 700,000 Michiganders an income tax cut of \$3,150 a year.

The Governor and Democrats attempted a budgetary gimmick to prevent an automatic trigger rolling back Michigan's income take rate from 4.25% to \$4.05%. This was strongly opposed by

legislative Republicans who wanted the rollback to take effect. Senate Republicans withheld immediate effect on HB 4001 which means the legislation won't take effect until April 2024. This means the automatic income tax cut will occur.

After two full days of negotiations the Senate Republicans agreed to give the supplemental budget bill immediate effect in exchange for the Senate Democrats dropping calls for immediate effect on HB 4001.

SB 22 Airport Firearm Changes

Senator John Damoose has reintroduced his legislation (SB 22) which updates the federal statute referenced in the state's airport sterile area statute.

The Representative introduced the legislation in response to Jim Linderman, Emmet County Prosecutor, expressing the need to update the statute reference because he is unable to prosecute individuals who are found to be carrying firearms in airport sterile areas, airport sterile areas being the parts of airports beyond the pre-boarding security screening area.

Senator Damoose introduced this legislation in the House last session but it did not receive a vote in the House due to lack of session days. The MAAE supported the legislation last session and has met with Senate Transportation and Infrastructure Chair Geiss asking for a hearing on the legislation.

Outstanding Issues from Previous Session

Changes to the Aeronautics Code

Last session, Representative Jeff Yaroch introduced legislation making certain changes to the State Aeronautics Code. The primary purpose of the legislation is to require the Aeronautics Department to regulate activities of certain organizations operating at private use airports.

The suggested changes stem from Representative Yaroch having issues with a non-profit skydiving club operation on a private airstrip in his district. He has received numerous constituent complaints and has been looking for ways to regulate operations.

State Aeronautics had some concerns with certain changes being proposed by Rep. Yaroch. With Rep. Yaroch now being out of the legislature and change of control from Republicans to Democrats this legislation will likely see language changes. MAAE will work with State Aeronautics on the development of any legislation and monitor what comes out of the process.

MAAE Identifies Funding Priorities

The MAAE has targeted the following funding priorities to support airports in Michigan. These priorities will supplement continued work on a long-term viable funding solution.

Revitalization of the Michigan Air Service Development Program

\$5 million for Michigan's Air Service Development Program to stimulate economic activity and air service connectivity in Michigan in light of recent elimination of air service across Michigan.

If not approved, the State will continue to lose connectivity from our regional commercial airports to the national network of airports and destinations. This decline in air service availability may lead to reduced economic activity or relocation of economic impacts to other states.

Local Airport Revitalization Program

\$2.0 million for funding for MDOT Aeronautics to provide airport development assistance to general aviation airports. This would be a one-time general fund contribution of \$2 million to provide capital development assistance to general aviation airports for projects including obstruction removal, pavement rehabilitation, fuel facility construction and terminal improvements.

If not approved, general aviation airports will continue to experience decline in the condition of their pavements and facilities leading to reductions in the available network of airports which are responsible for \$22 billion annual economic impact.

Retrofitting Airport Fire Trucks to Clean

\$2.0 million to establish a grant program within EGLE to assist in cleaning out PFAS from older fire trucks used at airports to expedite the transition from fluorine foam to fluorine free foam for all Michigan Airports. This would be similar to the program that EGLE and MDOT funded for the E-One carts for testing of foam in the trucks without having to spray outside of the trucks.

If not approved, Airports would continue to have to use equipment that has had long term exposure to PFAS jeopardizing the health and safety of the community.

Peer-to-peer Carsharing Legislation

Last session, there was action on bipartisan legislation to regulate peer-to-peer carsharing service companies in Michigan. Enterprise Holdings and the MAAE testified in support of the legislation while Turo testified opposed to the legislation.

The legislation passed out of the Committee favorably by a vote of 11-0-4 but never received a full vote on the House Floor.

This legislation will be reintroduced at some point in 2023.

