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Senate Bill 1541 (Substitute S-1 as reported)  
Sponsor: Senator Nancy Cassis  
Committee: Finance

## **CONTENT**

The bill would amend the Michigan Economic Growth Authority (MEGA) Act to do the following:

- Require the Auditor General to audit MEGA's annual report to the Legislature and include his or her audit findings with the report before MEGA could submit it.
- Beginning October 1, 2008, and each subsequent year, require MEGA to report to the chairpersons of the Senate Appropriations and Finance Committees, the House of Representatives Appropriations and Tax Policy Committees, and the directors of the Senate and House Fiscal Agencies.
- Require MEGA to include additional information in its annual report.

In addition to the information currently required, the report would have to include the amount of capital investment required and the number of jobs required to be created or retained for each authorized business to be eligible for the tax credits under the Act. For each written agreement with each authorized business, the report would have to include the actual number of jobs created or retained, the total capital investment at that facility, and the total value of the tax credits received for that year and all previous years under the written agreement.

MCL 207.810

Legislative Analyst: Craig Laurie

## **FISCAL IMPACT**

The expanded reporting requirements in the bill would increase the administrative costs of the Michigan Strategic Fund (the MSF, which provides the staff to administer the Michigan Economic Growth Authority) by an unknown amount. The MSF charges application fees to companies seeking a MEGA credit of 0.5% of the estimated value of the credit, not to exceed \$100,000. The MSF also receives appropriations for its administrative costs. The General Fund portion of these appropriations is approximately \$16.4 million in FY 2008-09.

Currently, there is a backlog of audits that must be completed by the Office of the Auditor General and the proposed required audits would add to that backlog. Additional staff could be required to perform these audits, which would require additional funding. The additional costs to Office of the Auditor General for performing the audits that the bill would require are indeterminate and would depend on the number of audits actually performed.

Date Completed: 10-10-08

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