

No. 49
STATE OF MICHIGAN
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REGULAR SESSION OF 2004

Senate Chamber, Lansing, Wednesday, May 19, 2004.

10:00 a.m.

The Senate was called to order by the President, Lieutenant Governor John D. Cherry, Jr.

The roll was called by the Secretary of the Senate, who announced that a quorum was present.

Allen—present
Barcia—present
Basham—present
Bernero—present
Birkholz—present
Bishop—present
Brater—present
Brown—present
Cassis—present
Cherry—present
Clark-Coleman—present
Clarke—present
Cropsey—present

Emerson—present
Garcia—present
George—present
Gilbert—present
Goschka—present
Hammerstrom—present
Hardiman—present
Jacobs—present
Jelinek—present
Johnson—present
Kuipers—present
Leland—present
McManus—present

Olshove—present
Patterson—present
Prusi—present
Sanborn—present
Schauer—present
Scott—present
Sikkema—present
Stamas—present
Switalski—present
Thomas—present
Toy—excused
Van Woerkom—present

Senator Raymond E. Basham of the 8th District offered the following invocation:

Heavenly Father, we thank You for the many blessings in our lives, especially for the family and friends who have surrounded us with love, friendship, and support, as we make decisions daily concerning our great state.

As we proceed with the deliberation of state business this day, grant us the wisdom, the conscience, the sympathy, and the courage to do what is right for our state and its people. God bless our men and women in uniform.

In Your name we pray. Amen

The President, Lieutenant Governor Cherry, led the members of the Senate in recital of the *Pledge of Allegiance*.

Motions and Communications

Senators Brown, Cropsey and Stamas entered the Senate Chamber.

Senator Hammerstrom moved that Senator Cassis be temporarily excused from today's session.
The motion prevailed.

Senator Hammerstrom moved that Senator Toy be excused from today's session.
The motion prevailed.

Senator Schauer moved that Senators Brater, Olshove and Thomas be temporarily excused from today's session.
The motion prevailed.

Senator Hammerstrom moved that the rules be suspended and that the following bill, now on Committee Reports, be placed on the General Orders calendar for consideration today:

Senate Bill No. 1025

The motion prevailed, a majority of the members serving voting therefor.

The Secretary announced that the following House bills were received in the Senate and filed on Tuesday, May 18:
House Bill Nos. 5538 5698

The Secretary announced the enrollment printing and presentation to the Governor on Tuesday, May 18, for her approval the following bills:

Enrolled Senate Bill No. 783 at 1:11 p.m.

Enrolled Senate Bill No. 804 at 1:13 p.m.

Enrolled Senate Bill No. 839 at 1:15 p.m.

Enrolled Senate Bill No. 784 at 1:17 p.m.

Enrolled Senate Bill No. 869 at 1:19 p.m.

Enrolled Senate Bill No. 1023 at 1:21 p.m.

Enrolled Senate Bill No. 1024 at 1:23 p.m.

Senator Leland entered the Senate Chamber.

Messages from the Governor

Senator Hammerstrom moved that consideration of the following bills be postponed for today:

Senate Bill No. 195

Senate Bill No. 364

Senate Bill No. 293

Senate Bill No. 265

Senate Bill No. 288

Senate Bill No. 540

Senate Bill No. 283

Senate Bill No. 464

Senate Bill No. 466

Senate Bill No. 395
Senate Bill No. 474
Senate Bill No. 840
Senate Bill No. 785
Senate Bill No. 788
Senate Bill No. 829
Senate Bill No. 841
The motion prevailed.

The following message from the Governor was received and read:

SINGLE BUSINESS TAX; PROVIDE CREDIT FOR PERCENTAGE
OF COMPENSATION COST OF CREDITED JOBS

May 18, 2004

Today I have vetoed and return to you with my objections Enrolled Senate Bill 1093, as provided under Section 33 of Article IV of the Michigan Constitution of 1963.

Senate Bill 1093 would provide a single business tax credit that supporters of the bill hope will encourage the creation of new jobs. I share the goal of job creation and have been working with the legislature to provide incentives to retain and attract good-paying jobs in Michigan. Indeed, today I announced the creation or retention of 8,600 jobs in Michigan—for nearly all of which Michigan beat competition from other states. Those jobs were created the right way—by offering targeted, aggressive assistance to businesses that would not otherwise have expanded or opened in this state.

