

**No. 9**  
**STATE OF MICHIGAN**  
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**OF THE**  
**House of Representatives**  
**94th Legislature**  
**REGULAR SESSION OF 2007**

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House Chamber, Lansing, Tuesday, February 6, 2007.

6:00 p.m.

The House was called to order by the Speaker.

The roll was called by the Clerk of the House of Representatives, who announced that a quorum was present.

Accavitti—present	Dillon—present	Lahti—present	Pearce—present
Acciavatti—present	Donigan—present	LaJoy—present	Polidori—present
Agema—present	Ebli—present	Law, David—present	Proos—present
Amos—present	Elsenheimer—present	Law, Kathleen—present	Robertson—present
Angerer—present	Emmons—present	LeBlanc—present	Rocca—present
Ball—present	Espinoza—present	Leland—present	Sak—present
Bauer—present	Farrah—present	Lemmons—present	Schuitmaker—present
Bennett—present	Gaffney—present	Lindberg—present	Scott—present
Bieda—present	Garfield—present	Marleau—present	Shaffer—present
Booher—present	Gillard—present	Mayes—present	Sheen—present
Brandenburg—present	Gonzales—present	McDowell—present	Sheltrown—present
Brown—present	Green—present	Meadows—present	Simpson—present
Byrnes—present	Griffin—present	Meekhof—present	Smith, Alma—present
Byrum—present	Hammel—present	Meisner—present	Smith, Virgil—present
Calley—present	Hammon—present	Melton—present	Spade—present
Casperson—present	Hansen—present	Meltzer—present	Stahl—present
Caswell—present	Hildenbrand—present	Miller—present	Stakoe—present
Caul—present	Hood—present	Moolenaar—present	Steil—present
Cheeks—present	Hoogendyk—present	Moore—present	Tobocman—present
Clack—present	Hopgood—present	Moss—present	Vagnozzi—present
Clemente—present	Horn—present	Nitz—present	Valentine—present
Condino—present	Huizenga—present	Nofs—present	Walker—present
Constan—present	Hune—present	Opsommer—present	Ward—present
Corriveau—present	Jackson—present	Palmer—present	Warren—present
Coulouris—present	Johnson—present	Palsrok—present	Wenke—present
Cushingberry—present	Jones, Rick—present	Pastor—present	Wojno—present
Dean—present	Jones, Robert—present	Pavlov—present	Young—present
DeRoche—present	Knollenberg—present		

e/d/s = entered during session

Rep. Terry L. Brown, from the 84th District, offered the following invocation:

“Our Creator and God,

We humbly come before You this special evening and ask You to make this a day of transformation. We are reminded as we reconcile ourselves to You and to each other ‘old things are done away with and all things become new’. In crisis there can be opportunity, in chaos there can be peace, in sadness, joy, in the midst of fear, there can be hope.

This evening I pray for my friend Kate, who like many young people are uncertain of what the future holds for their unborn children. Remind them and us that they carry the hope of the future and that each of our actions help to form the future our children will inherit.

I pray for my friend Marv, who has been concerned for several years about the security of his employment, and who now is confronted with serious health concerns. Let him know that You are there for him, and so is this body, because the people of Michigan are people that care for one another as brothers and sisters. Offer him and us Your healing Spirit.

I pray for my friend Bea Cooper, who celebrated her 110th birthday this week, and appreciates everyday, for she realizes each day is a special gift, and today may be our only chance to do good for one another.

And thank You Lord for those who have recognized even through our geography and the shape of our great State that this is a special place that is marked by the imprint of the hands of God, and thus it deserves our very special care.

When forces threaten to divide us, grant us unity, for our tasks require us to act as one body. As we become fearful, grant us Your courage to set our self interests aside for the common good. As we become enamored in pride or arrogance, humble us. As we become entrenched in our positions, open our eyes to new possibilities. May each day be one of celebration as we recognize that the same hands that have touched our land, rest upon each of us. Thank You for the privilege to be servants in such a noble endeavor. Amen.”

### Motions and Resolutions

Reps. Tobocman and Ward offered the following resolution:

**House Resolution No. 14.**

A resolution to fix the hour for daily sessions.

Resolved by the House of Representatives, That unless otherwise ordered, the daily sessions of the House of Representatives commence on Monday, Tuesday, and Wednesday at 1:30 p.m. and on Thursday at 12:00 p.m.

Pending the reference of the resolution to a committee,

Rep. Tobocman moved that Rule 71 be suspended and the resolution be considered at this time.

The motion prevailed, 3/5 of the members present voting therefor.

The question being on the adoption of the resolution,

The resolution was adopted.

### Announcement by the Clerk of Printing and Enrollment

The Clerk announced that the following bills had been printed and placed upon the files of the members on Friday, February 2:

<b>House Bill Nos.</b>	<b>4187</b>	<b>4188</b>	<b>4189</b>	<b>4190</b>	<b>4191</b>	<b>4192</b>	<b>4193</b>	<b>4194</b>	<b>4195</b>	<b>4196</b>	<b>4197</b>	<b>4198</b>	<b>4199</b>	<b>4200</b>
	<b>4201</b>													
<b>Senate Bill Nos.</b>	<b>151</b>	<b>152</b>	<b>153</b>	<b>154</b>	<b>155</b>	<b>156</b>	<b>157</b>							

### Reports of Standing Committees

#### COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Coulouris, Chair, of the Committee on Banking and Financial Services, was received and read:

