

HOUSE SPECIAL COMMITTEE ON DETROIT'S RECOVERY AND MICHIGAN'S FUTURE

Wednesday, May 21, 2014

11:30 a.m.

352 State Capitol Building

Representative John Walsh, Chair, called the meeting to order.

MEMBERS PRESENT: Representatives Walsh, Poleski, McCready, Stallworth, and Santana.

Representative Santana moved to adopt the minutes from the meeting held on May 20, 2014.

The motion prevailed by unanimous consent.

Chair Walsh laid the following bills before the committee:

- | | |
|----------------------|---|
| HB 5566 (Walsh) | State financing and management; authorities; oversight commission act; create. |
| HB 5567 (Kivela) | Cities; home rule; chief financial officer for a city with a population of more than 600,000; require, and require 4-year financial plan. |
| HB 5568 (Haines) | Cities; home rule; base pay to calculate pension benefit in a defined benefit plan established by a city with a population of more than 600,000; provide for, and provide a defined contribution plan and elimination of retiree health benefits for new hires after December 31, 2014. |
| HB 5569 (LaFontaine) | Labor; public service employment; opt-out for public employee contribution to employer-provider health care benefits; modify. |
| HB 5570 (Yonker) | Retirement; pension oversight; oversight of certain pensions of cities with a population of more than 600,000; provide for. |
| HB 5571 (Goike) | Local government; authorities; art institute authorities act; remove authorization to levy a new tax or renew an existing tax. |
| HB 5572 (Olumba) | State financing and management; funds; budget stabilization fund distributions; modify. |
| HB 5573 (Talabi) | State financing and management; funds; Michigan trust fund act; allow allocation of certain revenues into the budget stabilization fund; provide for. |

- HB 5574 (Stallworth) State financing and management; funds; budget stabilization fund distribution; provide for.
- HB 5575 (Durhal) State financing and management; authorities; Michigan settlement administration authority; create.
- HB 5576 (Haveman) Labor; arbitration; certain local government arbitration awards; make subject to the oversight commission act.

John Lauve, representing himself, submitted a testimony card in support of improving the bills.

Representative Poleski moved to adopt substitute (H-2) to HB 5566.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Santana moved to amend HB 5566 (H-2) as follows:

1. Amend page 11, line 17, after "website." by inserting "A copy of the report shall be sent to the mayor and governing body of the qualified city."

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Stallworth moved to amend HB 5566 (H-2) as follows:

1. Amend page 4, line 1, after "\$750,000.00" by inserting a comma and "or a higher amount as determined by the commission,".
2. Amend page 4, line 2, after "\$750,000.00" by inserting a comma and "or the higher amount determined by the commission,".
3. Amend page 4, line 3, after "\$750,000.00" by inserting a comma and "or a higher amount as determined by the commission,".
4. Amend page 10, line 26, after "policy" by striking out "may be approved" and inserting "are subject to review".
5. Amend page 10, line 27, after "commission." by striking out the balance of the

subsection and inserting "If an applicable contract is not rejected by the commission within 30 days of its submission, that applicable contract shall be considered approved by the commission."

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Santana moved to amend HB 5566 (H-2) as follows:

1. Amend page 5, line 18, after "following" by striking out "7" and inserting "9".
2. Amend page 5, line 25, after "(c)" by striking out "Two" and inserting "Three".
3. Amend page 6, line 2, after "operations," by striking out "and".
4. Amend page 6, line 3, after "city" by inserting a comma and "and at least 1 of whom is a resident of this state who is not a resident of a qualified city".
5. Amend page 6, line 6, by striking out "his or her" and inserting "the mayor's or chief executive officer's".
6. Amend page 6, following line 20, by inserting:
"(g) The president or chairperson of the qualified city's governing body or his or her designee, who shall serve for the duration of the president's or chairperson's term of office."
7. Amend page 6, line 22, after the first "the" by striking out "4" and inserting "5".
8. Amend page 6, line 23, after "1" by striking out "year" and inserting a comma and "2,".

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Stallworth moved to amend HB 5566 (H-2) as follows:

1. Amend page 10, line 11, after "(5)" by striking out "The" and inserting "Subject to a plan for adjustment and any collective bargaining agreements still in effect, the".
2. Amend page 10, line 18, by striking out all of subdivision (d) and relettering the remaining subdivision.
3. Amend page 10, line 24, after "commission." by inserting "The commission may consider a number of factors when reviewing an applicable contract, including whether the applicable contract was subject to a competitive bid process."
4. Amend page 14, line 7, by striking out all of subdivision (f) and relettering the

remaining subdivisions.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Chair Walsh moved to amend HB 5566 (H-2) as follows:

1. Amend page 12, line 4, by striking out all of subsection (10) and inserting:
"(10) The commission may file supplementary information relating to the financial condition of the qualified city with an arbitration panel in arbitration proceedings in which the qualified city is a party pursuant to 1969 PA 312, MCL 423.231 to 423.247."

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Chair Walsh moved to amend HB 5566 (H-2) as follows:

1. Amend page 16, line 25, after "has" by striking out "been assigned a credit rating within the category of A- or higher or the equivalent by at leaste 1 nationally recognized rating agency or has otherwise".

