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36 Percent Payday Loan Cap Approved By Senate

Payday loan operators in Michigan could not charge customers more than a 36 percent annual interest rate under legislation the Senate approved this week, 24-13.

The legislation, similar to a ballot initiative attempted in 2022, is being pushed to prevent low-income, marginalized communities from being driven into a cycle of debt, while being opposed by an industry that claims the restriction would drive them from the state, preventing people from accessing the service at all.

"These are the kind of bills that drove me to run for public office," said Senate Appropriations Chair Sarah ANTHONY (D-Lansing), the sponsor of SB 632. "Whether we're talking about folks who live in rural Michigan, in our inner cities . . . they are disproportionately impacted by predatory loans."

According to an August 2018 report gathered by the Center for Responsible Lending – a North Carolina advocacy group, honing in on "financial fairness" – annual percentage rates (APRs) charged on payday loans have exceeded 340 percent. The organization wrote that the APR charges cost consumers in Michigan more than \$513 million over a five-year period prior to its report.

Meanwhile, the publication spotlighted that more than two-thirds of payday stores in Michigan were linked to out-of-state headquarters.

The 340 percent number comes from the sequence of payday loans routinely being taken out. For example, data from the federal Consumer Financial Protection Bureau (CFPB), which was relayed in the center's report, has indicated that 70 percent of payday loans in Michigan specifically "are taken out on the same day as a previous loan is repaid."

During the vote on Anthony's SB 632, Sens. Thomas

ALBERT (R-Lowell), John DAMOOSE (R-Harbor Springs), Mark HUIZENGA (R-Walker) and Ed MCBROOM (R-Waucedah Twp.) joined Democrats in supporting the legislation. Sen. Jim RUNESTAD (R-White Lake) did not vote on the bill, although he was in attendance during today's Senate session.

Sen. Lana THEIS (R-Brighton) attempted to amend the legislation, offering a proposal that would repeal the 36 percent APR cap if 5,000 or fewer payday loan transactions take place in Michigan within six months following the bill's enactment.

"The thought behind this is that the number would definitely prove that these products, the short-term loans, are no longer being regulated. The need for those (doesn't) go away. People will find a different solution," Theis said before her amendment failed. "This proves these people went to an unregulated market, one that's even worse than what the payday lending market currently is."

She said the current financial situation in the country, whether it involves car repairs or any other urgent needs, is not getting less expensive.

Lobbyist John RABENOLD of Check 'n Go – a storefront and online payday loan provider with nearly 1,000 locations in the United States – informed the Senate Finance, Insurance and Consumer Protection Committee on March 6 that the cap would result in a 90 percent reduction in revenue for the business he represents.

Essentially, he said SB 632's end result would be "we would be unable to offer product . . . as a for-profit business," explaining that similar legislation being enacted in other states has driven lenders out. In particular, he explained Check 'n Go closed shops – and eliminated the jobs associated with their small business contracts – in Illinois and New Mexico.

One October 2019 report affiliated with the Federal Reserve Bank of San Francisco noted payday loan stores were often located on the outskirts of military bases, until the U.S. Department of Defense fine-tuned its rules in 2015, further eliminating loopholes to ensure active duty military members and their dependents are not charged more than 36 percent APR on payday loans.

Then-CFPB Assistant Director Holly PETRAEUS of the Office of Servicemember Affairs said when she drove down a strip outside a military installation, she counted 20 “fast-cash lenders” located within less than four miles of each other, describing it as “not a convenience,” but a problem.

When asked by MIRS if the bill’s goal is to tell payday lenders to “peace out” in Michigan, as they reportedly did around military bases, Anthony said she didn’t get into her business to shut down organizations and companies, but wants to ensure when any Michigander walks out the door, they’re not seeing “predatory practices” and “blight.”

“We’ve (now seen) 20 other states across the country (that) have reigned in these interest fees, and what we’ve seen is that, one: it opens up the market for more reasonable short-term lending solutions,” Anthony said. “If the business model is predicated upon surviving off 370 percent interest, that’s a huge problem. So I’m not concerned with...keeping industries open that prey on working families.”

Biden Keeps Saginaw Campaign Visit Low Key

There were no rousing speeches or pep rallies. It was just President Joe BIDEN meeting in closed quarters with key supporters of his reelection campaign in Saginaw during his brief Thursday afternoon visit to the Mitten State.

Air Force One touched down at MBS International Airport in Tittabawassee Township, at 2:06 p.m. after a “rather bumpy flight,” according to the White House pool report. There were no visitors to the press cabin.