Meeting held on: Tuesday, February 6, 2007

Present: Reps. Coulouris, Johnson, Mayes, Moore, Robertson and Calley

Absent: Reps. Clemente, Virgil Smith and Green

Excused: Reps. Clemente, Virgil Smith and Green

#### COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Melton, Chair, of the Committee on Education, was received and read:

Meeting held on: Tuesday, February 6, 2007

Present: Reps. Melton, Angerer, Brown, Byrum, Clack, Corriveau, Hopgood, Lindberg, Miller, Polidori, Scott, Moolenaar, Emmons, Hoogendyk, Steil, Pearce, Hildenbrand, Schuitmaker, Knollenberg and Opsommer

Absent: Reps. Valentine, Dean and Meisner

Excused: Reps. Valentine, Dean and Meisner

#### COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Sheltroun, Chair, of the Committee on Tourism, Outdoor Recreation and Natural Resources, was received and read:

Meeting held on: Tuesday, February 6, 2007

Present: Reps. Sheltroun, Ebli, Brown, Hammon, Kathleen Law, Lindberg, Simpson, Walker and Horn

Absent: Reps. Casperson and Stakoe

Excused: Reps. Casperson and Stakoe

#### COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Mayes, Chair, of the Committee on Agriculture, was received and read:

Meeting held on: Tuesday, February 6, 2007

Present: Reps. Mayes, Byrum, Angerer, Brown, Kathleen Law, Leland, Sheltroun, Walker, Nitz, Ball and Meekhof

#### COMMITTEE ATTENDANCE REPORT

The following report, submitted by Rep. Corriveau, Chair, of the Committee on Ethics and Elections, was received and read:

Meeting held on: Tuesday, February 6, 2007

Present: Reps. Corriveau, Clemente, Donigan, Hammon and Pearce

Absent: Reps. Bieda, Ward and Wenke

Excused: Reps. Bieda, Ward and Wenke

#### Communications from State Officers

The following communication from the Department of Transportation was received and read:

January 31, 2007

Pursuant to section 11f(3) and 11f(4) of 2006 PA 140, a report is due to the Legislature when either of the following two conditions occur:

- An annual report of the expenditures for this program is due on February 1, 2007 (11f(3)).
- The funds expended under the Jobs Today Program exceed \$40 Million (11f(4)).

In 2006, MDOT expended \$9,686,657 of Local Jobs Today funds and leveraged \$60,363,661 of local federal funds. The figures reported for FY 2007 (October 1, 2006 through September 30, 2007) are "as programmed" but have not been expended. This report includes Local Jobs Today funds that have been programmed but not expended by local road agencies.

Programmed funds indicate that a local federal aid project has made it through the process and has been approved for funding. However, funds cannot be expended until all federal requirements are met and the project has been let for bid. If a project cannot meet the federal requirements and is unable to be let for bid, those Local Jobs Today funds may be programmed to another project or will revert back to the State Transportation Fund when the Local Jobs Today program ends. To date, \$48,469,041 of Local Jobs Today funds have been programmed leveraging \$306,304,079 of local federal funds.

As of this report, Local Jobs Today funds, expended and programmed, total \$58,155,699 and will leverage up to \$366,667,740 of local federal aid funds.

Required information includes a summary of the overall project statistics including the total dollars projected for the program, the number of projects approved through the County Road Association of Michigan (CRAM), the number of projects approved through the Michigan Municipal League (MML), statewide/regional distribution by number of projects along with dollars (using MDOT regional boundaries), and the number of eligible High Priority Projects approved to date. All the statistical information is included in Appendix A, which is enclosed.

This has been a true partnering initiative between the Governor, Michigan Legislature, CRAM, MML, FHWA, and the individual local agencies. Thank you for providing funding for this valuable program.

Sincerely,  
Kirk T. Steudle  
Director

The communication was referred to the Clerk.

The following communication from the Department of Labor and Economic Growth was received and read:

February 1, 2007

The enclosed annual report for 2006, *Status of Electric Competition in Michigan*, is submitted on behalf of the Michigan Public Service Commission (Commission) in accordance with Section 10u of 2000 PA 141, MCL 460.10u. The report is available on the Commission's Web site.

During 2006, competition in Michigan's electric market declined for the second year in a row. The decline in electric customer choice enrollments and electric load was attributed primarily to two factors: 1) higher wholesale electricity prices in comparison to the current lower power supply costs of the regulated electric utility companies, and 2) an increase in choice customer's delivery rates. These factors impacted the competitive price of electric supply and made choice a less attractive option for Michigan's commercial and industrial customers in 2006.

To date, Michigan is one of about 20 States that has a competitive electric market. In comparison to other electric choice states, Michigan's average retail electricity price ranked seventh to ninth lowest in 2006, based on customer class. If compared to the ten largest U.S. states, Michigan is benchmarked as having the fourth lowest average retail electricity price. The report shows that since 2000, the relative ranking of Michigan's utility rates for residential, commercial, and industrial customer classes compared to other states has decreased, in some cases, significantly.

In 2006, the Commission issued 40 orders to further establish the framework for Michigan's electric customer choice programs and implement the provisions of PA 141.

