

Summary: First Conference Report
ALL GENERAL GOVERNMENT
FY 2007-08 SB 229

Analysts: Al Valenzio, Mark Wolf, and Kim O'Berry

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$2,993,657,000	\$3,172,936,600	\$3,061,156,300	\$3,170,398,600	\$3,123,867,900	\$130,210,900	4.3
IDG/IDT	588,846,200	631,919,000	619,593,900	622,411,800	646,767,400	57,921,200	9.8
Federal	103,227,200	108,144,700	110,410,100	109,242,700	108,396,800	5,169,600	5.0
Local	2,766,200	2,800,700	2,800,700	2,800,700	2,800,700	34,500	1.2
Private	1,250,100	1,262,900	1,262,900	1,262,900	1,262,900	12,800	1.0
Restricted	1,658,253,000	1,747,799,800	1,678,870,200	1,747,396,800	1,703,781,000	45,528,000	2.7
GF/GP	\$639,314,300	\$681,009,500	\$648,218,500	\$687,283,700	\$660,859,100	\$21,544,800	3.4
FTEs	7,290.4	7,280.9	7,280.9	7,300.3	7,327.9	37.5	0.5

The totals above include the Michigan Strategic Fund budget which was not included in the FY 2007 General Government Act and which is not included in the Senate version of the General Government bill.

Departments and agencies included under this budget bill are the Executive Office, the Legislature, and the departments of Attorney General, Civil Rights, Information Technology, Management and Budget (including Civil Service), State, and Treasury (including Lottery, the Gaming Control Board, and the Michigan Strategic Fund). The Department of Treasury budget also includes revenue sharing payments to local units of government, and general obligation debt service.

ATTORNEY GENERAL
Summary: First Conference Report
FY 2007-08 SB 229

Analyst: Mark Wolf

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$65,146,800	\$73,630,800	\$68,910,800	\$73,630,800	\$73,124,200	\$7,977,400	12.2
IDG/IDT	13,539,300	21,780,300	14,364,500	21,780,300	21,780,300	8,241,000	60.9
Federal	9,960,700	7,816,000	10,179,300	7,816,000	7,816,000	(2,144,700)	(21.5)
Local	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0
Restricted	11,175,800	11,169,000	12,173,500	11,169,000	11,491,300	315,500	2.8
GF/GP	\$30,471,000	\$32,865,500	\$32,193,500	\$32,865,500	32,036,600	\$1,565,600	5.1
FTEs	565.0	562.0	562.0	562.0	562.0	(3.0)	(0.5)

Overview

The Attorney General serves as legal counsel for state departments, agencies, boards, commissions, and their officers; brings actions and intervenes in cases on the state's behalf; and represents legislators and judges who may be sued while acting in their official capacities. The Attorney General issues opinions on questions of law submitted by members of the Legislature and others; serves as chief law enforcement officer of the state; and has supervisory powers over all local prosecuting attorneys. The Department's mission is to protect the common legal rights of citizens; defend the Constitution and the laws of the state; and represent the legal interests of government. The Department's goals are to make the state a safe place for its citizens; offer justice to the victims of crime; defend common natural resources and monetary assets of the state; and deliver excellent legal services at a minimum cost to taxpayers.

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
1. Fund Source Adjustments	Gross	\$4,052,900	\$0	\$4,052,900	\$4,052,900
Adjusts IDG, federal, and state restricted fund sources in order to more accurately reflect how legal services provided by the Department of Attorney General are paid for.	IDG	7,098,400	0	7,098,400	7,098,400
	Federal	(2,443,400)	0	(2,443,400)	(2,443,400)
	Restricted	(602,100)	0	(602,100)	(602,100)
	GF/GP	\$0	\$0	\$0	\$0
2. Administrative Reductions	Gross	(\$1,303,100)	(\$1,303,100)	(\$1,303,100)	(\$2,132,000)
The Executive , Senate , and House reduce AG Operations (\$1.3 million) and information technology (\$3,100). The Conference Committee reduces further AG Operations (\$770,900); Child Support Enforcement (\$24,800), and PACC (\$33,200).	GF/GP	(\$1,303,100)	(\$1,303,100)	(\$1,303,100)	(\$2,132,000)
3. Eliminate Byrne Grant Funding (PACC)	FTEs	(3.0)	(3.0)	(3.0)	(3.0)
Reflects elimination of Byrne grant funding that has been made available to the department from the federal government.	Gross	(\$225,000)	(\$225,000)	(\$225,000)	(\$225,000)
	Federal	(225,000)	(225,000)	(225,000)	(225,000)
	GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes From FY 2006-07 Enacted Appropriations

		Executive Change	Senate Change	House Change	Conference Change
4. Eliminate Funding for Early Retirement Sick Leave Payouts	Gross	(\$71,300)	(\$71,300)	(\$71,300)	(\$71,300)
Eliminates \$71,300 associated with early retirement sick leave payouts. Employees who retired under the Early Out in 2002 received sick leave payouts over a 5-year period of time. FY 2007 was the last year of the payments.	GF/GP	(\$71,300)	(\$71,300)	(\$71,300)	(\$71,300)
5. Real Estate Fraud Investigations	Gross	\$0	\$322,300	\$0	\$322,300
Includes additional funding for real estate fraud investigations.	Restricted	\$0	\$322,300	\$0	\$322,300
6. Economic Adjustments	Gross	\$2,645,000	\$2,327,600	\$2,645,000	\$2,645,000
Includes additional funding for salaries and wages, insurances, retirement, worker's compensation, and building occupancy charges. The Senate includes addition funding for economic adjustments, but to a lesser extent due to not included the fund source adjustments.	IDG	767,600	450,200	767,600	767,600
	Federal	247,900	167,800	247,900	247,900
	Restricted	285,600	365,700	285,600	285,600
	GF/GP	\$1,343,900	\$1,343,900	\$1,343,900	\$1,343,900
7. Budgetary Savings	Gross	\$0	(\$672,000)	\$0	\$0
The Senate includes General Fund reductions to be taken at the department's discretion, subject to the legislative transfer process.	GF/GP	\$0	(\$672,000)	\$0	\$0

Major Boilerplate Changes From FY 2006-07***Sec. 301. Contingency Funding – NEW***

Includes new language that appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item. The **Executive** and **House** included this language, the **Senate** did not.

Sec. 307. Antitrust Revenue – NEW

Restores language previously vetoed by the Governor in the FY 2007 Act that appropriates up to \$250,000 of the revenue received by the department for antitrust, securities fraud, consumer protection, class action enforcement, or attorneys fees recovered by the department to litigate such cases. The **Senate** included this section; the **Executive** and **House** did not.

Sec. 310. Proceeds Received by the Attorney General – NOT INCLUDED

The **Conference Committee** does not include language that requires all money or other proceeds received by the Department of Attorney General for debts due or penalties forfeited to the people of this state, or deriving from settlement of any lawsuit against a private individual or business or any other private organization, to be deposited to the state Treasury into a restricted fund to be used as provided by law; requires a quarterly report on case names, case file numbers, court docket numbers, and presiding courts for every matter the Department of Attorney General settles in the preceding fiscal quarter. The **Executive** and **House** included this section; the **Senate** did not.

Sec. 310. Child Support Enforcement Funding – RETAINED

The **Conference Committee** includes language which requires the Department of Human Services to maintain a cooperative agreement with the Department of Attorney General for federal Title IV-D funding to be used to support child support enforcement activities and authorizes access for the Attorney General to information used to locate parents who fail to pay court ordered support. The **Senate** included this section, the **Executive** and **House** did not.

Sec. 310a. Prohibit the Attorney General's Image or Likeness on Advertising – NOT INCLUDED

The **Conference Committee** does not include a section prohibiting the department from using the proceeds of a settlement on advertising and public service messages using a reference to, or the image or voice of, the attorney general. The **House** included this section; the **Executive** and **Senate** do not.

Sec. 311. Prohibitions on Expenditure of Funding – NEW

The **Conference Committee** includes language that prohibits the Department of Attorney General from receiving and expending funds, in addition to those appropriated, for legal services provided to other state departments except for expert witnesses, court costs, or other non-salary litigation expenses associated with pending legal actions. The **Executive** and **House** included this section; the **Senate** did not.

Sec. 311. Medicaid Fraud Awards – NOT INCLUDED

The **Conference Committee** did not include a section allowing funds received by the department for violations of the Medicaid False Claim Act to be appropriated to the department. The **Senate** included this section; the **Executive** and **House** do not.

CIVIL RIGHTS

Summary: First Conference Report

FY 2007-08 SB 229

Analyst: Kim O'Berry

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$13,852,300	\$14,490,700	\$13,759,400	\$14,942,000	\$14,491,300	\$639,000	4.6
IDG/IDT	221,000	0	0	0	0	(221,000)	(100.0)
Federal	1,533,200	2,054,100	2,054,100	2,054,100	2,054,100	520,900	34.0
Local	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0.0
Restricted	55,000	0	0	0	0	(55,000)	(100.0)
GF/GP	\$12,043,100	\$12,436,600	\$11,705,300	\$12,887,900	\$12,437,200	\$394,100	3.3

FTEs	141.0	141.0	141.0	141.0	0.0	0.0
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Overview

The Michigan Civil Rights Commission is charged with investigating alleged discrimination against any person because of religion, race, color, or national origin and is directed to "secure the equal protection of such civil rights without such discrimination." The Michigan Department of Civil Rights serves as the administrative arm charged with implementing policies of the Commission. The Department provides educational programs that promote voluntary compliance with civil rights laws, investigates and resolves discrimination complaints, disseminates information that explains the rights and responsibilities of Michigan citizens as provided by law, and provides information and services to businesses on diversity initiatives, equal employment law, procurement opportunities, feasibility studies, and joint venture/strategic alliance matchmaking.

