# STATE OF MICHIGAN
## *Washington Report*

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# What's Happening in Washington?

### National Governors' Association Meets in Washington

Governor John Engler joined the National Governors' Association as they held their winter meeting in Washington, D.C. from February 26th to 29th. NGA was founded in 1908 after governors met with President Theodore Roosevelt to discuss conservation issues. The governors decided to form an association through which they could come together to discuss their mutual concerns and act collectively. Through NGA the governors identify priority issues and deal collectively with issues of public policy and governance at both the national and state levels. The association provides a forum for governors to exchange views and experiences among themselves, offers assistance in solving state-focused problems, and share information on state innovations and practices.

In opening the meeting, NGA Chairman Utah Governor Michael O. Leavitt outlined a major campaign NGA is undertaking to create a twenty-first-century government. "During the next four days, we will launch a serious national discussion on the way government—and governance—must change in today's technological era," Leavitt said. NGA's Winter Meeting took on added historical significance this year, concluding with the first-ever meeting among all the nation's governors and all U.S. Senators.

**Technology Shaping the Future**

NGA Chairman Utah Gov. Leavitt outlined the importance technology will play on governments over the next decade: "Globalization will reshape governments more profoundly than the Industrial Revolution and the Progressive Era combined. With today's technology, the boundaries that have defined political jurisdictions for more than two centuries are becoming less relevant. The challenge facing today's leaders is to create a dynamic new government that reflects today's reality. States can fight the changes and die, accept them and survive, or lead and prosper."

As worldwide competition increases, it presents both great opportunities and daunting challenges for states. Cumbersome state laws and regulations cannot respond effectively to the ever-changing dynamics of the world marketplace. To compete, states must radically streamline their regulatory frameworks, working towards greater flexibility in regulations, greater access of services, and a more efficient mode of delivering those services.

NGA released a series of papers that focus on different aspects of

***WHAT'S INSIDE:***


- *NGA Winter Highlights*
- *State Reveals New Brownfield Legislation*

this new economy to be released over the next six months.

## "State Strategies for the New Economy"

In the first of these reports, NGA outlines a new initiative that will explore America's changing economic landscape and how states can meet the challenges of governing in the twenty-first century. NGA's report, "State Strategies for the New Economy," was unveiled at the opening press conference. "State Strategies for the New Economy" identifies several basic strategies states will need to adopt to prosper and lead in the new economy. The report presents action steps to the nation's governors calling for changes in the way states govern, deliver services, and attract the workers and businesses driving the new economy.

## "Governance in the New Economy"

Another NGA report, "Governance in the New Economy," focuses on the economic forces that are fundamentally altering how government works. It also lays out key questions that today's leaders must face and ultimately answer to design a new blueprint for federalism in the twenty-first century.

## Engler Proposes New Senior Prescription Drug Policy

Governor Engler proposed a policy in response to possible congressional action that would expand prescription drug coverage to seniors. The proposal, co-sponsored by Governors Leavitt and Glendening, states that if Congress decides to expand prescription drug coverage to seniors, it should not shift that responsibility or its costs to the states. Furthermore, in the process of developing a senior prescription drug policy, the federal government should acknowledge and accommodate state programs and avoid disincentives to state innovation, such as unreasonable maintenance-of-effort requirements, reduced federal matching funds, or other penalties.

Michigan is one of several states that has created its own senior prescription drug program. Michigan's program is funded by state general funds and a portion of the tobacco settlement fund.

## Governors and Senators Meet

For the first time in our nation's history, governors and senators met as a body to launch a national discussion on the changing role of the state-federal partnership in the 21st century.

Thirty-eight governors and nearly sixty members of the Senate began a national discussion on the urgent need for a blueprint for a "new federalism." Debate included topics such as "Governing in the Cyber Century" and a discussion on "Federal-State Programs—New Models for the 21st Century." Governors and Senators spoke of the need to modernize and re-shape the state-federal partnership in a knowledge-based and technology-based world.

## Other Highlights of the Winter Meeting:

- The NGA Committee on Natural Resources met to discuss several key natural resource issues, including possible impacts of invasive species and rehabilitation of small watershed dams;

- The NGA Committee on Human Resources met to discuss the State Children's Health Insurance Program (SCHIP), a program with the goal of improving access to health care for children. The meeting focused on implementing SCHIP in the various states, and Gov. Mike Huckabee led a discussion focusing on the successes and challenges of implementing SCHIP, with references to his Arkansas program.

- The Committee on Economic Development and Commerce met to discuss the topic of broadband Internet access. The Governors discussed options to make the Internet more accessible to citizens of their states, including the use of broadband services to access the Internet.

For further information on the NGA Winter meeting or copies of any of the above mentioned reports, please visit the NGA website- www.nga.org

# What's Happening in Michigan?

## E-file Returns Up and Climbing

As tax season continues, more and more Michigan taxpayers are filing their tax returns electronically. The E-file service provides faster refunds, increased filing convenience with 24 hour-seven day a week service, improved accuracy and security. Individuals who file on-line receive their state refund in an average of seven days versus up to six weeks for paper returns and an on-line correction system reduces the possibility of taxpayer error.

More than 260,000 returns have been e-filed as of mid-February, up 75% and climbing from the same time last year. New this year is Telefile which allows certain individuals who filed a paper E-Z form last year to file their taxes over the phone in a 15 minute process. Information on both of these options and other tax information is available on Treasury's website: www.treasury.state.mi.us. Forms are also available via phone (1-88-FORMS-2-ME) and fax (517-241-8730).

## Brownfield Redevelopment Strengthened

Governor Engler announced a new package of bills that would increase the number of brownfield redevelopment projects and attract new, high-tech firms to the state. Michigan has been a national leader in redeveloping urban brownfields. This five-bill package announced will further expand the type of property eligible for the program and would increase the maximum Single Business Tax credit from $1 million per project to $30 million per project.

"As a result of this bill package, Michigan will be at the forefront in redeveloping contaminated, blighted and obsolete property, creating countless jobs in our urban areas," said Governor Engler.

Current brownfield laws allow the use of tax increment financing to pay for clean-up costs of contaminated property and provide a 10% SBT credit for new investment on the property.

The proposed new bill package would amend brownfield legislation to:

- Allow the program to be used to restore blighted and functionally obsolete property, in addition to contaminated property.
- Allow tax increment financing to be used to pay for infrastructure improvements, lead and asbestos abatement, site preparation, demolition of structures, and reasonable administrative and operating activities as well as clean-up costs.
- Increase the maximum SBT credit to $30 million per project, facilitating larger projects.
- Target the program to core cities, but allow it to be used for property that is not in the cities but contaminated. cities, but allow it to be used for property that is not in the cities but contaminated.

## Grants to Boost Policing Efforts in Detroit

Governor Engler recently announced that local law enforcement agencies in Detroit will benefit from $2.46 million in Community Policing Grants. The grants will provide funding for an additional 120 full-time police officers assigned to precincts throughout the City of Detroit. The Detroit portion of the Community Policing Grant program represents the single largest award granted by the state. State funding has assisted local communities with strengthening policing efforts and technology advancements.

"Community policing is having a positive impact on crime reduction in Michigan," said Engler. "Cooperation between concerned citizens and dedicated law enforcement agencies has resulted in serious crime declining for the seventh straight year. These grants will ensure that additional police officers are in place to keep communities throughout Detroit safe and crime free, allowing these new officers to focus their efforts in the streets and neighborhoods where they are needed most."

*For more information on any of the issues mentioned in the Washington Report, please contact our office.*


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