Highlights of the report include:

- Approximately 7,300 commercial and industrial customers in Detroit Edison Company and Consumers Energy Company service territories participated in Michigan's electric customer choice programs, down 51% from the previous year.
- About 6% of electricity sales in Detroit Edison and Consumers Energy service areas were supplied by Alternative Electric Suppliers (AESs), down from 12% in 2005.
- As a result of declining electric choice sales and other factors, the Commission reduced Detroit Edison's electric rates by over \$78 million and ordered an experimental Choice Incentive Mechanism and load aggregation program for larger customers.
- There were 27 licensed AESs in Michigan throughout 2006.
- The Commission allowed Detroit Edison and Consumers Energy to roll-in prior year under and over-recoveries into future power supply cost recovery plans to permit prompt and accurate price signals for customers operating in competitive electric markets.
- The Commission concluded the stranded cost cases by netting 2004 costs to zero.
- The Low-Income and Energy Efficiency Fund grants awarded \$45 million for low-income financial assistance and \$13 million for low-income energy efficiency.
- The Commission authorized Consumers Energy's sale of its interest in the 1,500 megawatt Midland Cogeneration Venture to GSO Capital Partners and Rockland Capital Energy Investments.
- The Midwest Independent Transmission System Operator (MISO) maintained reliable electric service during unexpected outages of major generating plants and extremely high summer temperatures and peak loads.
- Almost 7,000 customers participate in Consumer Energy's Green Generation pricing program; and Constellation NewEnergy, a licensed AES, began offering a new "Green-e Renewable Energy" product.
- The Commission recommends legislation to reaffirm the requirements of PA 141 for the Commission to establish and sustain the Michigan Renewable Energy Program, and to provide the Commission with effective oversight authority to protect the public interest over utility mergers and acquisitions.

Market development through 2007 should provide the Commission and the Legislature with a greater understanding of the mechanisms that can enhance competition in support of the purposes of Act 141, including promoting healthy Michigan utilities. The Commission will apprise the Governor and the Legislature of any new developments that may require further action.

Very truly yours,  
J. Peter Lark, Chairman  
Michigan Public Service Commission  
Laura Chappelle, Commissioner  
Michigan Public Service Commission  
Monica Martinez, Commissioner  
Michigan Public Service Commission

The communication was referred to the Clerk.

By unanimous consent the House returned to the order of  
**Motions and Resolutions**

Rep. Tobocman moved that a special committee of four members be appointed to notify the Senate that the House was ready to meet the Senate in Joint Convention.

The motion prevailed.

The Speaker appointed as such committee Reps. Valentine, Dean, LaJoy and Meekhof.

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The special committee to notify the Senate that the House was ready to meet in Joint Convention returned to the House along with the members of the Senate.

The committee, through its Chairperson, reported that it had performed the duty assigned it. The report was accepted and the committee discharged.

The Sergeant at Arms announced the members of the Senate, who were admitted and conducted to seats.

### **Joint Convention**

6:30 o'clock p.m.

The Joint Convention was called to order by the President of the Joint Convention, Lieutenant Governor Cherry.

Reverend Dr. Carlyle Stewart, Pastor at Hope United Methodist Church in Southfield, offered the following invocation:

“Living and Gracious God:

We come before You today humbly invoking Your presence, wisdom and guidance as Your public servants here under take the great privilege of serving the people of the great state of Michigan during this time of great challenge.

We pause here today, O Lord, giving You thanks for Your untold blessings, for the many ways that You have touched our lives and given us strength and courage to serve Your people in our various walks of life.

As we pause here today, remembering Your majesty and grace, and recalling ever so fondly the ways in which You have helped them and covered them, lifted them and encouraged them, chastened them and challenged them, we ask for compassion and grace, for mercy and justice, for temperance and patience, for conviction and endurance.

Sweep upon Your servants here this day, both Governor and Representatives, with Your splendor and light. Imbue them with a good spirit for the fight. Let them not linger in the shadows of doubt, but let their dreams and aspirations give a loud and resounding shout!

As they labor here, pray here, debate here and legislate here, let them not lose a failure of nerve here or forget all the people they have been called to serve here.

And through their diligent and honorable service, we ask O God, that they will find confidence in You; that they will lift every spirit and every heart of every citizen of this state; that through their labors and by their service, the state of Michigan can move with dignity and hope to better times and higher ground through You.

We ask these things the Spirit of our Creator God, Amen.”

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

The roll of the House was called by the Clerk, who announced that a quorum of the House was present.

The President of the Joint Convention announced that the two Houses had met in Joint Convention to receive the message of the Governor.

Representative Tobocman moved that a special committee, consisting of two Representatives and two Senators, be appointed to invite and escort the State Officers to the Joint Convention.

The motion prevailed.

The President of the Joint Convention named as such committee Representatives Corriveau and Emmons, and Senators Hardiman and Hunter.

The Sergeant at Arms announced the special committee appointed to invite the State Officers to be present at the Joint Convention.

The State Officers, escorted by the committee, were conducted to seats.

Senator Cropsey moved that a special committee, consisting of two Representatives and two Senators, be appointed to invite and escort the Judges of the Court of Appeals to the Joint Convention.

The motion prevailed.

The President of the Joint Convention named as such committee Representatives Condino and Rocca, and Senators Birkholz and Whitmer.

The Sergeant at Arms announced the special committee appointed to invite the Judges of the Court of Appeals to be present at the Joint Convention.

The Judges of the Court of Appeals, escorted by the committee, were conducted to seats.

Representative Tobocman moved that a special committee, consisting of two Representatives and two Senators, be appointed to invite and escort the Justices of the Supreme Court to the Joint Convention.

The motion prevailed.

The President of the Joint Convention named as such committee Representatives Brown and David Law, and Senators Patterson and Anderson.

The Sergeant at Arms announced the special committee appointed to invite the Justices of the Supreme Court to be present at the Joint Convention.