Unfortunately, as drafted, Senate Bill 1093 is not targeted or strategic enough—it is written so broadly that it unnecessarily would subsidize business activity that would occur in any event. The legislation would reduce general fund revenues by about \$13 million annually, a significant sum during difficult budget times, and would spread that reduction thinly over so many firms that the impact on job creation would be minimal at best. Senate Bill 1093 also would reduce business taxes for transfers among business affiliates, even when no net new jobs would be created. Finally, while the bill requires that businesses claiming the tax credit must provide health care coverage or health insurance, these terms are not defined, rendering the requirement virtually meaningless.

A tax credit can be an appropriate tool to accomplish important public purposes if the credit will truly foster the activity sought and if other options are not effective. Unfortunately, Senate Bill 1093 meets neither test.

I would prefer to use taxpayer-funded state resources in a much more targeted manner as we have done today in announcing the creation or retention of thousands of jobs through the Michigan Economic Growth Authority (MEGA) job credits. I look forward to working with the legislature to pass legislation that provides for a greater number of MEGA grants and more flexibility in the granting of the credits.

For the reasons stated above, I return Enrolled Senate Bill 1093 without signature.

Respectfully,
Jennifer M. Granholm
Governor

The bill was returned from the Governor on May 18, 2004, at 2:03 p.m.

The question being on the passage of the bill, the objections of the Governor to the contrary notwithstanding, Senator Hammerstrom moved that further consideration of the bill be postponed for today.

The motion prevailed.

Senator Thomas entered the Senate Chamber.

Messages from the House

Senator Hammerstrom moved that consideration of the following bills be postponed for today:

Senate Bill No. 977
Senate Bill No. 267
Senate Bill No. 628
Senate Bill No. 981
Senate Bill No. 987
The motion prevailed.

Senators Cassis and Brater entered the Senate Chamber.

Senate Bill No. 991, entitled

A bill to amend 1945 PA 47, entitled “An act to authorize 2 or more cities, townships, and villages, or any combination of cities, townships, and villages, to incorporate a hospital authority for planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, maintaining, and operating 1 or more community hospitals and related buildings or structures and related facilities; to provide for the sale, lease, or other transfer of a hospital owned by a hospital authority to a nonprofit corporation established under the laws of this state for no or nominal monetary consideration; to define hospitals and community hospitals; to provide for changes in the membership therein; to authorize the cities, townships, and villages to levy taxes for community hospital purposes; to provide for the issuance of bonds; to provide for the pledge of assessments; to provide for borrowing money for operation and maintenance and issuing notes for operation and maintenance; to validate elections heretofore held and notes heretofore issued; to validate bonds heretofore issued; to authorize condemnation proceedings; to grant certain powers of a body corporate; to validate and ratify the organization, existence, and membership of entities acting as hospital authorities under the act and the actions taken by hospital authorities and by the members of the hospital authorities; and to prescribe penalties and provide remedies,” by amending section 2 (MCL 331.2).

The House of Representatives has passed the bill and ordered that the bill be given immediate effect.

The question being on concurring in the committee recommendation to give the bill immediate effect,

The recommendation was concurred in, 2/3 of the members serving voting therefor.

The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senate Bill No. 221, entitled

A bill to amend 1994 PA 451, entitled “Natural resources and environmental protection act,” by amending sections 43510 and 43516 (MCL 324.43510 and 324.43516), section 43510 as amended by 1996 PA 585 and section 43516 as added by 1995 PA 57.

Substitute (H-2).

The question being on concurring in the substitute made to the bill by the House,

The substitute was concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 303**Yeas—32**

Allen	Cherry	Hammerstrom	Prusi
Barcia	Clarke	Hardiman	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Sikkema
Birkholz	Garcia	Kuipers	Stamas
Bishop	George	Leland	Switalski
Brown	Gilbert	McManus	Thomas
Cassis	Goschka	Patterson	Van Woerkom

Nays—4

Brater	Clark-Coleman	Jacobs	Scott
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Excused—2

Olshove	Toy
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Not Voting—0

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor. The Senate agreed to the full title. The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senator Olshove entered the Senate Chamber.

Senate Bill No. 625, entitled

A bill to amend 1986 PA 102, entitled “An act to establish a grant program for certain part-time, independent students in this state; and to prescribe the powers and duties of certain state agencies and institutions of higher education,” by amending section 3 (MCL 390.1283).

Substitute (H-1).

