



Senate Fiscal Agency  
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# BILL ANALYSIS

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Senate Bill 239 (S-1 as passed by the Senate)  
Committee: Appropriations

<b>FY 2006-07 Year-to-Date Gross Appropriation .....</b>	<b>\$85,826,200</b>
<b>Changes from FY 2006-07 Year-to-Date:</b>	
1. <b>21<sup>st</sup> Century Programs.</b> The Governor recommended appropriating \$75.0 million from the 21 <sup>st</sup> Century Jobs Trust Fund to the Michigan Strategic Fund (MSF). The funds come from tobacco settlement revenue deposited in the 21 <sup>st</sup> Century Jobs Trust Fund pursuant to P.A. 232 of 2005. Once appropriated, the MSF Board could allocate these funds subject to statutory limits.	75,000,000
2. <b>Michigan Promotion Program.</b> The Governor recommended increasing funding for this program by \$10.0 million GF/GP to \$15,717,500. Funding would be used to promote both tourism and business marketing. The Senate funded at \$6,717,500 with a fund shift that replaced \$3,621,500 GF/GP with funds from the Jobs for Michigan Investment Funds - Returns to Fund.	1,000,000
3. <b>Alternative Energy Initiative.</b> The Governor recommended \$7.0 million GF/GP to fund the Service Station Matching Grant program created by P.A. 274 of 2006 (MCL 125.2078) to subsidize fuel pumps for use with E85 or biodiesel fuel. The Senate included a \$100 placeholder.	100
4. <b>Economic Development Job Training Grants.</b> The Governor recommended renaming the program the Upper Hand Training Program and funding at \$8,197,500, the same level as in FY 2006-07 after the E.O. reduction. Eligible training would be focused on the competitive edge technologies, and businesses would be eligible to compete directly for funding. The Senate concurred in the Governor's funding level but did not rename or restructure the program.	0
5. <b>Community Development Block Grants.</b> The Governor maintained the revised FY 2006-07 Federal expenditure authority for CDBG pass-through funds at \$53.0 million to permit the MSF to draw down prior year Federal allocations. The Senate concurred.	0
6. <b>Small Business Innovation Research (SBIR) and Small Business Technical Transfer (STTR) Matching Grant Program.</b> The Senate funded this new line item with \$1,378,500 from the Jobs for Michigan Investment Fund - Returns to Fund.	1,378,500
7. <b>Tool and Die Aeronautics Manufacturing Grants.</b> The Senate added \$500,000 GF/GP for grants of up to \$25,000 to reimburse companies for eligible costs incurred in achieving aeronautics manufacturing certification.	500,000
8. <b>Entrepreneurial and Mentoring Training Program.</b> The Senate created this new line.	100
9. <b>Budgetary Savings.</b> The Senate created this new line.	(177,500)
10. <b>Administrative Reductions.</b> The Governor recommended continuation of E.O. 2007-3 reductions for administration and job creation services. The Senate reduced the administration line by an additional (\$100).	(100)
11. <b>Economic Adjustments.</b>	413,000
12. <b>Other Changes.</b> Other changes recommended by the Governor include an increase in Human Resources optimization user charges of \$500, reduction of obsolete Federal expenditure authority of (\$300,000), reduction of (\$91,900) due to completion of the sick leave payout related to State employee early retirements and other adjustments. The Senate concurred.	411,700
13. <b>Comparison to Governor's Recommendation.</b> The Senate is (\$14,298,900) Gross and (\$19,298,900) GF/GP under the Governor.	
<b>Total Changes.....</b>	<b>\$78,525,800</b>
<b>FY 2007-08 Senate Gross Appropriation .....</b>	<b>\$164,352,000</b>