The Justices of the Supreme Court, escorted by the committee, were conducted to seats.

Senator Cropsey moved that a special committee, consisting of four Representatives and four Senators, be appointed to invite and escort the Governor to the Joint Convention.

The motion prevailed.

The President of the Joint Convention named as such committee Representatives Scott, Lahti, Meltzer and Steil, and Senators Kahn, Pappageorge, Schauer and Thomas.

The Sergeant at Arms announced the special committee to wait on the Governor.

The Governor, escorted by the committee, was conducted to the rostrum.

The President of the Joint Convention then introduced Governor Granholm who gave her message to the Joint Convention as follows:

“Lieutenant Governor Cherry, Speaker Dillon, Majority Leader Bishop, Secretary of State Land, Attorney General Cox, members of the Legislature, State Board of Education, judiciary and Cabinet, fellow citizens, my beloved family: good evening.

I begin by thanking those courageous sons and daughters of Michigan in our armed forces - particularly those who are at this moment serving us in parts of the world torn by war. And we honor the memories and the families of those 129 Michigan servicemen and women who have fallen. Joining us is Doug Szczepanski, a soldier I met two years ago when his National Guard unit returned to Lansing from Iraq. Sgt. Szczepanski was wounded in an explosion. He says his only regret is that his injuries forced him to leave the Guard. But he’s now taking a new route to service - following in his father’s footsteps - training to work in law enforcement. Doug and his father, Doug Sr., a sergeant with the Michigan State Police, are with us tonight. I ask you to recognize our men and women serving in the armed forces, those who keep us safe here at home, and all our public servants.

Thank you.

My friends, tonight we are at a turning point - a decisive moment in Michigan’s journey. The decisions we make in the weeks ahead will shape Michigan’s future for decades to come.

This moment begs us to set aside partisan politics and put the best interests of our state first. Though many of you are new lawmakers and have barely found your desks in these chambers, a crisis has already found you, an economy in crisis that demands you answer swiftly and that you answer with courage.

This moment demands bold action for one simple and undeniable reason.

The world around us has changed, and it is not changing back. In this fiercely competitive world, every day that Michigan is not advancing, we are retreating.

You know the new reality. Our auto industry - the anchor of our economy - has been battered as never before.

Jobs have been outsourced by the tens of thousands to low wage countries.

Trade agreements go unenforced.

Industrial giants and small manufacturers have declared bankruptcy, shedding workers and slashing wages.

So this is the heart of our challenge: Will we invest in our people so they and their children can compete and win in the new world economy? Will we invest in our people so they can build great lives here in Michigan? Will we? Or will we fail them?

Tonight I say we must choose success for our people.

Over the last four years, we have charted a course toward recovery by deliberately constructing the nation's most aggressive and comprehensive economic plan.

It began as my plan.

But today, it is Michigan's plan - the major planks laid down by strong bipartisan majorities in our Legislature and sealed into place by the voters this fall.

Our plan transforms Michigan by diversifying our economy and investing in our people. Now this economic crisis demands that we build upon it.

Our destination is crystal clear: The Next Michigan - an unrivaled place to live, learn and earn. A Michigan of in-migration and innovation, a state that goes from the list of the most challenged to the most improved.

Our economic plan has put us on the right course to reach that destination. Now we will dramatically increase our pace. We will build on every success and aggressively go after new opportunities. When we see something working, we'll multiply it. We will increase our efforts to diversify the economy, reform government to cut costs, strengthen our schools, retrain displaced workers, expand access to health care, and revitalize our cities. And we will finally put our fiscal house in order.

And we will act with urgency, urgency, urgency.

In just this last year alone, despite the rancor of a partisan election, we came together to move this plan forward.

Together, we created the new 21st Century Jobs Fund and in this year we sparked 67 cutting-edge companies and projects with the promise of over 3,000 new jobs.

We mandated high school standards that are among the toughest in the nation.

We established a \$4,000 college scholarship - the Michigan Promise - for every single child in the state of Michigan.

We accelerated \$1.2 billion in building and infrastructure projects across the state to put thousands of people to work making Michigan work better.

We placed 112,000 workers in new jobs across Michigan and trained many of them for new careers.

We adopted cutting-edge laws to attract alternative energy companies.

Together, we raised the minimum wage for the first time in eight years.

All of this and more in one year. Together. We did it by putting people ahead of petty partisanship.

We can take pride in these achievements, but we will not rest.

The pace of change in this global economy is not slowing down, it's speeding up.

So in the year ahead, we are going to put our economic plan into overdrive. Let me tell you how.

Central to our plan is diversification, and we will speed that up in four ways.

#### DIVERSIFYING THE ECONOMY: GOING ANYWHERE AND DOING ANYTHING TO CREATE JOBS

First, I will continue to go anywhere and do anything to bring new jobs to Michigan.

My trips to Japan and Germany have resulted in more than \$230 million worth of new investments and more than eleven hundred new Michigan jobs.

So I'm going to turn up the burners in our pursuit of new international investment in Michigan.

This year I will venture again to bring jobs back to Michigan. I will focus on the companies and the countries that can create high-wage jobs in automotive research and development, advanced manufacturing, and alternative energy.

Our state is home to scores of international companies that have chosen to grow in Michigan in the past three years alone. Companies like Toyota, Mitsubishi, Denso, BMW, Hyundai, Nissan, Mahler, Tokai Rika, Karman, Konica Minolta, Nippon Piston Ring, Grupo Antolin, Siemens, Hi-Lex, Sohner, and others. Literally from A to Z, from Aisin to ZF Lemforder. We thank these companies for choosing Michigan and for creating jobs for our Michigan workers. We will take advantage of a global economy, not be victimized by it.