The question being on concurring in the substitute made to the bill by the House, The substitute was concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 304

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Scott
Birkholz	Garcia	Kuipers	Sikkema
Bishop	George	Leland	Stamas
Brater	Gilbert	McManus	Switalski
Brown	Goschka	Olshove	Thomas
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Toy

Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor. The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senate Bill No. 626, entitled

A bill to amend 1964 PA 208, entitled “An act to grant scholarships to students enrolled in postsecondary education institutions; and to provide for the administration of the scholarship program,” by amending section 7 (MCL 390.977), as amended by 1980 PA 500.

Substitute (H-1).

The question being on concurring in the substitute made to the bill by the House, The substitute was concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 305**Yeas—37**

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Scott
Birkholz	Garcia	Kuipers	Sikkema
Bishop	George	Leland	Stamas
Brater	Gilbert	McManus	Switalski
Brown	Goschka	Olshove	Thomas
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0**Excused—1**

Toy

Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor. The bill was referred to the Secretary for enrollment printing and presentation to the Governor.

Senate Bill No. 627, entitled

A bill to amend 1976 PA 228, entitled "The legislative merit award program act," by amending section 4 (MCL 390.1304), as amended by 1980 PA 386.

Substitute (H-1).

The question being on concurring in the substitute made to the bill by the House,

The substitute was concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 306**Yeas—37**

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Scott
Birkholz	Garcia	Kuipers	Sikkema
Bishop	George	Leland	Stamas
Brater	Gilbert	McManus	Switalski
Brown	Goschka	Olshove	Thomas
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Toy

Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, Senator Hammerstrom moved that further consideration of the bill be postponed for today. The motion prevailed.

Senate Bill No. 661, entitled

A bill to amend 1978 PA 105, entitled "An act to provide grants to students enrolled in independent nonprofit institutions of higher learning; and to provide for the promulgation of rules," by amending section 4 (MCL 390.1274). Substitute (H-1).

The question being on concurring in the substitute made to the bill by the House,

The substitute was concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 307**Yeas—36**

Allen	Cherry	Hardiman	Prusi
Barcia	Clark-Coleman	Jacobs	Sanborn
Basham	Clarke	Jelinek	Schauer
Bernero	Cropsey	Johnson	Scott
Birkholz	Garcia	Kuipers	Sikkema
Bishop	George	Leland	Stamas
Brater	Gilbert	McManus	Switalski
Brown	Goschka	Olshove	Thomas
Cassis	Hammerstrom	Patterson	Van Woerkom

Nays—0**Excused—1**

Toy

Not Voting—1

Emerson

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, Senator Hammerstrom moved that further consideration of the bill be postponed for today. The motion prevailed.

Senate Bill No. 662, entitled

A bill to amend 1974 PA 75, entitled "An act to provide for payment to approved independent nonprofit institutions of higher education, located within the state, for all earned degrees conferred upon Michigan residents; and to provide for appropriations," by amending section 3 (MCL 390.1023), as amended by 1984 PA 9.

Substitute (H-1).

The question being on concurring in the substitute made to the bill by the House,

The substitute was concurred in, a majority of the members serving voting therefor, as follows:

Roll Call No. 308**Yeas—37**

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Scott
Birkholz	Garcia	Kuipers	Sikkema
Bishop	George	Leland	Stamas
Brater	Gilbert	McManus	Switalski
Brown	Goschka	Olshove	Thomas
Cassisi	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0**Excused—1**

Toy

Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, Senator Hammerstrom moved that further consideration of the bill be postponed for today.

The motion prevailed.

Third Reading of Bills

Senator Hammerstrom moved that the following bill be placed at the head of the Third Reading of Bills calendar:

House Bill No. 5105

The motion prevailed.

The following bill was read a third time:

House Bill No. 5105, entitled

A bill to amend 1931 PA 328, entitled "The Michigan penal code," by amending sections 529, 529a, and 530 (MCL 750.529, 750.529a, and 750.530), section 529a as added by 1994 PA 191.

The question being on the passage of the bill,

The bill was passed, a majority of the members serving voting therefor, as follows:

Roll Call No. 309

Yeas—37

Allen	Clark-Coleman	Hardiman	Prusi
Barcia	Clarke	Jacobs	Sanborn
Basham	Cropsey	Jelinek	Schauer
Bernero	Emerson	Johnson	Scott
Birkholz	Garcia	Kuipers	Sikkema
Bishop	George	Leland	Stamas
Brater	Gilbert	McManus	Switalski
Brown	Goschka	Olshove	Thomas
Cassis	Hammerstrom	Patterson	Van Woerkom
Cherry			

Nays—0

Excused—1

Toy

Not Voting—0

In The Chair: President

The question being on concurring in the committee recommendation to give the bill immediate effect, The recommendation was concurred in, 2/3 of the members serving voting therefor.