Major Budget Changes From FY 2006-07 Enacted Appropriations

		Executive Change	Senate Change	House Change	Conference Change
1. Increased Federal Funding	Gross	\$0	\$0	\$400,000	\$0
Includes authorization for the Department to receive additional federal grant funding made available from the United States Department of Housing and Urban Development (\$200,000) and the Equal Employment Opportunity Commission (\$200,000). As a result of the additional federal grant funding, GF/GP is reduced by a like amount.	Federal	400,000	400,000	400,000	400,000
	GF/GP	(\$400,000)	(\$400,000)	\$0	(\$400,000)
2. Administrative Reductions	Gross	(\$51,300)	(\$51,300)	\$0	(\$51,300)
Reduces amount of funding available for administrative expenses by \$51,300. Savings are anticipated to be generated through administrative efficiencies.	GF/GP	(\$51,300)	(\$51,300)	\$0	(\$51,300)
3. Economic Adjustments	Gross	\$605,500	\$605,500	\$605,500	\$605,500
Includes additional funding for salaries and wages, insurances, retirement, and worker's compensation; reduces funding for building occupancy charges.	Federal	87,900	87,900	87,900	87,900
	GF/GP	\$517,600	\$517,600	\$517,600	\$517,600
4. GF/GP Reduction	Gross	\$0	(\$472,500)	\$0	\$0
Reflects reductions to the Civil Rights Operation (\$442,000) and Information Technology Services and Projects (\$30,500) line items.	GF/GP	\$0	(\$472,500)	\$0	\$0

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
5. Budgetary Savings	Gross	\$0	(\$258,800)	\$0	\$0
Reflects a new appropriation unit for budgetary savings to be taken at the discretion of the department as recommended by the Senate.	GF/GP	\$0	(\$258,000)	\$0	\$0
6. Additional GF/GP Adjustments	Gross	\$0	\$0	\$0	\$600
Includes partial restoration of the Governor's original reductions to Unclassified Positions (\$600) line item to meet target.	GF/GP	\$0	\$0	\$0	\$600

Major Boilerplate Changes From FY 2006-07

Sec. 401. Contingency Funding – NEW

Executive, House, and Conference Committee include language which appropriates \$2.0 million for federal contingency funding that can be expended only upon legislative transfer to a specific line item. The **Senate** does not include this language.

EXECUTIVE OFFICE
Summary: First Conference Report
FY 2007-08 SB 229

Analyst: Al Valenzio

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	<i>Difference:</i> <i>Conference from FY 2006-07 YTD</i>	
						<i>Amount</i>	<i>%</i>
Gross	\$5,315,900	\$5,509,900	\$5,305,600	\$5,575,300	\$5,317,300	\$1,400	-
IDG/IDT	0	0	0	0	0	0	0
Federal	0	0	0	0	0	0	0
Local	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0
Restricted	0	0	0	0	0	0	0
GF/GP	\$5,315,900	\$5,509,900	\$5,305,600	\$5,575,300	\$5,317,300	\$1,400	-
FTEs	84.2	84.2	84.2	84.2	84.2	0.0	-

Overview

The Executive Office budget provides funding for the Governor, the Lieutenant Governor, and their staffs. Major constitutionally-specified responsibilities include organization and supervision of the Executive branch and annual preparation and submission of the Executive budget. Divisions within the Governor's Office include: Legal, Operations, Community-Based Initiatives, Appointments, Constituent Services, Policy, Communications, Legislative Affairs, Scheduling, Special Projects, and the Governor's Washington D.C., Southeastern Michigan, and Upper Peninsula Offices.

<u>Major Budget Changes From FY 2006-07 Enacted Appropriations</u>		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
1. Restore One-Time FY 2007 Reductions	Gross	\$194,000	\$0	\$194,000	\$1,400
Replace funds eliminated for retirement contribution savings and other program cuts.	GF/GP	\$194,000	\$0	\$194,000	\$1,400
2. Economic Adjustments	Gross	\$0	\$0	\$65,400	\$0
Includes additional funding for salaries and wages, insurances, retirement, worker's compensation, and building occupancy charges.	GF/GP	\$0	\$0	\$65,400	\$0
3. Budgetary Savings	Gross	\$0 (\$204,300)		\$0	\$0
The Senate includes an unspecified budgetary savings reduction. The Executive and House do not make this recommendation.	GF/GP	\$0 (\$204,300)		\$0	\$0

Major Boilerplate Changes From FY 2006-07

There is no boilerplate for the Executive office.

INFORMATION TECHNOLOGY
Summary: First Conference Report
FY 2007-08 SB 229

Analyst: Mark Wolf

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$374,846,400	\$409,955,600	\$409,110,400	\$402,759,900	\$428,868,100	\$54,021,700	
IDG/IDT	374,846,400	409,955,600	409,110,400	402,759,900	428,868,100	54,021,700	
Federal	0	0	0	0	0		
Local	0	0	0	0	0		
Private	0	0	0	0	0		
Restricted	0	0	0	0	0		
GF/GP	\$0	\$0	0	\$0	\$0		
FTEs	1,782.4	1,780.4	1,780.4	1,780.4	1,780.4		

Overview

The Department of Information Technology (DIT) acts as a general contractor between the state's information technology users and private sector providers of information technology (IT) products and services. The Department's services include application development and maintenance; desktop, mainframe, server, and local area network computer support and management; contract, project, and procurement planning; telecommunication services; security; and software and software licensing. The Department utilizes existing technology funding and state employees from within the other 19 executive branch departments and agencies. Each state department and agency requests spending authority to fund IT-related activities and pays for technology services rendered by DIT through an interdepartmental grant. Administration of fund sources remains with each state department/agency.

Major Budget Changes From FY 2006-07 Enacted Appropriations

1. Economic Adjustments

Includes additional funding for salaries and wages, insurances, retirement, worker's compensation, and building occupancy charges.

	Gross	Executive Change	Senate Change	House Change	Conference Change
IDG	\$6,342,100	\$6,342,100	\$6,342,100	\$6,342,100	\$6,342,100
GF/GP	\$0	\$0	\$0	\$0	\$0

2. Program Enhancements

Makes the following adjustments to reflect appropriations for program enhancements made in other state department budgets: \$712,000 and 1.0 FTE position to the Department of Management and Budget for security and disaster recovery efforts, to implement electronic deposit of retirement payments from public schools, and to expand customer contact and quality management software; \$560,300 to the Department of Human Services for Children's Welfare system improvements and the Daycare Case Review project; \$500,000 to the Department of Environmental Quality for the Information Lifecycle Management System; \$400,000 to the Department of Transportation for replacement of the PowerBuilder development program; and \$176,000 to the Department of Education for additional security controls as a result of audit findings.

	Gross	Executive Change	Senate Change	House Change	Conference Change
FTEs	1.0	1.0	1.0	1.0	1.0
IDG	\$2,348,300	\$2,348,300	\$2,348,300	\$2,348,300	\$2,348,300
GF/GP	\$0	\$0	\$0	\$0	\$0

Major Budget Changes From FY 2006-07 Enacted Appropriations

		Executive Change	Senate Change	House Change	Conference Change
3. Base Adjustments and Administrative Reductions	FTEs	(3.0)	(3.0)	(3.0)	(3.0)
	Gross	\$24,805,400	\$24,809,900	\$24,805,400	\$24,805,400
Makes the following adjustments to more accurately reflect what has been appropriated for information technology services and projects in other state department budgets:	IDG	24,805,400	24,809,900	24,805,400	24,805,400
	GF/GP	\$0	\$0	\$0	\$0

- Adds \$17.0 million to the Department of Human Services to reflect transfer of the Juvenile Justice Information System, reflect transfer of 2.0 system security FTE positions, reflect fund source shift from federal funds to GF/GP for elimination of child support incentives, for on-going development of the Integrated Service Delivery Project, and to properly align federal authorization for Child Support Automation.
- Adds \$7.0 million to the Department of State Police to assist with the projected shortfall in the IT line item, reflect increase in local subscriber fees for the Michigan Public Safety Communication System, and reflect transfer of IT costs currently being paid outside of the IDG.
- Adds \$1.3 million to the Department of Community Health to reflect the transfer of building lease costs and contractual savings to the IT line item, restore unrealized savings for price reductions, and reflect additional federal grant funding for the WIC pilot program.
- Adds \$1.2 million to the Department of Corrections for desktop maintenance and one-time computer costs, upgrading telecommunications infrastructure, and upgrading current stand-alone timekeeping system.
- Adds \$500,000 to the Department of State to reflect transfer of equipment and maintenance for the Uniform Commercial Code program to the IT line item.
- Adds \$140,000 to the Department of History, Arts, and Libraries to cover web portal expenses.
- Removes \$1.0 million from the Department of Labor and Economic Growth to reflect a portion of the savings taken as a part of their administrative reduction plan.
- Removes \$580,000 in one-time funding from the Department of Management and Budget for system changes to the retirement systems and \$150,000 to reflect savings that are expected to be achieved in MAIN through vacancy management and administrative efficiencies.
- Removes \$50,000 from the Department of Transportation to properly reflect anticipated revenues.

Major Budget Changes From FY 2006-07 Enacted Appropriations

- Removes \$443,700 from the Department of Information Technology to reflect their portion of savings taken as part of the 5% administrative reduction plan.
 - Removes \$500,000 in one-time funding from the Department of Corrections for migration to the OMNI system and \$300,000 in one-time funding for OMNI server replacement.
 - Removes \$145,000 from the Department of Treasury to reflect transfer of 1.0 FTE position out of the Department of Information Technology to the Tax Processing unit in Treasury and reduction of available funding from the Land Reutilization Fund.
- Reduces the funding for the Department of Natural Resources by \$4,500 to reflect the loss of funding from the Michigan Civilian Conservation Corps Endowment Fund, which was transferred to the General Fund. This reduction was included as part of the Executive Revision dated 6/25/2007. The **Senate** does not include this reduction, the **House Committee** does.

4. Committee Adjustments

The **Senate** included additional IT reductions for Civil Rights (\$30,500), Civil Service (\$9,500), DMB (\$597,100), and Treasury (\$212,000).

Gross	\$0	(\$849,700)	(\$7,195,700)	\$18,951,800
IDG	0	(849,700)	(7,195,700)	18,951,800
GF/GP	\$0	\$0	\$0	\$0

The **House Committee** does not include the Executive's administrative reductions for the General Government agencies of Civil Rights (\$1,300), Lottery (\$51,700), DMB (\$165,000), Civil Service (\$12,500), MCGB (\$2,300), and Treasury (\$40,200). (The House change column does not include \$88,800 for State Fair IT, included in the DMB budget.)