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Chair Walsh moved to amend HB 5566 (H-2) as follows:

1. Amend page 17, following line 10, by inserting:
"(h) The qualified city has established as part of a system of compensation for employees retirement plans in which the qualified city contributes no more than 7% of an individual's base pay, excluding payment for overtime services, 1-time lump-sum payments, and the cost of fringe benefits, to an employee's retirement account."

2. Amend page 18, following line 9, by inserting:
"(h) The qualified city has not satisfied the requirements in subsection (2)(h).".

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Santana moved to amend HB 5566 (H-2) as follows:

1. Amend page 17, following line 10, by inserting:
"(h) The qualified city has implemented a program in which all contracts awarded by the qualified city are posted on the qualified city's public website within 30 days of the contract award, including the identity of the parties to the contract, the dollar amount of the contract, and a brief description of the goods or services provided by the contract.".

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Stallworth moved to amend HB 5566 (H-2) as follows:

1. Amend page 15, line 21, after "commission" by striking out "may" and inserting "shall".
2. Amend page 15, line 21, after "waive" by striking out "1 or more of".
3. Amend page 15, line 24, after "commission" by striking out "may" and inserting "shall".
4. Amend page 15, line 25, after "if" by inserting "it certifies that".
5. Amend page 18, line 11, after the first "of" by striking out "1 or more of".
6. Amend page 18, line 13, after "commission" by striking out "may" and inserting "shall".
7. Amend page 19, line 4, after "waived" by striking out "1 or more".

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.

Pass: None.

Representative Stallworth moved to amend HB 5566 (H-2) as follows:

1. Amend page 19, line 7, after "commission" by striking out "may" and inserting "shall".
2. Amend page 19, line 7, after "resolution," by striking out the balance of the line through "city," on line 8.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Poleski moved to report HB 5566 (H-2), as amended, as substitute (H-3) with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative McCready moved to adopt substitute (H-1) to HB 5567.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Stallworth moved to amend HB 5567 (H-1) as follows:

1. Amend page 8, line 1, after "**VETO**" by inserting a period and striking the balance of the subdivision.
2. Amend page 8, following line 3, by inserting:
"(F) IF, DURING A FISCAL YEAR, EXPENDITURES FOR THE CITY EXCEED REVENUES, THE MAYOR MAY, SUBJECT TO THE APPROVAL OF THE GOVERNING BODY OF THE CITY, AUTHORIZE BY EXECUTIVE ORDER THE

REDUCTION OF LINE-ITEM EXPENDITURES DURING THAT FISCAL YEAR.”.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Santana moved to amend HB 5567 (H-1) as follows:

1. Amend page 8, following line 3, by inserting:

" (F) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION, THE CITY SHALL POST ON ITS WEBSITE COPIES OF BOTH OF THE FOLLOWING:

(i) ALL CONTRACTS ENTERED INTO BY THE CITY DURING EACH FISCAL YEAR.

(ii) ALL CONTRACTS IN WHICH THE CITY IS A PARTY THAT ARE IN EFFECT DURING EACH FISCAL YEAR.”.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative McCready moved to report HB 5567 (H-1), as amended, as substitute (H-2) with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Poleski moved to adopt substitute (H-2) to HB 5568.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Poleski moved to report HB 5568 as substitute (H-2) with recommendation.

The motion prevailed by a vote of 3-0-2.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready.
Nays: None.
Pass: Representatives Stallworth, Santana.

Representative McCready moved to report HB 5569 with recommendation.

The motion prevailed by a vote of 3-0-2.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready.
Nays: None.
Pass: Representatives Stallworth, Santana.

Representative Poleski moved to adopt substitute (H-2) to HB 5570.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Stallworth moved to amend HB 5570 (H-2) as follows:

1. Amend page 12, line 27, after "**FOR**" by striking out "**STAFF**" and inserting "**THAT PERSON**".

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative McCready moved to report HB 5570 (H-2), as amended, as substitute (H-3) with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Poleski moved to adopt substitute (H-1) to HB 5571.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Poleski moved to report HB 5571 as substitute (H-1) with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Stallworth moved to report HB 5572 with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative Santana moved to report HB 5573 with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Stallworth moved to report HB 5574 with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Stallworth moved to adopt substitute (H-3) to HB 5575.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Stallworth moved to report HB 5575 as substitute (H-3) with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Representative Poleski moved to adopt substitute (H-1) to HB 5576.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.
Nays: None.
Pass: None.

Chair Walsh moved to amend HB 5576 (H-1) as follows:

1. Amend page 3, line 16, by striking out “**GOVERNMENTAL**” and inserting “**GOVERNMENT**”.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

Representative McCready moved to report HB 5576 (H-1), as amended, as substitute (H-2) with recommendation.

The motion prevailed by a vote of 5-0-0.

FAVORABLE ROLL CALL:

Yeas: Representatives Walsh, Poleski, McCready, Stallworth, Santana.

Nays: None.

Pass: None.

The committee members each gave closing statements in support of the bill package.

With no further business to come before the committee, the Chair adjourned the meeting, the time being 12:15 p.m.

Representative John Walsh, Chair

Date Approved and Signed

Doug Simon
Acting Committee Clerk
dsimon@house.mi.gov
May 21, 2014
45 minutes