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to revise, consolidate, codify and add to the statutes relating to crimes; to define crimes and prescribe the penalties therefor; to provide for restitution under certain circumstances; to provide for the competency of evidence at the trial of persons accused of crime; to provide immunity from prosecution for certain witnesses appearing at such trials; and to repeal certain acts and parts of acts inconsistent with or contravening any of the provisions of this act.”.

The Senate agreed to the full title.

By unanimous consent the Senate proceeded to the order of

General Orders

Senator Hammerstrom moved that the Senate resolve itself into the Committee of the Whole for consideration of the General Orders calendar.

The motion prevailed, and the President, Lieutenant Governor Cherry, designated Senator Basham as Chairperson.

After some time spent therein, the Committee arose; and, the President pro tempore, Senator Birkholz, having assumed the Chair, the Committee of the Whole reported back to the Senate, favorably and with amendment, the following bill:

House Bill No. 5134, entitled

A bill to amend 1978 PA 368, entitled “Public health code,” (MCL 333.1101 to 333.25211) by adding section 16276. The following is the amendment recommended by the Committee of the Whole:

1. Amend page 1, line 5, after “to” by striking out the balance of the line and inserting “**any of the following:**

(a) **A licensed physician.**

(b) **A licensed physician’s assistant who performs such a procedure in a health care facility.**

(c) **A certified nurse practitioner who performs such a procedure in a health care facility.”.**

The Senate agreed to the amendment recommended by the Committee of the Whole, and the bill as amended was placed on the order of Third Reading of Bills.

The Committee of the Whole reported back to the Senate, favorably and with a substitute therefor, the following bill:
Senate Bill No. 1025, entitled

A bill to create a child protection registry; to prohibit the sending of certain communications to registered contact points; to proscribe the powers and duties of certain state agencies and officials; and to provide for penalties and remedies.

Substitute (S-3).

The Senate agreed to the substitute recommended by the Committee of the Whole, and the bill as substituted was placed on the order of Third Reading of Bills.

Resolutions

Senator Hammerstrom moved that consideration of the following resolutions be postponed for today:

Senate Resolution No. 175

Senate Resolution No. 139

Senate Resolution No. 241

Senate Concurrent Resolution No. 40

The motion prevailed.

Senator Schauer stated that had he been present on May 18 when the votes were taken on concurring in the House substitute and immediate effect to the following bill, he would have voted "nay":

Senate Bill No. 647

Senator Schauer stated that had he been present on May 18 when the votes were taken on the passage of the following bills, he would have voted "yea":

House Bill No. 5500

Senate Bill No. 296

Introduction and Referral of Bills

Senators Brater, Prusi, Switalski, Clarke and Leland introduced

Senate Bill No. 1250, entitled

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," (MCL 324.101 to 324.90106) by adding part 752.

The bill was read a first and second time by title and referred to the Committee on Technology and Energy.

House Bill No. 5538, entitled

A bill to amend 1893 PA 206, entitled "The general property tax act," (MCL 211.1 to 211.157) by adding sections 7ii and 7jj.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Finance.

House Bill No. 5698, entitled

A bill to amend 1927 PA 372, entitled "An act to regulate and license the selling, purchasing, possessing, and carrying of certain firearms and gas ejecting devices; to prohibit the buying, selling, or carrying of certain firearms and gas ejecting devices without a license or other authorization; to provide for the forfeiture of firearms under certain circumstances; to provide for penalties and remedies; to provide immunity from civil liability under certain circumstances; to prescribe the powers and duties of certain state and local agencies; to prohibit certain conduct against individuals who apply for or receive a license to carry a concealed pistol; to make appropriations; to prescribe certain conditions for the appropriations; and to repeal all acts and parts of acts inconsistent with this act," by amending section 5j (MCL 28.425j), as amended by 2002 PA 719.

The House of Representatives has passed the bill and ordered that it be given immediate effect.

The bill was read a first and second time by title and referred to the Committee on Judiciary.

Statements

Senators Scott, Schauer, Brown, Sikkema, Basham, Brater and Cropsey asked and were granted unanimous consent to make statements and moved that the statements be printed in the Journal.