The **House Committee** also includes reductions for History, Arts, and Libraries (\$7,400); and Human Services (\$7,373,200).

The **Conference Committee** includes reductions for Agriculture (\$40,000), Civil Service (\$14,900), Corrections (\$6,700), Education (\$103,300), Management and Budget (\$313,900), Natural Resources (\$300,000), State Police (\$609,700).

The **Conference Committee** includes increases for Community Health (\$18.8 million) largely related to funding for the Michigan Medicaid Information Systems, which the Executive only included \$100 placeholder, and the Department of Treasury (\$1.5 million) related to secondary collections for delinquent taxes and other state agency debt.

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
5. Eliminate Early Retirement Sick Leave Payouts	Gross	(\$281,200)	(\$281,200)	(\$281,200)	(\$281,200)
	IDG	(281,200)	(281,200)	(281,200)	(281,200)
Eliminates \$281,200 associated with early retirement sick leave payouts. Employees who retired under the Early Out in 2002 received sick leave payouts over a 5-year period of time. FY 2007 was the last year of payments.	GF/GP	\$0	\$0	\$0	\$0
6. Human Resources Optimization Project	Gross	(\$1,481,000)	(\$1,481,000)	(\$1,481,000)	(\$1,481,000)
Reduces funding by \$1.5 million in order to more accurately reflect the Department's portion of Human Resources Optimization user charges paid to the Department of Civil Service.	IDG	(1,481,000)	(1,481,000)	(1,481,000)	(1,481,000)
	GF/GP	\$0	\$0	\$0	\$0

Major Boilerplate Changes From FY 2006-07

Sec. 573. Sale of Paid Advertising – REVISED

Includes language placing a \$250,000 limit on Department collections for the sale of paid advertising and add carryforward authorization for revenues collected. The **House** and **Senate** included this language; the **Executive** deleted \$250,000 limit.

Includes language permitting the Department to accept gifts, bequests, donations, grants, and other contributions to support the cost of the state website or services. The **Executive** and **House** included this language; the **Senate** did not.

The **Conference Committee** does not include added language authorizing the carryforward of funds received under this section. The **Executive** included this language; the **House** and **Senate** did not.

Sec. 574. Report on Expenditures Made for Provision of Services – RETAINED

Retains language requiring a report on expenditures made for providing information and technical services, publications, maps, and other products. The **House** and **Senate** included this language; the **Executive** did not include the reporting requirement.

Sec. 578. Report on Amounts Appropriated by Fund Source – RETAINED

Retains language that requires a report on the amounts appropriated by fund source for each department and a listing of expenditures made from those appropriations. The **House** and **Senate** included this language; the **Executive** did not.

Sec. 579. Report on Life-Cycle of IT Hardware and Software – RETAINED

Retains language that requires a report on the life-cycle of information technology-related hardware and software. The **House** included this language; the **Executive** and **Senate** did not.

Sec. 581. Report on Technology Assets of the State – REVISED

Retains language requiring the Department to assess the state's information technology assets, but removes a reporting requiring. The **Executive** and **House** included this section; the **Senate** did not.

Sec. 584. Report on Information and Referral Services – REVISED

Includes language requiring the Department to report on all information and referral services that exist for all state departments that would result from 211 service. The **Senate** retained this section, expanding the study to include all departments; the **Executive** and **House** deleted this section.

Sec. 585. Report on Child Support Enforcement System – RETAINED

Retains a requirement for a report on amount expended for Child Support Enforcement System, revisions made to spending plans, and amount of penalties paid to federal government. The **House** and **Senate** included this section; the **Executive** did not.

Major Boilerplate Changes From FY 2006-07

Sec. 586. Adjustment of Appropriation Line Items – NEW

Includes language authorizing adjustment of appropriation line items in the DIT budget when corresponding adjustments are made in the other state department budgets. The **Executive, House, and Senate** included this section.

Sec. 587. Procurement Study and Budgetary Savings – NOT INCLUDED

The **Conference Committee** does not include language requiring the department to study ways to streamline its procurement procedures, requires budgetary reductions if the study and required report are not completed by November 30, 2007. The **House** included this section; the **Executive** and **Senate** did not.

LEGISLATURE

Summary: First Conference Report FY 2007-08 SB 229

Analyst: Al Valenzio

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$111,282,500	\$116,576,400	\$112,576,400	\$119,984,300	\$114,504,000	\$3,221,500	2.9
IDG/IDT	0	0	0	1,750,000	0	0	0
Federal	0	0	0	0	0	0	0
Local	0	0	0	0	0	0	0
Private	400,000	400,000	400,000	400,000	400,000	0	0
Restricted	1,109,800	1,109,800	1,109,800	1,109,800	1,109,800	0	0
GF/GP	\$109,772,700	\$115,066,600	\$111,066,600	\$116,724,500	\$112,994,200	\$3,221,500	2.9
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	-

Overview

The Legislature budget provides funding for the Legislative branch of state government, including the Legislative Council and agencies it governs, Legislative Retirement System, and Property Management. The Legislative Council provides a wide variety of essential services to members and staff of the Legislature. The Michigan Legislative Retirement System provides retirement allowances, survivors' allowances, and other benefits for members of the Legislature and their spouses, dependents, survivors, and beneficiaries. Property Management employees maintain, operate, and repair the Capitol Building, House of Representatives Office Building, and Farnum Building.

Major Budget Changes From FY 2006-07 Enacted Appropriations

		Executive Change	Senate Change	House Change	Conference Change
1. Restore One-Time FY 2007 Reductions	Gross	\$5,293,900	\$0	\$5,293,900	\$3,221,500
Replace funds eliminated for retirement contribution savings and other program cuts.	GF/GP	\$5,293,900	\$0	\$5,293,900	\$3,221,500
2. Legislative Corrections Ombudsman	Gross	\$0	\$0	\$1,250,000	\$0
House recommendation provides funding from an IDG from the Department of Corrections.	IDG	0	0	1,250,000	0
	GF/GP	\$0	\$0	\$0	\$0
3. Sentencing Guidelines Commission	Gross	\$0	\$0	\$500,000	\$0
House recommendation provides funding from an IDG from the Department of Corrections.	IDG	0	0	500,000	0
	GF/GP	\$0	\$0	\$0	\$0
4. Economic Adjustments	Gross	\$0	\$0	\$1,657,900	\$0
Includes additional funding for salaries and wages, insurances, retirement, worker's compensation, and Anderson Building rent.	GF/GP	\$0	\$0	\$1,657,900	\$0
5. Budgetary Savings	Gross	\$0	(\$4,000,000)	\$0	\$0
The Senate includes an unspecified budgetary savings reduction. The Executive and House do not make this recommendation.	GF/GP	\$0	(\$4,000,000)	\$0	\$0

Major Boilerplate Changes From FY 2006-07

No changes made to current-year boilerplate.

LEGISLATIVE AUDITOR GENERAL
Summary: First Conference Report
FY 2007-08 SB 229

Analyst: Al Valenzio

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$15,107,100	\$16,347,500	\$16,636,900	\$16,799,800	\$15,828,200	\$720,900	4.8
IDG/IDT	1,801,500	1,801,500	1,801,500	1,801,500	1,801,500	0	0
Federal	0	0	0	0	0	0	0
Local	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0
Restricted	1,539,900	1,539,900	1,539,900	1,540,000	1,539,900	0	0
GF/GP	\$11,765,700	\$13,006,100	\$13,295,500	\$13,458,300	\$12,486,600	\$720,900	6.1
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	-

Overview

The Legislative Auditor General (LAG) is responsible for conducting post financial and performance audits of state government operations. Audit reports provide a continuing flow of information to assist the Legislature in its oversight of approximately 100 individual state funds and an annual budget of over \$27.0 billion. Audit reports provide citizens with a measure of accountability and assist state departments/agencies in improving financial management of their operations. The LAG's goal is to improve accounting and financial reporting practices and promote effectiveness, efficiency, and economy in state government. The LAG's mission is to improve the accountability of public funds and to improve the operations of state government for the benefit of the citizens of the state.

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
1. Restore One-Time FY 2007 Reductions	Gross	\$1,240,400	\$0	\$1,240,400	\$720,900
Replace funds eliminated for retirement contribution savings and other program cuts.	GF/GP	\$1,240,400	\$0	\$1,240,400	\$720,900
2. Economic Adjustments	Gross	\$0	\$452,000	\$452,200	\$0
Includes additional funding for salaries and wages, insurances, retirement, worker's compensation, and building rent.	GF/GP	\$0	\$452,000	\$452,200	\$0
3. Budgetary Savings	Gross	\$0	(\$162,600)	\$0	\$0
The Senate includes a new appropriation unit for budgetary savings to be taken at the discretion of the department. The Executive and House do not make this recommendation.	GF/GP	\$0	(\$162,600)	\$0	\$0

Major Boilerplate Changes From FY 2006-07

Sec. 624. Audit of Legislative Retirement System – NEW

The **House** adds a new section requiring the Auditor General to audit the legislative retirement system, and complete the audit by March 30, 2008. The **Executive** and **Senate** do not include this language. The **Conference** report includes this language.

MANAGEMENT AND BUDGET

Summary: First Conference Report

FY 2007-08 SB 229

Analyst: Kim O'Berry

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$507,587,100	\$511,806,400	\$509,257,300	\$513,963,200	\$504,898,400	(\$2,688,700)	(0.5)
IDG/IDT	160,038,400	162,686,100	162,686,100	162,687,700	162,686,100	2,647,700	1.7
Federal	3,163,400	4,779,100	4,779,100	5,623,600	4,779,100	1,615,700	51.1
Local	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	0	0.0
Private	150,000	150,000	150,000	150,000	150,000	0	0.0
Restricted	69,931,800	67,824,000	67,824,000	67,847,000	68,104,000	(1,827,800)	(2.6)
GF/GP	\$272,603,500	\$274,667,200	\$272,118,100	\$275,954,900	\$267,479,200	(\$5,124,300)	(1.9)

FTEs 999.5 995.0 995.0 1,009.4 995.0 (4.5) (0.5)

All numbers have been adjusted to reflect the transfer of the Department of Civil Service to the Department of Management and Budget as a result of Executive Order 2007-30.

