



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

**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1541 (as introduced 9-24-08)  
Sponsor: Senator Nancy Cassis  
Committee: Finance

Date Completed: 10-1-08

**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.**
- Require additional information to be included in the report.**
- Require MEGA to report to the chairpersons of certain Senate and House committees and the directors of the Senate and House Fiscal Agencies.**

Under the Act, MEGA must report on its activities to both houses of the Legislature yearly on October 1. The bill would require the Auditor General to audit the report and include his or her audit findings with the report before MEGA could submit it. Beginning October 1, 2008, and each subsequent year, MEGA also would have 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.

Currently, the report must include at least all of the following:

- The total amount of capital investment attracted under the Act.
- The total number of qualified new jobs created under the Act.
- The total number of new written agreements made by MEGA.
- The name and location of all authorized businesses and the names and addresses of the directors and officers of corporations, the partners of partnerships or limited liability partnerships, or the members of limited liability companies.
- The amount and duration of the tax credit separately for each authorized business.
- The amount of any fee, donation, or other payment of any kind from the authorized business to the Michigan Economic Development Corporation or a foundation or fund associated with it paid or made in the previous reporting year end or, if it is the first reporting year for the authorized business, for the immediately preceding three calendar years.
- The total number of new written agreements entered into under Section 8(5) and, of those written agreements, the number in which the MEGA board determined that it was in the public interest to waive one or more of the requirements of Section 8(1).

Under the bill, the report also 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. In addition, for each written agreement with each authorized business, the report would have to include the actual number of jobs created or retained for that year, the total capital investment at that facility for that year, and the total value of the tax credits received under that written agreement for that year.

(Under Section 8(1) and, through December 31, 2007, under Section 8(5), MEGA may enter into a written agreement for a credit against the single business tax and the Michigan business tax with an eligible business that meets certain criteria related to the location of the business, capital investment, and jobs created or retained by the business, as determined by MEGA.)

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 Michigan Strategic Fund also receives appropriations for the administrative costs of the MSF. 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.

Fiscal Analyst: Joe Carrasco  
Maria Tyszkiewicz  
Elizabeth Pratt

S0708\sb1541sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.