The motion prevailed.

Senator Scott's statement is as follows:

I am most certain that many of you were upset yesterday when I was not here to give you my daily thoughts and views on much needed insurance reform in this state. Well, I am back today. Let there be no mistake—I remain steadfast in my commitment toward attaining fairness and equity in the underwriting and rating of auto and homeowners insurance policies for all citizens across the great state of Michigan.

I believe last week I reported to you that the OFIS commissioner had received thousands of complaints of rate disparity from residents all across Michigan, including a citizen from Berrien County outraged with alarming increases in homeowners insurance. Since the creation last July of the Senate Democratic Consumer Protection Task force, of which I served as co-chair, I have been working aggressively to address these concerns and frustrations of many Michigan citizens who are looking for answers to questionable rates and practices of the insurance industry.

Our Governor and insurance commissioner, along with Senate Democrats, are all committed to the cause. I urge all of my colleagues here in the Senate Chamber to join with us in a bipartisan fashion to find solutions and act now to bring relief to all our constituents who are experiencing rising insurance costs.

Senator Schauer's statement is as follows:

May 18th was a very good day for business in Michigan. This is certainly true for my district and maybe for your too. Governor Granholm, in conjunction with corporate CEOs and mayors around the state, announced that 8,683 new jobs will be created in Michigan with yesterday's approval of MEGA-targeted tax incentives. As a result of a partnership with the Legislature, \$50 million in tax credits were approved, resulting in \$393 million in new investment in Michigan. It sounds like good economics and good business to me.

In communities around the state, nine Michigan companies will directly add 2,866 new jobs, while another 5,817 indirect jobs will result. These are 8,683 jobs that will be coming to Michigan rather than Illinois, Indiana, Kentucky, North Carolina, Ohio, or even Mexico. May 18th was a great day for Michigan, and this Legislature was a full partner by extending the MEGA sunset and further improving the MEGA program.

I was proud to be with Governor Granholm, Kellogg Company CEO Carlos Gutierrez, the MEDC, the city of Battle Creek, and Battle Creek Unlimited, as Kellogg's announced that they will immediately begin the location of the Keebler Snack Division headquarters from Elmhurst, Illinois, to Battle Creek, Michigan, bringing 300 high-paid executive positions, with average salary ranging from \$68,000-\$80,000 per year, to the Cereal City. The result is expected to be \$160 million in new payroll to my community over the next five years.

I was also with Governor Granholm and a representative of many companies yesterday, including Dawn Food Products, which resides in the 17th District, but employs many of my constituents, along with the Enterprise Group of Jackson here yesterday in Lansing, as they announced that Dawn Foods would add 110 new jobs in Jackson County to their food production business. Although Dawn Food is located in the 17th District, they are very important to all of Jackson County, and certainly, to all of this state.

I'm sure you've read the numbers: Kellogg Company, 538 total new jobs; Benteler Automotive Corporation, 370 jobs; Dawn Food Products, 401 total new jobs; General Dynamics Land Systems, 505 total new jobs; JATCO USA, 212 new jobs; Michigan Packaging Company, 227 total new jobs; Quicken Loans/Rock Financial, 5,895 total new jobs created; RLP Technologies, 142 total new jobs over five years; and TG North America, retaining 186 jobs and creating 393 total new jobs.

Colleagues, the 8,683 new quality jobs announced yesterday is testament that we are on the right track and that well-placed, targeted tax incentives work. They create jobs and grow our economy. According to my friends Tony the Tiger and Ernie Keebler, Michigan is a great place to do business.

Senator Brown's statement is as follows:

Let's talk about May 18th. There was some good news, and there was some bad news. It was a day of mixed signals. The Governor vetoed Senate Bill No. 1093. If we really want, Madam President, to be a full partner in this process of job creation, then we need to work together. By vetoing Senate Bill No. 1093, a signal was sent throughout the state not only do we not want to move forward in a bipartisan spirit, but we really don't want to assist small manufacturers in job creation. We are so caught up in what government can get out of job creation, rather than the real example of transforming people's lives by expanding the economy and creating real opportunity.

So as I look back on May 18th, I see quite a bit of glitch, and I think there is an opportunity there for our Governor to reconsider the action that she took relative to Senate Bill No. 1093.