Overview

The Department of Management and Budget (DMB) is the interdepartmental service and management agency responsible for ensuring proper financial record keeping for state agencies; managing capital outlay projects, state property, state purchasing programs, and the state's retirement systems; supervising the state motor vehicle fleet, and providing office support services to state agencies. The Office of the State Budget, housed within DMB, prepares, presents, and executes the state budget on behalf of the Governor. Civil Service, an autonomous unit housed within DMB, implements policies established by the Civil Service Commission; administers a statewide merit system that provides classified job opportunities within state government, including administering competitive examinations for classified positions, setting pay scales, administering employee benefits, and administering Civil Service Commission's Employment Relations Policy; and maintains ongoing statewide recruitment. The Department has several autonomous units, including Office of the State Employer, Office of the Children's Ombudsman, Office of Regulatory Reform, Michigan State Fair, and State Building Authority.

Major Budget Changes From FY 2006-07 Enacted Appropriations

DEPARTMENT OF MANAGEMENT AND BUDGET

1. Office of Retirement Services – IT Adjustments

Includes additional funding for the following program enhancements: \$300,000 to provide the system the ability to add a new spouse for an existing retiree as a pension beneficiary; \$150,000 to hire a full-time security officer for retirement-related information technology systems; \$150,000 to implement the electronic deposit of retirement payments to the state from public schools; and \$412,000 for software to record customer contacts and improve quality.

	Executive Change	Senate Change	House Change	Conference Change
Gross	\$1,012,000	\$1,012,000	\$1,012,000	\$1,012,000
Restricted	1,012,000	1,012,000	1,012,000	1,012,000
GF/GP	\$0	\$0	\$0	\$0

Major Budget Changes From FY 2006-07 Enacted Appropriations

		Executive Change	Senate Change	House Change	Conference Change
2. Eliminate One-Time Appropriations					
Eliminates one-time appropriation of \$370,000 as a result of completion of the Social Security Number Privacy project and \$210,000 used to purchase inter-active voice equipment at the customer call center.	Gross	(\$580,000)	(\$580,000)	(\$580,000)	(\$580,000)
	Restricted	(580,000)	(580,000)	(580,000)	(580,000)
	GF/GP	\$0	\$0	\$0	\$0
3. State Building Authority Rent					
Reflects adjustments made for projected rent payments, consistent with anticipated rent payments for previously constructed projects. Additional reduction of \$6.4 million taken to reflect refunding and most recent estimates of rental payments for previously constructed projects.	Gross	(\$4,575,000)	(\$4,575,000)	(\$4,575,000)	(\$10,975,000)
	Restricted	(3,575,000)	(3,575,000)	(3,575,000)	(3,575,000)
	GF/GP	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$7,400,000)
4. Building Occupancy Adjustments					
Includes an additional \$335,300 to cover costs of increased rent payments for leased facilities and \$71,300 to cover operational costs of new Joint Operations Center (building in downtown Lansing).	Gross	\$406,600	\$406,600	\$406,600	\$406,600
	IDG	406,600	406,600	406,600	406,600
	GF/GP	\$0	\$0	\$0	\$0
5. Professional Development Funds					
Includes additional funding to cover costs of agreements reached and approved by the Civil Service Commission on professional development funds. These appropriations are funded through charges to other state departments based on their proportionate share of employees in each of the groups.	Gross	\$154,000	\$154,000	\$154,000	\$154,000
	IDG	154,000	154,000	154,000	154,000
	GF/GP	\$0	\$0	\$0	\$0
6. Administrative Reductions					
Reduces amount of funding available for administrative expenses by \$952,200. Savings are anticipated to be generated through staffing reductions, fund source shifts, real estate optimization, changes to building security, and changes to the ID Mail Delivery Program. Additional GF/GP reductions (\$245,000) taken from Administrative Services, Business Support Services, Office of State Employer, Office of Children's Ombudsman to meet target.	FTEs	(4.5)	(4.5)	(0.0)	(4.5)
	Gross	(\$952,200)	(\$952,200)	\$395,700	(\$1,197,200)
	IDG	(439,900)	(439,900)	1,600	(439,900)
	Restricted	(12,500)	(12,500)	12,500	(12,500)
	GF/GP	(\$499,800)	(\$499,800)	\$381,600	(\$744,800)
7. Economic Adjustments					
Includes additional funding for salaries and wages, insurances, retirement, and worker's compensation; reduces funding for building occupancy charges.	Gross	\$3,381,900	\$3,381,900	\$3,381,900	\$3,381,900
	IDG	1,187,100	1,187,100	1,187,100	1,187,100
	Restricted	703,300	703,300	703,300	703,300
	GF/GP	\$1,239,100	\$1,239,100	\$1,239,100	\$1,239,100
8. Department of Human Services – Internal Audit					
Reflects transfer of Internal Audit line item from Department of Human Services to Department of Management and Budget as a result of Executive Order 2007-31.	FTEs	0.0	0.0	11.9	0.0
	Gross	\$0	\$0	\$1,400,000	\$0
	Federal	0	0	844,500	0
	GF/GP	\$0	\$0	\$555,500	\$0

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
9. GF/GP Reduction	Gross	\$0	(\$1,141,900)	\$0	\$0
Reflects Senate reductions in the following lines: Executive Operations (\$41,900); Administrative Services (\$51,800); Budget and Financial Management (\$835,100); Office of the State Employer (\$35,900); Business Support Services (\$167,700); and the Information Technology (\$9,500).	GF/GP	\$0	(\$1,141,900)	\$0	\$0
10. Budgetary Savings	Gross	\$0	(\$620,500)	\$0	\$0
Reflects a new appropriation unit for budgetary savings to be taken at the discretion of the department as recommended by the Senate.	GF/GP	\$0	(\$620,500)	\$0	\$0
11. Fund Shift Adjustment	Gross	\$0	\$0	\$0	(\$313,900)
Adjusts fund sourcing in order to replace existing GF/GP with additional MAIN user charges to meet target.	Restricted	0	0	0	280,000
	GF/GP	\$0	\$0	\$0	(\$593,900)
12. Additional GF/GP Adjustments	Gross	\$0	\$0	\$0	\$214,700
Includes partial restoration of the Governor's original reductions to Unclassified Positions (\$14,700) and Budget and Financial Management (\$200,000) line items to meet target.	GF/GP	\$0	\$0	\$0	\$214,700
CIVIL SERVICE					
13. Administrative Reductions	Gross	(\$361,100)	(\$361,100)	\$0	(\$524,900)
Reduces amount of funding available for administrative expenses by \$361,100. Savings are anticipated to be generated through administrative efficiencies. Additional GF/GP reduction (\$163,800) made to Executive Direction line to meet target.	Restricted	(10,500)	(10,500)	0	(10,500)
	GF/GP	(\$350,600)	(\$350,600)	\$0	(\$514,400)
14. Economic Adjustments	Gross	\$818,300	\$818,300	\$818,300	\$818,300
Includes additional funding for salaries and wages, insurances, and retirement; reduces funding for worker's compensation and building occupancy charges.	IDG	87,800	87,800	87,800	87,800
	Restricted	539,500	539,500	539,500	539,500
	GF/GP	\$191,000	\$191,000	\$191,000	\$191,000
15. GF/GP Reduction	Gross	\$0	(\$103,600)	\$0	\$0
Reflects Senate reductions to Civil Service Operations (\$94,100) and Information Technology Projects and Services line items (\$9,500).	GF/GP	\$0	(\$103,600)	\$0	\$0
16. Budgetary Savings	Gross	\$0	(\$95,500)	\$0	\$0
Reflects a new appropriation unit for budgetary savings to be taken at the discretion of the department as recommended by the Senate.	GF/GP	\$0	(\$95,500)	\$0	\$0

Major Boilerplate Changes From FY 2006-07

GENERAL SECTIONS OF BOILERPLATE

Sec. 205. Hiring Freeze – RETAINED

Executive, House and Conference Committee retain current year language by requiring the creation of a position or filling of any vacant position by any method necessary to provide for the basic daily living requirements of residents of the state institution or facility. **Senate** modifies current year language.

Sec. 208. Internet Reporting Requirements – MODIFIED

Executive and **Senate** retain current year language requiring departments to use the Internet to fulfill reporting requirements and authorizes transmission of reports via email or on an Internet site. **House** and **Conference Committee** modify current year language.

Sec. 220. Contributions to Political Organizations – DELETED

Executive, House and Conference Committee delete language that prohibits funding from being used to establish, operate, or administer a payroll deduction plan that enables classified state employees to make contributions to either a political organization or committee. **Senate** includes current year language.

Sec. 221. Reporting Requirement on Specific Policy Change – NEW

Executive and **House** do not include new language requiring departments to report no later than April 1, 2008 on each specific policy change made to implement enacted legislation. **Senate** and **Conference Committee** include the language.

Sec. 222. Budgetary Savings Appropriation Authorization – NOT INCLUDED

Executive, House and Conference Committee do not include new language that requires appropriation authorization adjustments due to negative appropriations for budgetary savings shall be made only after the approval of transfers by the legislature. **Senate** includes new language.

Sec. 225. Implementation of Continuous Improvement Efficiency Mechanisms – NEW

House and **Conference Committee** include language which requires each department receiving appropriation in part 1 implement continuous improvement efficiency mechanisms in its departmental programs that identify changes made in those programs to increase efficiency and reduce expenditures. **Executive** and **Senate** do not include language.

Sec. 226. Restriction on Fund Use for Hiring – NEW

Senate and **Conference Committee** include new language which restricts the use of funds to be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general; prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes. **Executive** and **House** do not include language.

DEPARTMENT OF MANAGEMENT AND BUDGET

Sec. 701. Contingency Funding – NEW

Executive, House and Conference Committee include language which appropriates federal, state restricted, and local contingency funding that can be expended only upon legislative transfer to a specific line item. **Senate** does not include language.

Sec. 715.(3) Motor Vehicle Fleet Assignment – RETAINED

Executive and **House** delete language that expresses legislative intent that DMB have the authority to determine appropriateness of vehicle assignment. **Senate** and **Conference Committee** include current year language.

Sec. 724a. Existing 2-1-1 Capacities – NEW

Executive and **House** do not include new language which requires DMB to assist DIT in determining how existing 2-1-1 capacities will be utilized by each department with community resource information and referral service. **Senate** and **Conference Committee** include new language.

