



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 239 (as introduced)

Committee: Appropriations

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| FY 2006-07 Year-to-Date Gross Appropriation | \$80,479,800 |
| Changes from FY 2006-07 Year-to-Date: | |
| 1. Jobs for Michigan Investment Program. The Governor recommended appropriating \$75,000,000 from the 21 st Century Jobs Trust Fund to the Michigan Strategic Fund. The funds come from tobacco settlement revenue deposited in the 21 st Century Jobs Trust Fund pursuant to P.A. 232 of 2005. Once appropriated, the Michigan Strategic Fund Board would have the authority to allocate these funds among the allowable programs of investments, competitive edge technology grants and loans, and loan enhancement programs subject to certain statutory limits. | 75,000,000 |
| 2. Michigan Promotion Program. The Governor recommended increasing funding for this program by \$10,000,000 GF/GP to \$15,717,500. Funding would be used to promote both tourism and business marketing. Any unexpended funds would be placed into a work project that could be spent over three years. | 10,000,000 |
| 3. Alternative Energy Initiative. The Governor recommended \$7,000,000 GF/GP to fund the Service Station Matching Grant program created by P.A. 274 of 2006 (MCL 125.2078). The program would provide matching grants to service stations to subsidize the conversion or construction of fuel pumps for use with E85 or biodiesel fuel. Pursuant to statute, grants would be limited to a portion of the project cost, not to exceed a statutory maximum which varies from \$2,000 to \$15,000 based on the type of project. | 7,000,000 |
| 4. Economic Development Job Training Grants. The Governor recommended renaming program to the Upper Hand Training Program and reducing the appropriation by (\$1,600,500) from \$9,798,000 to \$8,197,500. Eligible training would be focused on the competitive edge technologies, and businesses would become eligible to compete directly for a portion of the funding. | (1,600,500) |
| 5. Community Development Block Grants. The Governor recommended an increase of \$8,000,000 in the Federal expenditure authority for CDBG pass-through funds from \$45,000,000 to \$53,000,000. The additional expenditure authority would permit the MSF to draw down prior year Federal allocations to reimburse municipalities for their projects. | 8,000,000 |
| 6. Administrative Reductions. The Governor recommended base reductions in both agency administration and program administration (Job Creation Services) line items. The MSF administration line would have a base reduction of (\$25,000) to \$2,529,900 in FY 2007-08 and Job Creation Services would have a base reduction of (\$225,000) to \$17,188,200 in FY 2007-08. | (250,000) |
| 7. Economic Adjustments. The Governor recommended economic adjustments of \$413,000. | 413,000 |
| 8. Other Changes. Other changes recommended by the Governor consist of an increase in Human Resources optimization user charges of \$500, reduction of obsolete Federal expenditure authority of (\$300,000), and reduction of (\$91,900) due to completion of the sick leave payout related to State employee early retirements. | (391,400) |
| Total Changes..... | \$98,171,100 |
| FY 2007-08 Governor's Recommendation..... | \$178,650,900 |

Changes from FY 2006-07 Year to Date:

1. **Standard Language.** The Governor recommended the following changes to the standard boilerplate sections: Deleted language referring to exception to the hiring freeze for classified positions fully funded with Federal funds (205); deleted report retention language; and deleted prohibition on disciplinary action against classified staff for interaction with Legislature.
2. **Contingency Fund Appropriations.** The Governor recommended restoration of contingent fund authority, to permit use of the legislative transfer process to authorize expenditure of additional Federal or restricted funds that might become available during the fiscal year. The language would permit transfer up to \$10,000,000 in Federal funds and \$1,000,000 in State restricted funds. (Sec. 1001)
3. **Economic Development Job Training Grants.** The Governor recommended renaming the program the Upper Hand Training Program; replacing the current business response and manufacturing competitiveness programs, with training grants in the high technology areas of life sciences; advanced automotive, manufacturing and materials technology; homeland security; alternative energy; and other high-technology businesses, as defined in the Michigan Economic Growth Authority Act, P.A. 24 of 1995 (MCL 207.803). The definition of eligible applicants would be expanded to include businesses which create 100 or more new jobs at a single location during the two-year period following the grant award. The Governor recommended that \$4,500,000 of the funds be awarded to community colleges, or a consortium of community colleges and other eligible applicants. Of \$3,597,500 remaining, up to \$800,000 could be used for the administration (as in the current year) and the rest awarded to eligible applicants including school districts, intermediate school districts, community colleges, certain businesses and nonprofit organizations, among others. (Sec. 1002)
4. **Copyrighted Slogans.** Travel Michigan currently licenses the Michigan advertising slogan "Michigan Great Lakes. Great Times." and uses the revenue for tourism promotion. The Governor recommended updating the language to include the new advertising slogans "The Upper Hand" and "Pure Michigan". (Sec. 1005)
5. **Michigan Promotion Program.** The Governor recommended the addition of \$10,000,000 in FY 2007-08 to the Michigan Promotion Program and expanding the program to include business marketing activities. The appropriation would be a work project that could be used over a three-year period ending September 30, 2010. (Sec. 1021)
6. **Executive Committee Members.** The Governor recommended deleting intent language that these members are subject to the advice and consent of the Senate.
7. **Audit of Job Claims.** The Governor recommended deleting the language requiring the MEDC to work with the Auditor General to implement procedures to audit job claims for recipients of any economic development programs.
8. **Salary Report.** The Governor recommended deleting the report on employees with salaries of \$80,000 or more.
9. **Tourism Study.** The Governor recommended deleting the requirement that the agency contract with a university to conduct a study on the return on investment for tourism advertising expenditures. The language also requires a report by September 30.
10. **Professional Employer Organization (PEO).** The Governor recommended deleting language prohibiting the agency from promulgating rules or guidelines that would prohibit a firm from qualifying for a MEGA award because the firm's employees are leased from a PEO.
11. **Federal Pass-Through Funds.** The Governor recommended new language that would allow for appropriation and carryforward of Federal pass-through funds that do not require a State match. (Sec. 1020)

Date Completed: 2-12-07

Fiscal Analyst: Elizabeth Pratt and Maria Tyszkiewicz