Senator Sikkema's statement is as follows:

For every job that is created by a MEGA credit over the last 16 months, Michigan has lost two jobs. That's a bad deal. The reason is because economic prosperity to Michigan, which has the second-highest unemployment rate in the country and has had the second highest unemployment rate in the country for 16 months, economic prosperity to this state cannot come if all our strategy is to give a tax credit to large companies who threaten to leave unless we respond. What Michigan needs is broad-based economic reform that includes tax reform and regulatory reform.

A few weeks ago, the Governor came to this Legislature, to me personally and to the Speaker of the House of Representatives, and asked for help via a tax credit for one company to keep jobs in Michigan, Federal Mogul. The Governor was willing to spend \$6.5 million a year of taxpayers' money over 20 years simply to keep and retain jobs for one company. My response was, "Governor, I am willing to work with you to do that, but we also have to have a much more broad-based strategy that is designed not to just retain jobs that are in big manufacturing companies, but we need a strategy to create new jobs, so that we're not trying to spend taxpayers' money on maintaining the status quo, but we can grow."

That's what Senate Bill No. 1093 was all about. And, yes, it does send through tax credits state money, just like the Governor's Federal Mogul retention plan did. Roughly equivalent, we could quibble over the numbers, but the estimates have been anywhere for Senate Bill No. 1093. The annual cost for broad-based tax credits to create new jobs annual cost of anywhere between \$3 million and \$13 million a year. That compares to the Governor's plan for one company of \$6.5 a year. I submit to you, ladies and gentlemen, if we are willing to spend hard earned tax dollars for one company because they threaten us with leaving, we ought spend the same amount of money to encourage the growth of small businesses.

The Governor's veto of that bill yesterday is wrong. It's wrong policy for Michigan to say, as she did in her letter, our economic growth strategy is to give me more MEGA credits to retain jobs. That is flat out a flawed strategy. We need a strategy to grow, and we have to recognize that most growth is going to come from small, medium-sized companies. That's what Senate Bill No. 1093 was all about.

You know, the Governor said, "I need some help on Federal Mogul." I said, "Governor, we are willing to give you some help on Federal Mogul because these are not Republican jobs, and they are not Democratic jobs. They are jobs for Michigan citizens. In return for giving the Governor some assistance via the MEGA strategy, we ought to be willing to have a broad-based strategy to grow small businesses. The Republican Job Action Plan which was announced last October and then again in January is designed to recognize that our economy is changing. If we are going to have a future in this state, we need to get ahead of that wave, and re-position this state for economic growth.

Senator Basham's statement is as follows:

I guess this is the day under Statements where we become critical of each other's party and of the administration. Let me be critical for a minute. The head of the Majority Leader's party said that workers make too much in the state of Michigan, and that is why jobs are leaving. I disagree. I would be critical of those kinds of comments.

I would also be critical of the majority party not giving me a hearing on Senate Bill No. 186, which would, in fact, not only probably create jobs but would save lives—the smoke-free restaurant bill. I would be critical of the majority party not giving me hearings on a number of other bills dealing with nursing homes, electronic monitoring devices, and so on and so forth.

So I guess if we want to be critical about each other, there's plenty of room to go around today. So I think the administration is doing an excellent job at creating jobs in this state, and the legislators should support her in those efforts.

Senator Brater's statement is as follows:

I wish, as a member of the Finance Committee that dealt with this bill, to address something that has been talked about twice now in statements, Senate Bill No. 1093 that the Governor vetoed, why I think the Governor vetoed the bill, and why I think that was the right thing to do. But first of all, I'd like to address the whole issue of the tax climate in Michigan and what we need to do to strengthen the business climate here.

We have eliminated the SBT as a form of taxation, and we haven't really, although it's still coming in because of the status of the rainy day fund. We really haven't taken any steps to replace that form of taxation for business. I think instead of nickel and dimeing this tax issue with these bills, what we should be doing is looking at the entire business tax picture and talking about what kind of business tax we should be having here in Michigan to support the kind of quality of life and education and health care, recreation, and infrastructure—all the things that business needs to flourish and to attract business to this state. That is one thing that we need to get businesses of different kinds at the table because there are winners and losers in any kind of tax policy that we address regarding business. So that would be step one because Michigan has been found under many studies now to be in the middle of the pack when it comes to tax burden. I think we're 29th according to the Tax Foundation.