Sec. 724b. Appraisal and Market Analysis – NOT INCLUDED

House includes new language which requires DMB conduct an independent appraisal and market analysis of the Calumet State Police Post for the purpose of potential acquisition of the property by the state. **Executive, Senate** and **Conference Committee** do not include language.

Major Boilerplate Changes From FY 2006-07

Sec. 724d. Study Procurement Procedures – NOT INCLUDED

House includes language that requires DMB contract with a private company to conduct a study of ways to streamline the Department's procurement procedures for durable goods and services. **Executive, Senate** and **Conference Committee** do not include language.

Sec. 724b. Personal Property and Equipment Report – NEW

Conference Committee includes new language that requires DMB to issue a report with date of acquisition, original equipment cost, estimate of useful life and amount of encumbrances or liens by December 1, 2007 for all personal property and equipment of any nature including but not limited to furniture, computers, communication systems, vehicles, vessels, aircraft, office equipment, technology equipment, and energy systems owned by the State of Michigan and/or state department, agency, or authority.

CIVIL SERVICE

Sec. 741. Contingency Funding – NEW

Executive, House and **Conference Committee** include language which appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item. **Senate** does not include the language.

STATE
Summary: First Conference Report
FY 2007-08 SB 229

Analyst: Mark Wolf

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	<i>Difference:</i> <i>Conference from FY 2006-07 YTD</i>	
						<i>Amount</i>	<i>%</i>
Gross	\$197,783,000	\$208,221,200	\$204,529,300	\$208,221,200	\$207,681,400	\$9,898,400	5.0
IDG/IDT	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	0	0.0
Federal	3,192,100	1,911,200	1,561,200	1,911,200	1,911,200	(1,280,900)	(40.1)
Local	0	0	0	0	0	\$0	0.0
Private	100	100	100	100	100	\$0	0.0
Restricted	157,832,200	156,972,900	156,972,900	156,972,900	156,972,900	(859,300)	(0.5)
GF/GP	\$17,758,600	\$29,337,000	\$25,995,100	\$29,337,000	\$28,797,200	\$11,038,600	(62.2)
FTEs	1,859.8	1,859.8	1,859.8	1,859.8	1,859.8		

Overview

The Department of State administers programs in eight areas: Driver Licensing and Vehicle Registration, which includes titling and registering vehicles; Elections and Campaign Finance Administration, which includes training local election officials and monitoring campaign finance; Regulatory and Consumer Protection, which includes inspecting and licensing automotive repair facilities; Traffic Safety which includes driver testing; Office of the Great Seal; Assigned Claims Facility; Uniform Commercial Code; and Executive Direction and Central Support.

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
1. Transportation Administration	Gross	\$0	\$0	\$0	\$0
Collection Fund	Restricted	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Reduces state restricted funding authorized in the TACF and includes additional GF/GP to cover the anticipated shortfall in collection of TACF revenue.	GF/GP	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
2. Increased Funding for Fees to Local Units	Gross	\$40,000	\$40,000	\$40,000	\$40,000
Includes additional funding to reimburse counties for their costs associated with training deputy registrars and processing voter registration applications.	GF/GP	\$40,000	\$40,000	\$40,000	\$40,000
3. Fund Source Adjustments	Gross	(\$950,000)	(\$950,000)	(\$950,000)	(\$950,000)
Adjusts the following state restricted fund sources in order to more accurately reflect the amount of revenues actually collected: Auto Repair Facilities Fees, Vehicle Theft Prevention Fees, Parking Ticket Court Fines, Mobile Home Commission Fees, and Child Support Clearance Fees.	Restricted	(950,000)	(950,000)	(950,000)	(950,000)
	GF/GP	\$0	\$0	\$0	\$0
4. Administrative Reductions	Gross	(\$2,583,000)	(\$2,583,000)	(\$2,583,000)	(\$2,583,000)
Reduces amount of funding available for administrative expenses by \$2.6 million. Savings are anticipated to be generated through administrative efficiencies.	Federal	(1,489,600)	(1,489,600)	(1,489,600)	(1,489,600)
	Restricted	(134,500)	(134,500)	(134,500)	(134,500)
	GF/GP	(\$958,900)	(\$958,900)	(\$958,900)	(\$958,900)

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
5. GF/GP Reductions	Gross	\$0	(\$757,900)	\$0	(\$539,800)
The Senate and Conference Committee provide for further GF/GP reductions for Executive Direction Operations; Department Services Operations; Regulatory Services Operations; Branch Operations; Central Operations; and Worker's Compensation.	GF/GP	\$0	(\$757,900)	\$0	(\$539,800)
6. Budgetary Savings	Gross	\$0	(\$2,584,000)	\$0	\$0
The Senate includes a new appropriation unit for budgetary savings to be taken at the discretion of the department.	GF/GP	\$0	(\$2,584,000)	\$0	\$0
7. Help America Vote Act	Gross	\$350,000	\$0	\$350,000	\$350,000
The Executive (revised August 16, 2007) and the House Committee include \$350,000 in federal funds to implement the federal Help America Vote Act.	Federal	350,000	\$0	350,000	\$350,000
8. Economic Adjustments	Gross	\$6,615,400	\$6,615,400	\$6,615,400	\$6,615,400
Includes additional funding for salaries and wages, insurances, retirement, and building occupancy charges; reduces funding for worker's compensation.	Federal	101,200	101,200	101,200	101,200
	Restricted	1,346,300	1,346,300	1,346,300	1,346,300
	GF/GP	\$5,167,900	\$5,167,900	\$5,167,900	\$5,167,900

Major Boilerplate Changes From FY 2006-07

Sec. 801. Contingency Funding – NEW

Includes language that appropriates federal, state restricted, local, and private contingency funding that can be expended only upon legislative transfer to a specific line item. The **Executive** and **House** included this section; the **Senate** did not.

Sec. 815. Branch Office Closings or Consolidations – MODIFIED

The **Conference Committee** modifies language concerning notification of branch office closings, consolidations, or relocations to be given to the appropriations committees and to legislators who represent the affected areas. Branch office closures and consolidations would require 180 days advance notice, and relocations would require 60 days advance notice. The **House** and **Senate** included the original language with required 60-day advance notice for closures, consolidations, and relocations; the **Executive** did not include this section.

Sec. 815a. Report on Branch Office Transactions – RETAINED

Retains language that requires the Department to report on the number of branch office transactions completed online. The **House** and **Senate** included this section; the **Executive** did not.

Sec. 818. Motorcycle Safety Education Program – RETAINED

Retains language that requires funds appropriated for Motorcycle Safety Education Grants and Administration to be used for program operation; requires funding to be derived from license endorsements and registration and testing fees; authorizes funds for grants to help subsidize safety training courses for individuals interested in operating motorcycles; and authorizes funds to be used for administrative costs. The **House** and **Senate** included this section; the **Executive** did not.

Sec. 819. Business Application Modernization Project – RETAINED

Retains language that requires funds appropriated for the Business Application Modernization project to be used for development, implementation, and maintenance of the business application modernization project; designates unexpended funds as a work project account and authorizes unexpended funding to be carried forward. The **House** and **Senate** included this section; the **Executive** did not.

Major Boilerplate Changes From FY 2006-07

Sec. 821. Keweenaw County Branch Office – DELETED

Deletes a section that requires the Department to complete a cost/benefit analysis on feasibility of locating the Keweenaw County Secretary of State branch office with Keweenaw County Department of Human Services office and specifies information that is to be provided. The **Executive**, **House**, and **Senate** deleted this section.

Sec. 821. Gifts and Donations – NEW

Includes language that permits the Department to accept non-monetary gifts, donations, or contributions from private or public sources to support the Department's licensing, regulatory, or safety functions. The **Senate** included this language; the **Executive** and **House** did not.

Sec. 824. Buena Vista Township Branch Office – NEW

Adds a section that requires the department to maintain a full service branch office in the Buena Vista Township. This language was included in the **Senate** and **House**. The **Executive** did not include this section.

Sec. 825. Milan Branch Office – NEW

Adds a section that requires the department to maintain a full service branch office in the City of Milan. This language was included in the **Senate** and **House**. The **Executive** did not include this section.

Sec. 826. Branch Office Locations – NEW

Adds a section that requires the department to the same number of branch offices in each municipality that existed on August 1, 2007, which was added by the **House**. The **Senate** included similar language requiring a branch office for each location that existed on August 1, 2007. The **Executive** did not include any language.

Sec. 828. Branch Office Locations in Urban Areas – NEW

Adds a section that provides guidelines to the department in locating branch offices, encouraging offices to be located in downtown areas, town centers, central business districts, and brownfield sites rather than greenfields and open space sites. The **House** included this section; the **Executive** and **Senate** did not.

TREASURY

Summary: First Conference Report FY 2007-08 SB 229

Analyst: Mark Wolf

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 Senate	FY 2007-08 House	FY 2007-08 Conference	Difference: Conference from FY 2006-07 YTD	
						Amount	%
Gross	\$1,684,848,300	\$1,814,142,000	\$1,721,070,200	\$1,814,522,400	\$1,759,155,000	\$74,306,700	4.4
IDG/IDT	13,466,200	\$11,631,400	\$11,631,400	\$11,632,400	11,631,400	(1,834,800)	(13.6)
Federal	91,107,800	91,836,400	91,836,400	91,837,800	91,836,400	728,600	0.8
Local	1,045,700	1,100,700	1,100,700	1,100,700	1,100,700	55,000	5.3
Private	700,000	712,800	712,800	712,800	712,800	12,800	1.8
Restricted	1,477,571,200	1,510,740,100	1,439,250,100	1,508,758,200	1,464,563,100	(13,008,100)	(0.9)
GF/GP	100,957,400	198,120,600	176,538,800	200,480,500	189,310,600	88,353,200	87.5
FTEs	1,858.5	1,858.5	1,858.5	1863.5	1905.5	42.00	2.25

Note: FY 2006-07 figures include the results of supplementals and Executive Order (EO) actions through October 4, 2007, and also include the Michigan Strategic Fund, which was a separate article in the FY 2007 appropriations act (2006 PA 345, Article 13). The Senate places the MSF into its own separate bill (SB 239), although the Senate figures above include both Treasury and the MSF.