#### DIVERSIFYING THE ECONOMY: MARKETING THE STATE

A second way we will accelerate diversification of our economy is to increase our investment in marketing Michigan both for tourism and business.

Maybe you've heard the 'Pure Michigan' travel ads narrated by Tim Allen that so perfectly capture this magical state of ours.

Or the 'Michigan will give you the Upper Hand' business marketing ads featuring Jeff Daniels touting the business benefits of locating in our Great Lakes State.

They've been playing across the Midwest and this year, we'll expand their reach. We'll tell business executives and travelers that Michigan is the place to be and we'll do it more aggressively than Michigan has ever done in its history.

#### DIVERSIFYING THE ECONOMY: SUPPORT FOR SMALL BUSINESS & ENTREPRENEURSHIP

Third, we will continue to do everything we can to nurture the growth of small businesses and entrepreneurs across our state. And we're stepping on the gas.

We are making more capital and start-up funds available to Michigan's small businesses than ever before - low-interest loans, venture capital, incubator space, a small business ombudsman, and technical assistance.

We're making entrepreneurship part of the curriculum in 262 schools, 19 community colleges, and 6 universities.

I also urge you to finally pass the small business retirement plan I introduced at this podium last year. It will make it easier and more affordable for small businesses to offer their employees a retirement plan. Rep. Bieda and Sen. Thomas have introduced bills to turn this good idea into law. I urge you to pass them now.

#### DIVERSIFYING THE ECONOMY: ALTERNATIVE ENERGY

Fourth, we'll continue to diversify our economy by pursuing growth in four promising sectors: the life sciences, advanced manufacturing, homeland security, and alternative energy.

And make no mistake about it, this diversification pays off.

While our auto sector is contracting, other sectors are clearly seeing growth.

Economist David Sowerby documents that outside the auto industry, he sees Michigan-based companies regularly posting double-digit growth.

We have been shrewd about attracting automotive R&D companies - because that kind of high-end diversification takes advantage of our strengths. So we now have 215 automotive R&D centers in Michigan. Two hundred and fifteen - that's more than all of the other states, plus Canada, plus Mexico, combined!

This year, we'll see more jobs created through that kind of diversification.

Last year, there were 505 applications for grants from our 21st Century Jobs Fund - each offering to turn new ideas into new business growth and new jobs. This fund is a deep and broad 10-year, \$2 billion investment in diversifying our economy. No other state can compare.

Now, from these 505 applicants, the top 67 companies and projects were funded and are now moving forward.

And this year, we'll fund even more that meet our high standards.

One sector I'm particularly bullish on is alternative energy.

This new industry, so critical to our economy, our national security, and our environment is already setting up shop in Michigan. With other states clamoring for this opportunity, Michigan cannot afford to wait.

Already, eleven ethanol or biodiesel fuel manufacturing plants companies have chosen Michigan. Let me introduce to you some of the people who are making Michigan an alternative energy center right now:

- Daniel Russo of American Electric Car in Ferndale.

- Charles Cauchy from Tellurex in Traverse City.

Please give them the kind of Michigan welcome that shows our enthusiasm about their work in alternative energy.

Tonight I am announcing that we will begin an aggressive, three-year effort to attract even more alternative energy companies to Michigan through more than \$100 million in combined public-private investments. This will include the green technology companies that will make Michigan a leader in building the products that reduce the emissions that cause global warming.

Next, I will ask this Legislature to set ambitious goals for our state, so that within eight years, a minimum of 10 percent of our energy will come from renewable sources. And we will double that goal in the decade after that.

I will also ask you to expand alternative energy renaissance zones to attract new solar and wind energy companies.

Finally, by 2008 we will have 1,000 ethanol and bio-diesel pumps at gas stations across the state so you can put ethanol in your gas tank;

In the 20th century, we were the state that put the nation on wheels.

In the 21st century, Michigan can be the state that breaks our nation's dependence on foreign oil!

Just as we seek diversity in our economy, we must embrace human diversity in our communities, schools and workplaces. There's no question, diversity matters. It defines the global marketplace. When we bring together people of different backgrounds and different ways of seeing the world, we spark innovation...and innovation creates huge dividends. If we fully embrace the mosaic that is Michigan, our diversity will help fuel our economic transformation. And do you know what else? As we face these economic tides, we have to remember that we are all in this state together. We did not arrive here in the same way or at the same time, but we are all here together, headed toward the same destination. We are One Michigan.

#### REFORMING GOVERNMENT TO SAVE MONEY, WORK BETTER

As we diversify and transform our economy, we must continually transform government as well. Government must be lean but not mean.

So in state government, we are redoubling our efforts to root out inefficiencies and do more with less.



In addition, we've saved hundreds of millions of dollars through initiatives like bulk purchasing of prescription drugs, new protections against food stamp fraud, and forcing state departments to share services. We've saved \$524 million alone by renegotiating state contracts and ending no-bid contracting.

Since just 2002, the state has 7,000 fewer employees. In fact, the size of the state government workforce is smaller today than it was in 1973, yet these state employees are serving over a million more citizens today than they did in the 70s.

Because of our continual streamlining, Governing magazine said Michigan was tied for the third best-managed state in the nation. Michigan has been rated as the top state for using technology to serve citizens, putting permits online, having the best website - for two years in a row.