Taxes alone are not going to solve our problem. We also need to be looking at the fact that jobs—for example, the Electrolux jobs that we lost to Mexico were \$15.00-an-hour jobs in Greenville, and they are \$1.57-an-hour jobs in

Mexico. That is something we can't really address through state tax policy. We have to ask the federal government to help us address these job outsourcing issues and get help from Washington to prevent this kind of unfair competition when jobs are sent to a country that has lower wage rates because there are not environmental controls, no worker safety. There are so many complex things going on about this issue.

In terms of Senate Bill No. 1093, the problem with that bill in specific was that it gave new tax credits for new, but in a way it rewarded conduct that would have happened anyway. There was no study that had been offered to support the implied contention that employers were not hiring because of the 1.9 percent SBT. The credit was amended down to 1 percent from the original 3 percent, which was higher than the firm's SBT liability of about 2 percent for the added job. Even a company which does not file under the employment-based SBT system would get the credit. Seventy-five percent of companies of this size file under one of the alternate or noncompensation based- versions of the tax. So I think that is why the Governor did have a problem with it. She also expressed in her veto message her concern that it was not a targeted or strategic enough tax benefit. She stated in her veto message that the bill was written so broadly that it unnecessarily would subsidize business activity that would occur in any event. The legislation would reduce General Fund revenues by about \$13 million annually, a significant sum during difficult budget times, and would spread that reduction thinly over so many firms that the impact on job creation would be minimal at best. Senate Bill No. 1093 also would reduce business taxes for transfers among business affiliates, even when no net new jobs would be created. Finally she said, while the bill requires that businesses claiming the tax credit must provide health care coverage or health insurance, these terms are not defined, rendering the requirement virtually meaningless. So I would say the Governor had some good specific reasons for vetoing this bill. I think we should all come to the table and work out a good approach to tax policy in this state, instead of finger-pointing and making partisan attacks.

Senator Cropsey's statement is as follows:

I wanted to get up and make a comment on Senate Bill No. 1093. I'm the legislator who has Federal Mogul and Electrolux in my district, so I understand a few of the problems that these businesses face, and I did want to correct a few things that were said on the floor today.

Electrolux is leaving. Some of the jobs are going to Mexico; some of the jobs are going to South Carolina, and we don't know the exact mix yet. To say that we must be a competitive state is an understatement. We are still losing jobs, evidently, to the Southern states, not just overseas and not just outside of our nation's borders. We must be a competitive state. Michigan is not known as a low-tax state. We are still considered to be a high-tax state. We must have the jobs here in order to support our budget, in order to support our infrastructure, and in order to support the people of the state of Michigan. We must have good-paying jobs. We need jobs, though, in which we become better able to say we are more productive, and it is a good deal for businesses to move here to Michigan.

The Senator who sponsored this legislation—trying to look to find out which district Senator Brown is in—the Senator from the 16th District is exactly right on the legislation that he had proposed in that we need to have an overall increase in the favorability of our business climate. This is one of the ways to do it. It wasn't just targeted to any business, but businesses that were going to add new jobs in this state. I do appreciate the Governor signing legislation that was meant to help Electrolux and that was meant to help specially Federal Mogul. I appreciate that and I applaud the Governor for that. I was there in Greenville, and I was here in Lansing when she signed that legislation because truly these are not Republican jobs or Democrat jobs, but they are Michigan jobs. But at the same time, we have a lot of small businesses where we need to really give them some help to encourage them to locate here in Michigan, and encourage them to do the research to come out with products. A lot of times patents have already been given, but they need to be taken to the public. A lot of the credits that the Senator from the 16th District was talking about would help overall in the business climate of this state and help to create the new jobs that we need.

So I am very disappointed in the Governor's veto of this because this was aimed at creating new jobs here in Michigan to help all the people of the state of Michigan. I do believe the Governor is wrong on that, and I hope that the Governor would reconsider and that she would not use this as election year politics, but she would use it to say this is to help all the people of the state of Michigan once again get good-paying jobs.

Committee Reports

The Committee on Technology and Energy reported

House Bill No. 4187, entitled

A bill to amend 1991 PA 179, entitled "Michigan telecommunications act," (MCL 484.2101 to 484.2701) by adding section 312c.

With the recommendation that the bill pass.

The committee further recommends that the bill be given immediate effect.

Bruce Patterson
Chairperson

To Report Out:

Yeas: Senators Toy, Birkholz, Brown, Cassis, Olshove, Leland and Bernero

Nays: None

The bill was referred to the Committee of the Whole.

The Committee on Technology and Energy reported

Senate Bill No. 1025, entitled

A bill to create a child protection registry; to prohibit the sending of certain communications to registered contact points; to proscribe the powers and duties of certain state agencies and officials; and to provide for penalties and remedies.