Overview

The Department of Treasury is the chief fiscal agency of the state and the primary source of advice to the Governor on tax and fiscal policy issues. The Department's mission is to collect state taxes, to invest, control, and disburse state monies, and to protect the state's credit rating and that of its cities. The Department manages one of the nation's largest pension funds, administers revenue sharing, and administers the student financial aid programs. It also investigates fraudulent financial activity, provides assistance on all property tax-related issues, advises issuers of municipal obligations. The Bureau of State Lottery and the Michigan Gaming Control Board are autonomous agencies housed within the Department of Treasury. The Michigan Strategic Fund is an autonomous agency transferred from the Department of Labor and Economic Growth with the enactment of 2005 PA 225. The fund and programs of the MSF are administered by the Michigan Economic Development Corporation (MEDC). The MEDC also administers the 21st Century Jobs Fund, which is intended to diversify Michigan's economy in four competitive edge technologies: alternative energy, life sciences, advanced manufacturing, and homeland security.

Major Budget Changes From FY 2006-07 Enacted Appropriations

TREASURY OPERATIONS

1. Treasury Operations

Conference Committee recommendation for Treasury operations (excluding revenue sharing, debt service, and the MSF) is: \$399.8 million Gross; \$11.6 million IDG; \$36.4 million Federal; \$1.1 million Local; \$287.3 million Restricted; and \$63.4 million GF/GP.

	Executive Change	Senate Change	House Change	Conference Change
FTEs	0.0	0.0	5.0	47.0
Gross	\$12,853,400	(\$38,759,500)	(\$34,876,800)	\$10,941,800
IDG	(2,196,800)	(2,196,800)	(2,195,800)	(2,196,800)
Federal	499,400	499,400	500,800	499,400
Local	34,500	34,500	34,500	34,500
Restricted	16,725,100	(32,570,400)	(\$32,474,900)	5,695,100
GF/GP	(\$2,208,800)	(\$4,491,700)	(741,400)	6,909,600

Major Budget Changes From FY 2006-07 Enacted Appropriations

2. Administrative Reductions

The Executive recommended a number of administrative reductions totaling \$1.6 million Gross for the revenue enhancement program (\$1.2 million, \$500,000 of which is consistent with the program's 3-year funding plan); mail operations (\$100,000); collections (\$100,000); merit award administration (\$100,000); lottery information technology (\$37,000); casino gaming information technology (\$2,300); and Treasury information technology (\$40,200). The **Senate** and **Conference Committee** concurred with this reduction; the **House Committee** did not.

	Executive Change	Senate Change	House Change	Conference Change
FTEs	0.0	(3.0)	0.0	(3.0)
Gross	(\$1,579,500)	(\$1,579,500)	\$0	(\$1,579,500)
IDG	(1,000)	(1,000)	0	(1,000)
Federal	(1,400)	(1,400)	0	(1,400)
Restricted	(166,300)	(166,300)	0	(166,300)
GF/GP	(1,410,800)	(1,410,800)	0	(1,410,800)
			\$0	

3. Local Gov't Programs GF/GP Reduction

In addition to other baseline adjustments, the **Senate** reduced funding for supervision of property tax (\$314,000) and local finance (\$63,800). The **Executive** and **House Committee** do not include these reductions. The **Conference Committee** reduces the supervision line by \$200,000.

Gross	\$0	(\$377,800)	\$0	(\$200,000)
GF/GP	\$0	(\$377,800)	\$0	(\$200,000)

4. Tax and Economic Policy GF/GP Reduction

In addition to other baseline adjustments, the **Senate** reduced funding for the tax and economic policy line by \$66,900.

Gross	\$0	(\$66,900)	\$0	\$0
GF/GP	\$0	(\$66,900)	\$0	\$0

5. Banking and Management GF/GP Reduction

In addition to other baseline adjustments, the **Senate** reduced funding for program management (\$26,200), HR and purchasing (\$118,000), and receipts processing (\$23,800). The **Conference Committee** reduces HR and purchasing (\$50,000); program management (\$100,000), and mail operations (\$50,000).

Gross	\$0	(\$168,000)	\$0	(\$200,000)
GF/GP	\$0	(\$168,000)	\$0	(\$200,000)

6. Financial Programs GF/GP Reduction

In addition to other baseline adjustments, the **Senate** reduces funding for common cash and debt management (\$13,800) and student financial assistance programs (\$73,500).

Gross	\$0	(\$87,300)	\$0	\$0
GF/GP	\$0	(\$87,300)	\$0	\$0

7. Information Technology GF/GP Reduction

In addition to other baseline adjustments, the **Senate** reduces funding for information technology by \$212,000.

Gross	\$0	(\$212,000)	\$0	\$0
GF/GP	\$0	(\$212,000)	\$0	\$0

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
8. Senior Citizen Co-op Housing Tax Exemption	Gross GF/GP	\$0	(\$877,100)	\$0	(\$1,301,600)
The Senate reduces funding for the senior citizen cooperative housing tax exemption payments to local units by \$877,100 GF/GP. The Executive and House maintain FY 2007 enacted funding levels. The Conference Committee reduces funding by \$1.3 million from the FY 2007 enacted level, which represents an increase of \$85,900 from FY 2007 YTD funding levels.					
9. Convention Facility Development Fund	Gross Restricted	\$0	(\$35,000,000)	(\$35,000,000)	\$0
The Senate and House Committee reduce funding by \$35.0 million to reflect the FY 2007 budget balancing agreement to use \$35 million in convention facility funds collected in FY 2007 that would otherwise be distributed to counties in FY 2008. The Conference Committee does not include this reduction because of the enactment of 2007 PA 72 (SB 774).					
10. Tuscola County – Convention Facility Reimbursement	Gross GF/GP	\$0	\$0	\$56,600	\$0
The House Committee adds \$56,600 for a grant to Tuscola County equal to one-half the amount it would have received in FY 2008 in convention facility funds were it not for the FY 2007 budget balancing agreement. The Senate does not provide a line item, but provides a boilerplate appropriation for the full amount. The Conference Committee does not include this line item because of the enactment of 2007 PA 72 (SB 774).					
11. Local Public Safety Grants	Gross Restricted	\$14,381,000	\$0	\$100	\$0
The Executive creates a new grant program for local law enforcement and fire protection services using increased liquor license fees. The Senate does not include this program. The House Committee includes a \$100 placeholder. The Conference Committee does not include this program.					
12. Qualified Agricultural Loan Payments	Gross GF/GP	\$0	\$0	\$100	\$0
The House Committee adds a \$100 (GF/GP) placeholder for the qualified agricultural loan program whereby the department subsidizes zero-interest loans to farmers suffering significant crop damage. Current loans are to be repaid by October 1, 2007. The Executive , Senate , and Conference Committee do not include this section.					

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
12. Economic Adjustments	Gross	\$7,116,300	\$7,116,300	\$7,116,300	\$7,116,300
Funds 4.0% contractual pay increases, 7.2% increase in employee benefits, and increases in retirement and self-insured worker's compensation, and reflects decrease in rent and building occupancy costs.	IDG	380,200	380,200	380,200	380,200
	Federal	500,800	500,800	500,800	500,800
	Local	34,500	34,500	34,500	34,500
	Restricted	5,245,100	5,245,100	5,245,100	5,245,100
	GF/GP	\$955,700	\$955,700	\$955,700	\$955,700
13. Implement Tax Law Changes	FTEs	0.0	0.0	0.0	30.0
The Conference Committee adds \$8.4 million GF/GP and 28.0 FTEs for implementation of the Michigan Business Tax; \$120,000 GF/GP for implementation of the income tax rate increase; and \$400,000 GF/GP and 2.0 FTEs for the tax on services.	Gross	\$0	\$0	\$0	\$8,920,000
	GF/GP	\$0	\$0	\$0	\$8,920,000
14. Blackstone Settlement Payment	Gross	\$0	\$0	\$0	\$2,000,000
The Conference Committee adds \$2.0 million GF/GP pursuant to the settlement agreement with Blackstone Minerals Co. stemming from litigation involving oil and gas interests on land foreclosed because of delinquent property taxes. (A total of \$7 million is to be paid over the next 4 fiscal years.)	GF/GP	\$0	\$0	\$0	\$2,000,000
15. Secondary Collections	FTEs	0.0	0.0	0.0	17.0
Adds \$1.8 million for the Collections Division and \$1.5 million for information technology using in delinquent tax collection revenue increased costs related to the implementation of the secondary collections contract (see BP Section 930a).	Gross	\$0	\$0	\$0	\$3,300,000
	GF/GP	\$0	\$0	\$0	\$3,300,000
15. Budgetary Savings	Gross	\$0	(\$477,900)	\$0	\$0
The Senate includes a new appropriation unit for budgetary savings to be taken at the discretion of the department.	GF/GP	\$0	(\$477,900)	\$0	\$0
REVENUE SHARING					
16. Constitutional Revenue Sharing	Gross	\$19,490,237	\$19,490,237	\$32,948,237	\$7,975,237
The Conference Committee increases constitutional revenue sharing by \$8.0 million from <u>actual</u> FY 2007 payments. (From the enacted appropriation of \$698.9 million, this is a reduction of \$25.0 million.) The amount is derived from FY 2008 revenue estimates from the May 2008 Consensus Revenue Estimating Conference. The Executive and Senate were based on the January 2008 estimates. The House appropriation equaled the FY 2007 enacted appropriation.	Restricted	19,490,237	19,490,237	\$32,948,237	\$7,975,237