Biden disembarked on the short stairs at 2:19 pm. He was wearing a black baseball cap, gray pants, a light blue shirt, a dark blue blazer and no tie.

He was greeted on the tarmac by U.S. Rep. Dan KILDEE (D-Flint) and Saginaw Mayor Brenda MOORE.

The motorcade began its drive to Saginaw, at 2:23 pm. Biden arrived at a campaign organizing meeting at the home of Saginaw City Council member Bill OSTASH in Saginaw’s Cathedral District neighborhood.

Kildee spoke to the assembled crowd on the porch when the press pool arrived.

The house had four flags flying on its Hoyt Avenue side: The United States flag, a Michigan state flag, the rainbow flag denoting LGBT rights and the blue and gold flag with an equal sign that is the logo of the Human Rights Campaign. There is red-white-and-blue bunting across the top of the wraparound porch. The yard has a Biden-Harris campaign sign.

Biden arrived on the porch at 3:08 pm. He shook some hands. The pooler made out some of his signature lines - “not a joke!” - and laughter from the supporters. He and the Saginaw mayor shared a hug. To one person, the President quipped: “God made man, then man made firefighters.”

The Biden campaign did not provide any audio amplification at this stop and the pool was held under a tent on a sidewalk about 20 feet from the porch.

At some point in the day, the President talked with United Steelworkers (USW) International President David McCALL to reiterate that he has the steelworkers back.

“It is important that we maintain strong American steel companies powered by American steelworkers. I told our steelworkers I have their backs, and I meant it. U.S. Steel has been an iconic American steel company for more than a century, and it is vital for it to remain an American steel company that is domestically owned and operated,” he said.

The President also sat down with Hurley COLEMAN III and his 13-year-old son, Hurley “HJ” COLEMAN IV, at a local public golf course in Saginaw. Mr. Coleman was taught to golf by his father as a child because he believed the game teaches discipline, patience, and valuable social skills, and is now passing the game along to his son for the same reasons. President Biden and the Colemans putted together inside the clubhouse and talked about golf, faith, their family and their hopes for the future. Both President Biden and HJ sunk their putts.

The motorcade left around 5:35 p.m. and arrived on the tarmac at MBS International Airport at 6:14 pm. It was an uneventful ride from Saginaw.

In Freeland, Mich., the pool passed a man standing by himself in the Michigan rain. The man had his left arm raised above his head and was showing the motorcade his middle finger aloft.

MIRS QUOTE OF THE WEEK

“I oppose these bills because the slippery slope of car seat regulations is getting dangerously close to requiring me to be in a booster seat.”

- A short in stature Sen. Rick OUTMAN (R-Six Lakes) on why he voted against bills expanding regulations on child car seats.

Asked why she's not with Biden today, Gov. Gretchen WHITMER said in Kalamazoo today, "I'm not on this ballot, but a lot of things I care about are. I still have to do my day job and be an advocate for the Biden re-election campaign, as well as all my friends in the state Legislature."

Cavanagh, Bayer Bills Lift MCCA Per-Vehicle Fees On Drivers Without Unlimited PIP

Drivers in Michigan who do not pay for unlimited Personal Injury Protection (PIP) coverage will no longer be assessed per-vehicle fees, which now go toward paying down the Michigan Catastrophic Claims Association's (MCCA's) deficit, under new Senate bills.

The package consists of SB 793 and SB 794 by Senate Finance, Insurance and Consumer Protection Chair Mary CAVANAGH (D-Redford Twp.) and Sen. Rosemary BAYER (D-Keego Harbor).

"I think right now, ever since the 2019 changes, (there are) choices, and as people choose what is more beneficial and affordable to them . . . we also don't want them bearing the burden of any services or benefits that they may not receive," Cavanagh said to members of the press this morning.

The MCCA was created by legislators in 1978 to compensate for large-scale medical claims overreaching amounts set under lifetime insurance policies for the aftermath of catastrophic car accidents. Although the bills that were introduced today make the MCCA susceptible to the state's Open Meetings Act (OMA) and public records requests as well, Cavanagh believes the biggest part of the legislation "is relieving some costs."

"We all know that insurance premium prices continue to rise. So this bill also makes sure that assessing debt is not placed on every Michigan driver, but only those who opt into unlimited and will receive (those MCCA) services if need be," Cavanagh said.

Before the 2019 auto reform in Michigan, drivers in the state paid fees to the MCCA because they were all required to have unlimited PIP coverage, and the money overseen by the MCCA was dedicated to reimbursing insurance companies for medical claims involving vehicle crashes exceeding \$635,000.