**Changes from FY 2006-07 Year to Date:**

1. **Standard Language.** The Governor deleted an exception to the hiring freeze for classified positions fully funded with Federal funds (Sec. 205) and the Senate rewrote this section. The Senate permitted the MSF to contract out for technology services or complete the projects through DIT (Sec. 213 and 214). The Senate changed Buy American to include veteran-owned businesses (Sec. 209) and added new language that requires a legislative transfer of Budgetary Savings (Sec. 220).
2. **Report on Implementation of Legislation; Limitation on Rules.** The Senate included language to require a report on policy changes made to implement enacted legislation. The Senate also prohibited the use of appropriated funds for administrative rules that do not reduce the disproportionate impact on small businesses. (Sec. 216)
3. **Limitation on Legal Services.** The Senate added a requirement that funds appropriated shall not be used to hire a person to provide legal services that are the responsibility of the Attorney General. (Sec. 221)
4. **Economic Development Job Training Grants.** The Governor renamed to the Upper Hand Training Program and focused on high technology. The Senate also focused on high tech areas but did not rename. (Sec. 1002)
5. **Copyrighted Slogans.** The Governor recommended updating the advertising slogans "The Upper Hand" and "Pure Michigan". The Senate added only the "Pure Michigan" slogan. (Sec. 1005)
6. **Audit of Job Claims.** The Governor deleted a requirement that MEDC and the Auditor General audit job claims for recipients of any economic development incentives. The Senate retained the language. (Sec. 1016)
7. **Professional Employer Organization (PEO).** The Governor deleted language preventing the MSF from disqualifying a firm for a MEGA award because it leases employees from a PEO. The Senate retained. (Sec. 1019)
8. **Federal Pass-Through Funds.** The Governor recommended automatic appropriation and carryforward of additional Federal pass-through funds with no State match. The Senate concurred and added a report. (Sec. 1020)
9. **Michigan Promotion Program.** The Governor added \$10.0 million to accelerate tourism and business marketing. The Senate added \$1.0 million for tourism promotion only. (Sec. 1021)
10. **SBIR/STTR Programs.** The Senate added language to require the Strategic Economic and Commercialization Board to use funds that are not claimed by awardees for the SBIR/STTR programs. (Sec. 1022)
11. **Limitation on Jobs Reporting.** The Senate added language to require that the Michigan Economic Development Corporation can only report the number of actual direct jobs created as a result of any financial or tax incentive package. This would include all publications issued by the MEDC for marketing and public information. (Sec. 1023)
12. **Private Research Institute.** The Senate allocated \$1.5 million from the appropriation for 21<sup>st</sup> Century Programs to a private research institute that was a Federally designated good manufacturing facility. (Sec. 1024)
13. **Biodiesel Production and Biomass Research Facility.** The Senate allocated \$2.0 million from the appropriation for 21<sup>st</sup> Century Programs for supporting a biofuels facility operated with support from a regional economic development organization and a public university, with a donated facility. (Sec. 1025)
14. **Tool and Die Aeronautics Certification.** The Senate added a \$500,000 program (up to \$25,000 per applicant) to assist tool and die firms in becoming certified to perform aeronautics contracts. (Sec. 1026)
15. **Entrepreneurial Training and Mentoring Program.** The Senate added a \$100 placeholder for a joint program with MSF, the Department of Labor and Economic Growth, and the Michigan Works! Agencies for secondary and post-secondary students. (Sec. 1027)
16. **Economic Development Incentives Intent Language.** The Senate stated intent language that the MSF should award incentives and tax breaks to firms that hire 100% Michigan workers, and that a sliding scale should be created to make it more likely for companies that employ 100% Michigan workers to receive tax breaks. (Sec. 1028)
17. **Use of 21<sup>st</sup> Century Funds.** The Senate specified that \$5.0 million from the Jobs for Michigan Investment Fund - Returns to Fund should only be used for SBIR/STTR programs and the Michigan Promotion program, and that appropriations from the 21<sup>st</sup> Century Jobs Trust Fund should only be used for 21<sup>st</sup> Century programs. (Sec. 1029)

Date Completed: 8-28-07

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