Since I became governor, I have resolved more than \$4 billion in budget deficits.

To bring new jobs here, we will continue to wage our war on waste and find new efficiencies that allow government to work better for less.

I will propose reforms; you will have ideas too. But we must work fast if we are to resolve the state's fiscal crisis.

And our local partners must do the same. Michigan's counties, cities and villages, townships, and school districts all must do more to share and consolidate resources.

In Michigan, we love our hometowns and our school home teams, but we also like saving a buck whenever we can.

This year we will find ways to do both.

Tonight I am proposing a change to revenue-sharing payments to local governments.

Cities and townships that want to see their revenue sharing increase this year will need to show us they are sharing services or consolidating with other units of government to save taxpayers money.

It's simple. When they show us they're consolidating or sharing, we'll 'show them the money.'

We will also ask our school districts to cut costs by consolidating services at the county or regional level.

My budget proposal will include incentives for districts to consolidate their business services in the coming school year.

A year from now, I'll submit a budget that will penalize those who haven't embraced this common sense way to put more dollars in the classroom. For example, it just doesn't make sense to have 10 school districts in a single county buying separate software when they can save dollars and cents buying it together.

Consolidation of services makes sense, and it saves money. And whether it's by using a carrot or a stick, we are going to make it happen.

In the year ahead, we'll make other investments that make government work better.

We've all felt the pain when vulnerable children suffer at the hands of those entrusted with their care.

That is why we are making fundamental changes to protect abused and neglected children.

To do this we are stepping up background checks for any adult who lives in a foster care home and adding more child protective services workers to our ranks.

We'll add more workers to ensure that children are placed in safe, permanent homes. We will aggressively monitor foster homes, and we will demand more accountability from anyone who plays a role in this system.

For the sake of Michigan's children, we will make the investments that are necessary to keep them safe.

We will reform our prison system as well. Today our efforts to keep Michigan competitive are threatened by rising costs in our Department of Corrections.

Let me be very clear - we will do whatever it takes to keep dangerous criminals off the streets. But we can and will find ways to reduce our prison population without compromising public safety.

The budget I present in two days will include lower-cost ways to deal with non-violent offenders. We will accelerate our efforts to help those who are paroled become productive members of society instead of running-up an expensive tab behind bars that the rest of us have to pay.

And, my friends, this is why we will focus on educating our children; because we know it's much wiser to invest taxpayer dollars educating people on the front-end of life, rather than incarcerating them on the back-end.

#### HIGH QUALITY EDUCATION & TRAINING FOR ALL

Economists and experts across the country agree that education is the single most effective strategy for stoking a state's economic growth. That means we all must create a culture of learning that is unprecedented in Michigan's history.

It is the foundation of our economic plan. And we are about to torque it up.

Hear me loud and clear - I refuse to slash school funding in the middle of this year.

And for next year, I will propose an increase in our investment in education.

At the same time, I will increase our expectations of schools.

We will build on the giant steps we have already taken.

When you have high expectations coupled with investment, you get what you pay for.

So two years ago, we implemented new standards for our K-8 schools that are considered to be in the top three in the nation.

For the first time, at every grade level, kids were taught the same high standards curriculum, whether they lived in Bloomfield Hills or Detroit or Marquette.

We believed that Michigan kids would improve if we set the bar high and if we were consistent in every district across the state.

And we were right. Three weeks ago, we saw significant increases in reading and math scores across the state. In fact, almost every district in the state saw improvement.

That was K-8. Last year, we pushed standards again to the next level - high school.

With strong bipartisan support, we established new high school standards that are among the most rigorous in the nation.

This year, we will continue to set the bar high for our schools.

We'll begin with an important expansion of early education. We'll provide new funding to school districts to offer a full day of pre-school to some 26,000 four-year-olds in districts that provide full day kindergarten. For many students, this will mean a quadrupling of their learning experiences in these two critical years before they enter first grade.

At the same time, I'll ask this Legislature to require all students to attend kindergarten. It's hard to believe - in fact, it's ridiculous - that we don't require it today.

I'd also like you to fix another absurd law by requiring all students to attend school until they are 18. A law enacted in 1895 says it's okay to drop out when you turn 16. Maybe it was okay then, but it is not okay now, and we all know it. I hope you will join with me and support the bills sponsored by Senator Brater and Representative Lemmons.

We need to keep at-risk kids in school, but we also need to do more to help them succeed.

This fall, we will open the first of a series of revolutionary new high schools. They will allow students to earn in five years both a high school diploma and a community college degree that will prepare them to fill job vacancies in our health care industry. For example, Henry Ford Hospital in Detroit is sponsoring one of these schools. They are helping to develop the health care curriculum and will be placing the students in careers in the Henry Ford health care system. Five such schools will be opening across Michigan this fall and will be followed by five more schools a year later.

Even with the best of schools, some of our children lack the kind of personal attention they need to get on track or to reach for a big goal like college. Mentor Michigan continues to help fill that void. Between September of 2004 and 2006, we increased the number of youth being mentored by nearly 12,000. We are gaining momentum and will continue to increase the reach of caring mentors in the lives of children.

Because the fastest job-creating states are the states that have the most educated workforces, our overriding education goal must be to double the number of college graduates in Michigan.

That's why we created the Michigan Promise scholarship - \$4,000 for every single child to give every student in Michigan the ability to earn a two-year college degree.

This fall, the first class of Michigan Promise scholars will enter college with the help of this new scholarship - funded not with tax dollars but through tobacco settlement money.