Although one of the key objectives of the 2019 statute changes was to allow drivers to select coverage plans other than those providing unlimited PIP, residents continue to pay per-vehicle fees to the MCCA.

According to a February presentation by the MCCA to Cavanagh's Senate Finance, Insurance and Consumer Protection Committee, motorists in Michigan with unlimited PIP coverage paid \$122 per vehicle for the period of July 1, 2023 to June 30, 2024. From the payment, \$74 goes toward anticipated new medical claims and \$48 goes toward covering the MCCA's funding deficit.

"He's in Saginaw today. I usually change my schedule, but they've got a very busy lineup for him, so I didn't feel like it was necessary that I go today. But, certainly I spend a lot of time with folks in the administration."

For drivers who would not have their catastrophic accident care reimbursed for by the MCCA if it exceeds \$635,000 – because they do not have unlimited PIP coverage – they were also obligated to pay \$48 per vehicle to cover the deficit.

The fees are based on the MCCA planning on paying down its deficit over a 15-year timeline.

Presently, the MCCA has a deficit of \$2.1 billion, equal to \$259 per car in Michigan. As the MCCA reimburses substantial medical costs to insurers, it faces an average monthly cost of \$91 million.

The legislation additionally changes the makeup of the MCCA board. Currently, the board is made up of five representatives of companies that together represent 40 percent of premiums paid to the association.

The companies consist of the Auto Club Group, the Auto-Owners Insurance Co., the Hanover Insurance Group, the Michigan Millers Mutual Insurance Co. and the State Farm Mutual Automobile Insurance Co.

Under Cavanagh's SB 793 , the director of the state's Department of Insurance and Financial Services (DIFS) would be responsible for appointing two members of the public to the association to represent motor vehicle operators, someone to represent individuals who have sustained catastrophic accident injuries covered by PIP and someone to represent physicians, hospitals, clinics or relevant treatment providers.

As for making the MCCA subject to the OMA and the Freedom of Information Act (FOIA), one at-home care provider for catastrophic car accident survivors, co-owner

THIS WEEK IN MICHIGAN HISTORY

On Mar. 17, 1927, The Detroit Free Press reported that four members of the Senate Judiciary Committee refused to take a vote on a House-passed measure to bring capital punishment to the state of Michigan.

Even though 132 members of both the House and Senate petitioned the four to at least let the Senate take a vote on the bill, the four responded that if the Senate wanted the bill that bad, they'd need to discharge it out of committee.

That never happened and Michigan continued its ban on the death penalty, which started on May 18, 1846.

Bob MLYNAREK of 1st Call Home Healthcare, argued in 2022 that the \$400 per-vehicle refunds distributed by the MCCA that year in relation to the 2019 reform were based on inflated and expedited calculations to favor the Governor's popularity.

Cavanagh said her legislation will help with "relieving some of those speculations."

Border Security Surpasses Inflation As Top Issue In Battleground Districts

Illegal immigration and border security (30 percent) overtook inflation and the cost of living (23 percent) as the number one issue for voters in 29 battleground congressional districts across the nation, according to internal polling conducted by Cygnal for the National Republican Congressional Campaign (NRCC).

"Threats to the democracy" came in third with 12.9 percent, followed by "jobs and the economy" at 7.2 percent, health care (5.8 percent), climate change (5.1 percent), national security (4.6 percent), abortion (4.2 percent), crime and public safety (3 percent) and election integrity (2.8 percent).

The survey included voters in the open MI-7 and MI-10, represented by U.S. Rep. John JAMES (R-Farmington Hills). The 1,500-voter, March 5-7 survey has a margin of error of +/-2.45%.

It found likely Republican nominee Donald TRUMP beating incumbent Democratic President Joe BIDEN 41.7 percent to 37.8 percent with independent Robert KENNEDY Jr. getting 13.2 percent. The undecided vote is 7.3 percent. It's a 2.2 percentage increase for Kennedy since January.

If it's just Trump v. Biden, it's 47.2 percent Trump and 44.8 percent Biden. If former First Lady Michelle OBAMA were to run instead of Biden, she beats Trump in a head-to-head 50.5 percent to 43.3 percent. If it's a Democrat other than Biden running against Trump, it's 44.8 percent Trump and 42.7 percent unnamed Democrat.

Biden's approval numbers are upside down, 56.5 percent disapprove of his performance with 37.2 percent approve. Vice President Kamala HARRIS does slightly worse with 57.4 percent disapproval and 37.2 percent approval.

Trump is at 47.5 percent disapprove and 46.8 percent approve.