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
17. Statutory Revenue Sharing	Gross	(\$4,030,578)	(\$4,030,578)	\$2,569,422	(\$6,202,578)
The Conference Committee decreases statutory revenue sharing by \$6.2 million from <u>actual</u> FY 2007 payments. (From the enacted appropriation of \$407.5 million, this is a reduction of \$8.8 million.) The amount is derived from FY 2008 revenue estimates from the May 2008 Consensus Revenue Estimating Conference. The Executive and Senate were based on the January 2008 estimates. The House appropriation equaled the FY 2007 enacted appropriation.	Restricted	(4,030,578)	(4,030,578)	\$2,569,422	\$6,202,578
18. Special Census Revenue Sharing	Gross	(\$892,400)	(\$892,400)	\$0	(\$892,400)
The House restored funding for special census revenue sharing payments eliminated in FY 2007 by EO 2007-3. The Executive, Senate, and Conference Committee do not include this funding.	GF/GP	(\$892,400)	(\$892,400)	\$0	(\$892,400)
19. Local Government Collaborative Efforts	Gross	\$27,160,000	\$0	\$54,320,000	\$0
The Executive provide grants to cities, villages, and townships that share services, merge, or consolidate activities with other governmental entities. The House Committee doubles the amount recommended by the Executive. The Senate and Conference Committee do not include this funding.	Restricted	27,160,000	0	54,320,000	\$0
20. County Revenue Sharing Payments	Gross	\$113,600	\$113,600	\$113,600	\$113,600
Provides revenue sharing funding to Tuscola County, the first county to exhaust its Revenue Sharing Reserve Fund.	GF/GP	\$113,600	\$113,600	\$113,600	\$113,600
DEBT SERVICE	Gross	\$19,828,200	\$19,828,200	\$19,828,200	\$19,828,200
21. Debt Service	Restricted	0	0	0	0
Adds \$13.1 million for Clean Michigan Initiative debt service; \$1.6 million for Quality of Life bonds debt service; \$5.2 million for Great Lakes Water Quality bond debt service; and reduces Water Pollution Control bond debt service by \$71,800.	GF/GP	\$19,828,200	\$19,828,200	\$19,828,200	\$19,828,200
Michigan Strategic Fund (MSF)	FTEs	0.0	0.0	0.0	0.0
20. Michigan Strategic Fund	Gross	\$98,171,100	\$83,872,200	\$98,171,300	\$85,942,700
The Conference Committee appropriates \$166.4 million – Gross; \$80,000 – IDG; \$55.4 million – Federal; \$712,800 – Private; \$80.7 million – Restricted; and \$29.4 million – GF/GP.	IDG	1,400	1,400	1,400	1,400
	Federal	7,743,700	7,743,700	7,743,700	7,743,700
	Private	12,800	12,800	12,800	12,800
	Restricted	75,000,200	80,000,200	75,000,200	80,700,200
	GF/GP	\$15,413,000	(\$3,885,900)	\$15,413,100	(\$2,515,400)
21. 21st Century Jobs Fund	Gross	\$75,000,000	\$75,000,000	\$75,000,000	\$75,000,000
Uses \$75.0 million in remaining tobacco settlement revenue to continue 21 st Century Jobs Fund programs to diversify Michigan's economy.	Restricted	75,000,000	75,000,000	75,000,000	75,000,000

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
20. Michigan Promotion Program	Gross	\$10,000,000	\$1,000,000	\$10,000,000	\$5,700,000
The Executive and House Committee add \$10.0 million to expand advertising of Michigan as a tourist destination, and promote Michigan as a business location. The Senate adds \$1 million and alters funding sources. The Conference Committee adds \$5.7 million from awards from the competitive edge technology grant and loan program that are not taken by awardees.	Restricted	0	3,621,500	0	5,700,000
	GF/GP	\$10,000,000	(\$2,621,500)	\$10,000,000	0
21. Community Development Block Grants	Gross	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Recognizes \$8.0 million in additional federal funds.	Federal	8,000,000	8,000,000	8,000,000	8,000,000
22. Alternative Energy Initiative	Gross	\$7,000,000	\$100	\$7,000,000	\$0
The Executive and House provided funding for a competitive grant program for gas stations adding ethanol pumps. The Senate leaves a \$100 placeholder. The Conference Committee does not include this program.	GF/GP	\$7,000,000	\$100	\$7,000,000	\$0
23. Economic Development Job Training Grants	Gross	(\$1,600,500)	(\$1,600,500)	(\$1,600,500)	(\$2,235,700)
Reduces funding for economic development job training grants.	GF/GP	(\$1,600,500)	(\$1,600,500)	(\$1,600,500)	(\$2,235,700)
24. Small Business Innovation Research (SBIR) and Small Business Technical Transfer (STTR)	Gross	\$0	\$1,378,500	\$0	Boilerplate Allocation
The Senate added a new line item for the SBIR/STTR matching grant program to spur R&D among small businesses. The Conference Committee moves this funding to a boilerplate allocation of \$1.4 million from the \$75.0 million appropriation from the 21 st Century Jobs Trust Fund.	Restricted	0	1,378,500	0	
25. Aerospace Certification Grants	Gross	\$0	\$500,000	\$0	Boilerplate Allocation
The Senate adds a new line item for aerospace certification grants to reimburse companies for eligible costs incurred in achieving aerospace manufacturing certification. The Conference Committee moves this funding to a boilerplate allocation within the Economic Development Job Training (EDJT) program, and permits the MEDC to use work project funds related to the Defense Contract Coordination Center.	GF/GP	0	\$500,000	0	

Major Budget Changes From FY 2006-07 Enacted Appropriations

		<u>Executive Change</u>	<u>Senate Change</u>	<u>House Change</u>	<u>Conference Change</u>
26. Entrepreneurial Training and Mentoring	Gross GF/GP	\$0 0	\$100 \$100	\$100 100	\$0 \$0
The Senate added a \$100 place holder for the entrepreneurial training and mentoring program between the MSF, Michigan Works!, and the Department of Labor and Economic growth for students in secondary and post-secondary education. The House Committee concurred with this change. The Conference Committee does not include this program.					
27. Business Incubator Program	Gross GF/GP	\$0 \$0	\$0 \$0	\$100 \$100	\$100 \$100
The Conference Committee adds a \$100 placeholder to fund a business incubator program to provide grants and loans to competitive edge technology businesses located in certain economically depressed areas. If funds become available at a later date, funding for this program will increase by \$4 million.					
28. Ethanol Plants	Gross GF/GP	\$0 \$0	\$0 \$0	Boilerplate Allocation	\$200 \$200
The Conference Committee includes two \$100 placeholders for grants to the Berrien County Brownfield Redevelopment Authority and McBain Township (Missaukee County) for projects involving the construction of ethanol plants in the two localities.					
29. Cultural Institutions and Bioscience Research Earmarks.	Gross GF/GP	\$0 \$0	\$0 \$0	\$0 \$0	\$400 \$400
The Conference Committee includes \$100 placeholder earmarks for the Detroit Zoo, Detroit Institute of Art, the Detroit Historical Center, and a bioscience research project at Michigan State University.					
30. Budgetary Savings	Gross GF/GP	\$0 0	(\$177,500) (\$177,500)	\$0 0	\$0 0
The Senate includes a new appropriation unit for budgetary savings to be taken at the discretion of the department.					
31. MSF Economics	Gross	\$413,000	\$413,000	\$413,000	\$413,000
Funds 4.0% contractual pay increases, 7.2% increase in employee benefits, and decreases in retirement and self-insured worker's compensation.	IDG	1,400	1,400	1,400	1,400
	Federal	43,700	43,700	43,700	43,700
	Private	12,800	12,800	12,800	12,800
	Restricted	200	200	200	200
	GF/GP	\$354,900	\$354,900	\$354,900	\$354,900

Major Boilerplate Changes From FY 2006-07

DEPARTMENT OF TREASURY

Sec. 901. Contingency Funds – NEW

Includes new language appropriating up to \$1.0 million for federal contingency funds, up to \$10.0 million for state restricted contingency funds, up to \$200,000 for local contingency funds, and \$40,000 for federal contingency funds. The **Executive** and **House** included this section; the **Senate** did not.

Major Boilerplate Changes From FY 2006-07

Sec. 919(2). National Conference of Commissioners on Uniform State Laws Dues – NEW

Includes language specifying that \$51,000 in escheats revenue is to be expended for paying annual dues to the National Conference of Commissioners on Uniform State Laws (NCCUSL). The **Senate** included this language; the **Executive** and **House** did not.

Sec. 930a. Secondary Collections Activities – NEW

Includes new language requiring the Department to select a private collection agency for secondary collection activities in compliance with the accounts receivable collection system contract. The **Senate** included this section; the **Executive** and **House** did not.

Sec. 941. Standardized Audit Schedules – RETAINED

Retains a provision that appropriates up to \$570,000 from standardized audit schedules recovered delinquent tax collection revenue for the support of standardized audit schedule project expenses related to business tax audits concerning sales tax, use tax, withholding, single business tax, and motor fuel tax obligations. The **Senate** retained this section; the **Executive** and **House** did not.

Sec. 941. Local Public Safety Grants – NOT INCLUDED

The **Conference Committee** did not include language providing that the local public safety grants are to be distributed to cities, village, and townships for local law enforcement and fire protection services with funding based on Department of Corrections prisoner intake data on the number of prisoners residing in a local unit to prior incarceration. The minimum grant award must be \$100,000, with funding contingent on an increase in liquor license fees. The **Executive** and **House** included this section; the **Senate** did not.

Sec. 943. Social Security Numbers – RETAINED

Retains a provision that prohibits the department from including complete social security numbers in Form 1099-G mailings. The **House** and **Senate** included this section; the **Executive** did not.

Sec. 945. Review of Local Assessment Practices – RETAINED

Retains a provision that permits the Department to review local unit assessment administration, practices, procedures, and records (known as the 14-point review) in at least one assessment jurisdiction per county. The **House** and **Senate** retained this section; the **Executive** did not.

Sec. 946. State Tax Commission – RETAINED

Retains a provision that permits State Tax Commission and staff of Assessment and Certification Division to meet with statewide assessment organizations on a quarterly basis to coordinate assessment and training activities; permits recertification and training activities to be conducted at regional locations that maximize participation by local officials. The **House** and **Senate** retained this section; the **Executive** did not.

Sec. 948. Electronic Filing – RETAIN

Retains a provision that requires a report to the Legislature on the number of tax returns filed electronically. The **House** and **Senate** retained this section; the **Executive** did not.

Sec. 949. Income Tax Check-Offs Initiative – DELETED

Deletes a provision that requires the department to develop a plan for individual income tax form check-offs to be implemented in tax year 2006. The **Executive**, **House**, and **Senate** deleted this section.

Sec. 949b. Tobacco Stamp Technology RFP – NEW

Includes language that permits the Department to conduct a competitive bid for current and new tobacco stamp technology and permitting tobacco wholesalers to claim a deduction for costs related to new technology in their monthly reimbursements under the Tobacco Products Tax Act. The **House** added language requiring (rather than permitting) the RFP. The **Executive** and **Senate** did not include this language.