This spring, we'll begin distributing these promissory certificates to parents across Michigan. It is a ticket to a college education and all that it brings. When you get it, talk about it, frame it, have your child sign it, put it on the refrigerator - however you do it, but make college your expectation and your child's goal.

As we increase our investment in our colleges and universities with the budget I present in two days, I'll require them to keep tuition and costs affordable for Michigan families.

We cannot let runaway tuition costs deny the opportunity of higher education to the people of Michigan.

What I've just spoken about is largely focused on expanding educational opportunity for our kids.

But we are also going to open the doors of opportunity to adults who are struggling in this new economy.

We are about to make it much easier for the tens of thousands of displaced workers to get the training they need for a new career.

For the next three years, a one-time offer: We will provide free community college tuition to unemployed workers who want to learn the skills needed to fill high-demand jobs.

We have 84,000 job vacancies in Michigan today. Most require some kind of training or degree. Three years - take it or leave it. Get training or a degree now, and we'll pay for it now.

There are more than 100,000 Michigan workers who will be eligible to participate in this program, and we will do it largely through retooling our existing state and federal workforce development dollars.

The federal government has No Child Left Behind. Work with me in Michigan to have No Worker Left Behind.

One area that demands our special attention is nursing.

Today we have a nursing shortage in communities across our state.

Yet we have waiting lists of people who are anxious to become nurses. Something's wrong with this picture, and we are going to fix it.

Tonight we are launching the Michigan Nursing Corps, an initiative to train new nurses.

We will prepare 500 nursing educators to train 3,000 new nurses in just three years.

### AFFORDABLE HEALTH CARE

Training more nurses is just one of the things we will do to make health care more affordable and accessible.

When I spoke in this chamber last year, I announced our plan for universal access to affordable health care for Michigan citizens - the Michigan First Healthcare Plan.

Since then, we have worked aggressively with the federal government to make this happen.

We expect to have federal approval of our program this spring, insuring over half a million uninsured Michigan citizens and reducing insurance premiums for everyone else.

We can also improve the quality of health care in Michigan and give our economy a boost by removing the barriers to embryonic stem cell research, which could help thousands of people afflicted with life threatening and debilitating diseases.

It will also energize our emerging life sciences industry in Michigan. Today, Michigan is at the back of the pack when it comes to allowing this important research.

It's time to act on the issue. I can assure you, if the Legislature does not allow this research, the people will be taking it to the ballot.

### VIBRANT CITIES

There is another important piece of our economic plan that will revitalize Michigan. It is this: We must revitalize our cities.

States with diverse economies and low unemployment have vibrant cities.

Cities that have strong neighborhoods, safe streets and downtowns, that have loads of restaurants, lofts, charm and diversity will attract businesses big and small.

From Port Huron to Detroit to Grand Rapids to Escanaba - Michigan's cities will continue to be an integral part of our plan to build a strong economy and create jobs.

And we will continue to use a variety of tools to help cities thrive.

For example, our College Graduate Homeownership program is using low-interest mortgages and down-payment assistance as an incentive for new graduates to locate in our major urban areas.

And MSHDA (our housing arm) has agreed to tear down 5,000 blighted homes that make the neighborhoods in these cities unsafe.

And because strong cities must be safe cities, our budget this year will increase our investment to hire more police officers and firefighters in Michigan cities.

This year, we will also help our cities use the promise of higher education to fight poverty and high unemployment.

In Kalamazoo, private donors have promised free tuition to every single young person in that city to attend any public university or community college in Michigan.

These anonymous donors have decided to avoid the limelight, but the effects of their Kalamazoo Promise are easy to see.

Kalamazoo was losing students. Now, it's gaining them.

People are moving in and property values are going up.

Kalamazoo's story is inspiring communities across Michigan to find ways to make this same powerful 'Promise' to their own children.

So tonight I am proposing legislation to establish 'Promise Zones' that will help our distressed communities create public-private partnerships to replicate the generosity of the Kalamazoo Promise. I see a Flint Promise and a Grand Rapids Promise and, Mayor Kilpatrick, a Detroit Promise stimulating economic growth in those cities and giving all kids the greatest gift of all - the chance to go to college.

College for all. Cities that are alive and magnetic. Stellar schools. A diverse economy. No Worker Left Behind. Universal access to affordable health care. These are the big pieces of our economic plan - linked together by one essential idea: To grow Michigan's economy and create jobs, we must invest in our people.

But to drive this plan forward, we must resolve our fiscal crisis, and we must act with speed.

This is hardly rocket science.

When our Michigan economy falters, state revenues decline.

Yet families who have lost their jobs need retraining more, not less. They need health care for their children more, not less. Our people need the critical functions of government even more in a time of painful economic transition.

Last year, the previous Michigan Legislature took this bad fiscal situation and made it worse. Much worse.

They eliminated the Single Business Tax, a tax that should have, instead, been replaced long ago.

But they chose not to replace the SBT; they simply eliminated it - leaving behind a gaping \$2 billion hole in our budget.

As our auto-dependent economy sank further last year, that \$2 billion hole grew and now stands at an unprecedented \$3 billion.

In the four years since I first took office, I resolved billions in deficits - more than any governor before me. But the deficit we face today is of a wholly different magnitude.

It can't be papered-over.

No cyclical upturn in the economy will erase it.

As your governor, I owe you many things. But most of all, I owe you the truth.

I've cut spending for four straight years to balance the budget with 40 percent less revenue than my predecessors.