With the recommendation that the substitute (S-3) be adopted and that the bill then pass.

The committee further recommends that the bill be given immediate effect.

Bruce Patterson
Chairperson

To Report Out:

Yeas: Senators Toy, Birkholz, Brown, Cassis, Olshove, Leland and Bernero

Nays: None

The bill and the substitute recommended by the committee were referred to the Committee of the Whole.

COMMITTEE ATTENDANCE REPORT

The Committee on Technology and Energy submitted the following:

Meeting held on Wednesday, May 12, 2004, at 3:00 p.m., Room 210, Farnum Building

Present: Senators Toy, Birkholz, Brown, Cassis, Olshove, Leland and Bernero

Excused: Senator Patterson (C)

The Committee on Transportation reported

Senate Bill No. 736, entitled

A bill to amend 1949 PA 300, entitled "Michigan vehicle code," by amending section 717 (MCL 257.717), as amended by 2002 PA 552.

With the recommendation that the substitute (S-1) be adopted and that the bill then pass.

The committee further recommends that the bill be given immediate effect.

Judson S. Gilbert II
Chairperson

To Report Out:

Yeas: Senators Gilbert, Kuipers, Goschka and Leland

Nays: Senator Basham

The bill and the substitute recommended by the committee were referred to the Committee of the Whole.

The Committee on Transportation reported

House Bill No. 5491, entitled

A bill to amend 2001 PA 142, entitled "Michigan memorial highway act," (MCL 250.1001 to 250.1100) by adding section 1080.

With the recommendation that the substitute (S-2) be adopted and that the bill then pass.

The committee further recommends that the bill be given immediate effect.

Judson S. Gilbert II
Chairperson

To Report Out:

Yeas: Senators Gilbert, Kuipers, Goschka, Leland and Basham

Nays: None

The bill and the substitute recommended by the committee were referred to the Committee of the Whole.

COMMITTEE ATTENDANCE REPORT

The Committee on Transportation submitted the following:

Meeting held on Tuesday, May 18, 2004, at 1:10 p.m., Room 100, Farnum Building

Present: Senators Gilbert (C), Kuipers, Goschka, Leland and Basham

COMMITTEE ATTENDANCE REPORT

The Subcommittee on General Government submitted the following:

Meeting held on Tuesday, May 18, 2004, at 2:30 p.m., Senate Appropriations Room, 3rd Floor, Capitol Building
Present: Senators Garcia (C), McManus and Switalski

COMMITTEE ATTENDANCE REPORT

The Subcommittee on State Police and Military Affairs submitted the following:

Meeting held on Tuesday, May 18, 2004, at 3:00 p.m., Room 405, Capitol Building
Present: Senators Brown (C), Stamas and Clarke

COMMITTEE ATTENDANCE REPORT

The Subcommittee on Judiciary and Corrections submitted the following:

Meeting held on Tuesday, May 18, 2004, at 3:30 p.m., Senate Hearing Room, Ground Floor, Boji Tower
Present: Senators Cropsy (C), Brown, Garcia, Switalski and Prusi

Scheduled Meetings

Agriculture, Forestry and Tourism - Thursday, May 20, 9:00 a.m., Room 110, Farnum Building (373-1635)

Appropriations - Tuesday, May 25, 2:00 p.m., and Wednesday, May 26, 1:00 p.m., Senate Appropriations Room, 3rd Floor, Capitol Building (373-2523)

Subcommittees -

Agriculture - Thursday, May 20, 1:00 p.m., Senate Appropriations Room, 3rd Floor, Capitol Building (373-5932)

Family Independence Agency - Thursday, May 20, 2:00 p.m., Room 110, Farnum Building (373-1801)

State Police and Military Affairs and House State Police/Military and Veterans Affairs - Thursday, May 20, 8:30 a.m., Senate Hearing Room, Ground Floor, Boji Tower (373-5932) (CANCELED)

Local, Urban and State Affairs - Thursday, May 20, 1:00 p.m., Senate Hearing Room, Ground Floor, Boji Tower (373-1707)

Senator Hammerstrom moved that the Senate adjourn.

The motion prevailed, the time being 11:06 a.m.

The President pro tempore, Senator Birkholz, declared the Senate adjourned until Thursday, May 20, 2004, at 10:00 a.m.

CAROL MOREY VIVENTI
Secretary of the Senate