Sec. 950. Revenue Sharing – REVISED

The **Conference Committee** modifies language concerning the distribution of revenue sharing funds to freeze the total payment to a local unit at the 2007 level. For those units that received only a constitutional payment, their 2008 payment would be whatever is required under the constitution, based on sales tax collections. For those units that received both a constitutional and statutory payment in 2007 their 2008 payment, in total, would equal the 2007 payment.

Major Boilerplate Changes From FY 2006-07

Sec. 957. Local Government Collaborative Efforts – NOT INCLUDED

The **Conference Committee** did not include language that requires that payments to local units for collaborative efforts shall be distributed to units that achieve greater efficiencies in delivering public services using the formulas provided in the Glenn Steil State Revenue Sharing Act. The **Executive** and **House** (modified slightly) included this section; the **Senate** did not.

Lottery

Sec. 962. Use of Athletes in Advertising – DELETED

Deletes a provision that prohibits the Bureau of State Lottery from associating professional or amateur sports figures (except for NASCAR drivers) with the lottery or its products; requires report to the Legislature on cost of obtaining use of NASCAR drivers, administrative costs, and net School Aid Fund revenue.

Sec. 963. DHS Bridge Card Use Notification – RETAINED

Retains a provision that requires Bureau of State Lottery to notify retailers that DHS bridge cards cannot be used to purchase lottery tickets. The **House** and **Senate** retained this section; the **Executive** did not.

MICHIGAN STRATEGIC FUND

Sec. 1001. Contingency Funds – NEW

Includes new language appropriating up to \$10.0 million for federal contingency funds, up to \$1.0 million for state restricted funds, and \$0.7 million for private funds. The **Executive** and **House** included this section; the **Senate** did not.

Sec. 1002. Economic Development Job Training (EDJT) Grants – MODIFIED

Earmarks \$4.5 million for community colleges rather than the 75% earmark in current law. The **Executive** renamed the grants as the "Upper Hand Training Grants" and specifies grants are to be primarily used by businesses in life sciences, advanced automotive manufacturing and materials technology; alternative energy; and other high technology businesses. The **House** concurred with the Executive changes, except that it retained the current name (EDJT). The **Senate** and **Conference Committee** concurred with the earmark to community colleges, but did not concur with other changes recommended by the Executive.

Sec. 1002(16). Aerospace Manufacturing Certification EDJT Grants – NEW

The **Conference Committee** allocates \$500,000 from the funds available for EDJT grants for helping businesses obtain certification in aerospace manufacturing. Half the funds are to be used for grants of up to \$10,000 and the other half is made available to the Michigan Aerospace Manufacturing Association to assist businesses in obtaining certification. The grant program may be funded using work project funds from the Defense Contract Coordination Center (DC3). The **Senate** included similar language; the **Executive** and **House** did not include this section.

Sec. 1005. Copyrighted Slogans and Images – MODIFIED

Permits Travel Michigan to receive and expend private revenue related to the use of the copyrighted slogans and images of "The Upper Hand" and "Pure Michigan". The **Executive** and **House** included this language; the **Senate** only included references to "Pure Michigan."

Sec. 1006. Report of Grants Awarded by MSF and MEDC – MODIFIED

Requires report on February 15 (rather than May 1 and November 1) on grants awarded by the Michigan Strategic Fund and Michigan Economic Development Corporation. The **Executive** and **House** included this language; the **Senate** retained current language requiring two reports.

Sec. 1015. Legislative Approval of MEDC Executive Members – DELETED

Deletes a provision stating it is the intent of the Legislature that members of the MEDC Executive Committee be subject to the advice and consent of the Senate. The **Executive** and **House** deleted this section; the **Senate** retained it.

Sec. 1016. Audit of Jobs Created – RETAINED AND MODIFIED

Retains a provision that requires the MEDC to develop and implement procedures to audit the number of jobs claims to be created by MEDC grant recipients, but deletes a requirement that the MEDC work with the Office of the Auditor General in auditing job claims. The **Executive** deleted this section. The **Senate** retains this section. The **House** modified the section as it appears in the conference report.

Major Boilerplate Changes From FY 2006-07

Sec. 1017. Report on MEDC Employee Salaries – RETAINED

Retains a provision that requires the MEDC to report to the legislature and state budget office the name, job title, and job description of employees with a salary of at least \$80,000. The **House** and **Senate** included this section; the **Executive** deleted this section.

Sec. 1018. Tourism Advertising Return on Investment – DELETED

Deletes a provision that requires the MEDC to contract with a state research university in Michigan to conduct a scientific study on the return on investment of state tourism advertising expenditures. The **Executive** and **Senate** deleted this section; the **House** did not.

Sec. 1019. Michigan Economic Growth Authority MEGA Tax Credits for Leased Employees – DELETED

Deletes a provision that requires that firms otherwise eligible for MEGA tax credits to qualify if employees hired for new jobs created are leased from a professional employer organization (PEO). The **Executive** and **House** deleted this section; the **Senate** retained it.

Sec. 1020. Federal Pass-Through Funds to Local Units – NEW

Adds new language appropriating federal pass-through funds to local units that do not require a state match; permits funds to be carried forward; requires report to appropriations subcommittees; legislative fiscal agencies; and state budget office within 10 business days of receiving such funds. The **Executive** and **House** included this section. The **Senate** added a reporting requirement to the appropriations subcommittees. The **Conference Committee** added the reporting requirement to the legislative fiscal agencies and the state budget office.

Sec. 1021. Michigan Promotion Program – NEW

Adds language specifying that \$5.7 million of the funds for the Michigan promotion program shall be used to accelerate to promote the state's tourism industry and business marketing activities. The MEDC would coordinate its activities with local tourism efforts where appropriate. The **Senate** included language requiring the coordination with local tourism efforts; the **Executive** and **House** did not.

Sec. 1021(3). Michigan Promotion Program Additional Funding – NEW

Adds intent language that if additional funds become available during the fiscal year, funding for the promotion program would increase by \$4.3 million.

Sec. 1022. Business Incubator Program – NEW

Adds a provision concerning the line item appropriation in part 1 for the business incubator program. The program provide grants and loans designed to foster the creation of new jobs in competitive edge technologies, with preference given to grantees located in certain economically depressed areas (Benton Harbor, Detroit, Flint, and Lake County). The section also includes intent language that if additional funds become available during the fiscal year, funding for the program would increase by \$4.0 million. The **House** included this section, although the number of qualifying distressed areas was greater. The **Executive** and **Senate** do not include this section or the line item.

Sec. 1024. Small Business Innovation Research/Small Business Technology Transfer Research –NEW

Adds language allocating \$1.4 million from the 21st Century Jobs Trust Fund to the Small Business Technology and Development Centers for the SBIR/STTR matching grant programs. The **Senate** included this section (with a different fund source); the **Executive** and **House** did not.

Sec. 1025. Jobs Report – NEW

Adds a section requiring the MEDC to only report the actual direct number of jobs and the projected number of indirect jobs to be created as a result of any financial or tax incentive package that is offered to a business and to include salaries and employer sponsored benefits in its publications for marketing and public information purposes. The **Senate** included this section; the **Executive** and **House** did not.

Sec. 1027. 21st Century Allocation for Biofuels – NEW

Adds a section requiring the MSF board to amend its contract with Lakeshore Advantage for a project involving a former Pfizer plant in Holland to provide at least \$3.0 million of the \$3.4 million provided for the project is to be distributed prior to March 31, 2008, and to expand the allowable use of such funds to include all types of operating expenses. (This accelerates the payment, which was to be spread out over three years.) If the contract is not amended by February 28, 2008, an amount not exceeding \$3.0 million from the appropriation for the 21st Century Jobs Trust Fund programs would be allocated to Lakeshore Advantage in FY 2007-08 to bring the total payments to the organization to \$3.0 million in FY 2007-08. The **Senate** included language allocating \$2.0 million from the 21st Century Jobs Trust Fund program to Lakeshore Advantage; the **Executive** and **House** did not.

Major Boilerplate Changes From FY 2006-07

Sec. 1029. Tax Incentives for Michigan Workers – NEW

The **Conference Committee** includes statements of legislative intent that tax and other economic development incentives be awarded to businesses that give preference to Michigan workers. The **Senate** included similar language that stated the incentives be given to businesses that hire 100% Michigan workers and that incentives be awarded on a sliding scale for businesses that hire Michigan and non-Michigan workers. The **Senate** included this language; the **Executive** and **House** did not any language.

Sec. 1030. Watervliet Township Ethanol Plant – NEW

The **Conference Committee** includes language specifying the \$100 appropriation in part 1 for the Berrien County Brownfield Redevelopment Authority shall be expended for a brownfield redevelopment project in Watervliet Township to construct an ethanol plant. The **House** included this section (with funding allocated from the alternative energy initiative); the **Executive** and **Senate** did not.

Sec. 1031. McBain Township Infrastructure Improvements – NEW

The **Conference Committee** includes language specifying the \$100 appropriation in part 1 for McBain Township (Missaukee County) shall be used by the township for infrastructure improvements. The **House** included this section (with funding allocated from the alternative energy initiative); the **Executive** and **Senate** did not.

Entrepreneurial Training and Mentoring Program – NOT INCLUDED

The **Conference Committee** does not include a section specifying that the MSF shall partner with Michigan Works! agencies and the Department of Labor and Economic Growth to implement a training and mentoring program for students enrolled in secondary and post-secondary educational programs. The **House** and **Senate** included this section; the **Executive** did not.

21st Century Allocation for Drug Makers – NOT INCLUDED

The **Conference Committee** does not include a section allocates \$1.5 million from the 21st century programs for a private research institute (Van Andel Institute) that has received a federal appropriation prior to 2005 for the creation of a manufacturing facility to produce drugs approved for use in clinical trials. The **Senate** included this section; the **Executive** and **House** did not.

Intermodal Transportation Centers – NOT INCLUDED

The **Conference Committee** does not include language allocating a \$100 placeholder from the appropriation in part 1 for Intermodal Transportation Centers for a competitive grant and loan program for new hubs and improvements to existing hubs. The **House** included this section; the **Executive** and **Senate** did not.