The truth is another round of budget cutting alone cannot solve the fiscal crisis; in fact, a cuts-only solution would destroy the state's ability to recover.

Again this year, my budget will call for hundreds of millions of dollars in spending cuts, many of them painful. But those cuts are necessary to be able to afford the investment that will grow our economy.

Cuts are one piece of the solution.

And we will make important governmental reforms. That is another part of the solution.

But I will not cut the things that will make Michigan competitive.

Nor will I devastate our most vulnerable citizens.

On Thursday, I will present a budget that fixes our broken tax system.

But taxes alone are not the answer, either.

My proposal will include a mix of solutions - cuts, reform and revenues.

The tax changes I will propose are simple, fair and progressive.

We'll ask some businesses to begin to pay their fair share, while some paying too much will pay less.

Our new proposed tax system will be geared to job creation in the new economy, not the old one.

It will end our debilitating fiscal crisis, and it will allow us invest in our people.

That investment - in education, in health care, in training, in revitalizing our communities, in diversification - will grow our economy and create jobs.

And that isn't some untested theory. It is based on the cold hard facts of the world we live in.

The states that are thriving, adjusting to this fierce global economy, have done it by diversifying and investing in their people.

Two of our Midwest neighbors illustrate the point perfectly.

Minnesota and Wisconsin both have higher taxes than Michigan.

And even on a day like today, they both have colder weather.

But they've both made significant investments in people-in education, health care and infrastructure.

And they're both enjoying unemployment rates far below ours

The same is true in the private sector. Though Ford had its worst financial year ever, the company is investing \$6 billion to grow.

If we are to revitalize Michigan, we too must invest in our people and diversify our economy.

Both my economic plan and my budget will allow us to do just that.

Now, the Naysayers haven't seen my budget yet, but they already know they are against it.

Blinded by a narrow ideology, stubbornly fixed on old solutions that have failed to work in a new economy, they'll say we can't afford new investment. The truth is we can't afford not to.

The Naysayers will claim that changes in our tax system will send business packing.

Even when the facts show that taxes aren't the reason we're losing jobs.

They'll say there's no limit to how much we can cut spending.

Even when they can't tell you who they'd cut or who will feel that pain.

And never mind the changing nature of our economy; the Naysayers have only one solution: cut business taxes.

Ok. I've signed 93 business tax cuts into law since becoming governor. Even before the Legislature eliminated the Single Business Tax, the tax rate in Michigan was the lowest it's been since the business tax was adopted.

If cutting business taxes was all it took to get jobs, we'd have all the jobs we need in Michigan.

Now as long as I am governor, I will continue to keep our business taxes competitive. The Naysayers will tell you otherwise - don't believe them. When my budget is adopted, Michigan's business taxes will still be below the national average.

But taxes aren't the most important piece of this equation.

Don't take my word for it. Bill Gates summed it up like this: 21st century businesses are '...far more sensitive to the quality of talent in a location than they are about tax incentives.'

These 21st century CEOs will tell you, no business wants to come to a state that is making deep cuts in schools when their future business success depends on having access to skilled workers.

No business is going to locate in a community that can't afford to send a police car when their receptionist calls for help.

No business wants to drive its trucks over potholed streets and crumbling bridges.

High-tech companies like Google will not invest in a state that is slashing funding for universities and colleges where they get their talent.

Let me be absolutely clear: I will not make cuts that destroy Michigan's ability to compete for jobs and win. And there is one other thing I will not do.

I will not leave our fiscal problems for some other governor to solve.

In an era of term limits, it may be tempting to push off the problem in hopes that someone else will solve it.

Well, my friends, we were elected to solve it. And not with one-time fixes and not with gimmicks. We need to solve the problem once and for all.

Michigan needs us to have the courage to act and to act now.

Republican Senator Chuck Hagel of Nebraska recently called on his colleagues in Washington to take a stand on a tough issue. He told them: 'If you want a safe job, sell shoes.'

Amen Senator.

You weren't elected to sit in a plush chamber and cast easy votes.

This Legislature has new leaders and plenty of new members.

You come from different regions and different walks of life, but I know you share one thing in common - I know you share a deep and abiding love for Michigan.

And it's that common commitment to Michigan that must guide you at this moment of decision.

Forget Democrat or Republican. Forget political parties.

The choice we face right now in Michigan is not right or left. It is to advance or retreat. I say advance, and I ask you to advance with me.

The choice is to take this hard and stubborn economy head-on and push forward with confidence and courage, or to be sucked backwards on a path of failure and fear. I say let us push forward together.

The choice is to invest in our people and grow, or disinvest and wither. I say we must invest. And we must do it now.

I have made my choice. Now I ask you, those in this room and those watching across our great state, to make yours.

I know you will choose Michigan.

God bless you, and God bless the great state of Michigan."

The business of the Joint Convention having been completed, the Governor, the Justices of the Supreme Court, the Judges of the Court of Appeals and the State Officers withdrew.

Representative Tobocman moved that the Joint Convention adjourn.

The motion prevailed, the time being 8:05 o'clock p.m.

The Lt. Governor and members of the Senate retired.

The Speaker announced that the House of Representatives and Senate had met in Joint Convention and had listened to the message of the Governor.

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Rep. Tobocman moved that the House adjourn.

The motion prevailed, the time being 8:25 p.m.

The Speaker declared the House adjourned until Wednesday, February 7, at 1:30 p.m.

RICHARD J. BROWN  
Clerk of the House of Representatives

