



Senate Bill 290 (Substitute S-1 as reported)  
Senate Bill 293 (Substitute S-2 as reported)  
Senate Bill 295 (Substitute S-1 as reported)  
Senate Bill 539 (as reported without amendment)  
House Bill 4083 (Substitute S-2 as reported)  
House Bill 4089 (Substitute S-2 as reported)  
House Bill 4092 (Substitute S-1 as reported)  
House Bill 4093 (Substitute S-1 as reported)  
House Bill 4094 (Substitute S-1 as reported)  
Sponsor: Senator Gilda Z. Jacobs (S.B. 290)  
Senator Dennis Olshove (S.B. 293)  
Senator Michael Switalski (S.B. 295)  
Senator Randy Richardville (S.B. 539)  
Representative Fred Miller (H.B. 4083)  
Representative Judy Nerat (H.B. 4089)  
Representative Bob Constan (H.B. 4092)  
Representative Bettie Cook Scott (H.B. 4093)  
Representative Sarah Roberts (H.B. 4094)  
Senate Committee: Commerce and Tourism  
House Committee: Commerce (H.B. 4083, 4089, 4092, 4093, & 4094)

## **CONTENT**

The bills would amend various statutes to do all of the following:

- Establish preferences or requirements for the hiring of Michigan residents or individuals who planned to become Michigan residents, except under certain circumstances, in various economic development and tax incentive programs.
- Prohibit the use of certain financing, tax breaks, or assistance unless the applicant stated in writing that it would not hire or contract for individuals who were not authorized under Federal law to work in the United States.
- Require the reporting of information relating to the hiring of Michigan residents and exemptions from the hiring of Michigan residents.

Senate Bills 293 (S-1) and 539 would require that preference be given to those who agreed to hire or contract for only Michigan residents or those who would become Michigan residents. House Bills 4092 (S-1), 4093 (S-1), and 4094 (S-1) would require an agreement that a "good faith effort" be made to hire or contract for only Michigan residents or those who would become Michigan residents. The rest of the bills would require an agreement for the hiring or contracting for only Michigan residents or those who would become Michigan residents.

The hiring restrictions would apply unless it was determined that the eligible activities could not be performed by using only Michigan residents for one of the following:

- To the extent necessary to comply with Federal law or regulation concerning the use of Federal funds.

- To the extent that key management personnel or individuals with special skills, who were not Michigan residents, were needed.
- For locations in a county that bordered on another state, if the use of nonresidents would not have a significant adverse effect on the employment of Michigan residents.

All of the bills, except Senate Bill 539, also would require an agreement to include a remedy provision regarding ineligibility for tax abatements, financing, or assistance, and the repayment of benefits, if the applicant violated the hiring restrictions. In Senate Bill 293 (S-2) and House Bills 4092 (S-1), 4093 (S-1), and 4094 (S-1), the remedy provision would apply only to the restriction against hiring a person not authorized under Federal law to work in the U.S.

Senate Bill 290 (S-1) would amend the Brownfield Redevelopment Financing Act and would apply to brownfield authorities using tax increment revenue to pay or reimburse a business for eligible activities on eligible property. Senate Bill 293 (S-2) would amend the Michigan Renaissance Zone Act and would apply to the State Administrative Board's or the Michigan Strategic Fund's consideration of applicants for renaissance zone designation. Senate Bill 295 (S-1) would amend the Obsolete Property Rehabilitation Act and would apply to the approval of an application for an obsolete property exemption certificate by the legislative body of a local governmental unit. Senate Bill 539 would amend the Michigan Business Tax (MBT) Act and would apply to the Michigan Film Office's entering into a tax credit agreement for an investment in a qualified film and digital media infrastructure project.

House Bill 4083 (S-2) would amend the Michigan Strategic Fund (MSF) Act and would apply to the MSF board's approval of a request for assistance for a project or an economic development project, or a loan or grant under Chapter 8A (21<sup>st</sup> Century Investment Programs and Activities). House Bill 4089 (S-2) would amend the Michigan Economic Growth Authority (MEGA) Act and would apply to MEGA's entering into an agreement for an MBT credit for a business meeting prescribed criteria, such as maintaining a minimum number of qualified new jobs at a facility, maintaining a certain number of full-time jobs in Michigan, and paying a certain level of wages. House Bill 4092 (S-1) would amend the Industrial Development Revenue Bond Act and would apply to a municipal governing body's issuance of bonds or notes to construct, improve, or finance improvements to industrial buildings. House Bill 4093 (S-1) would amend the plant rehabilitation and industrial development Act (commonly called PA 198), and would apply to the approval by a local unit's legislative body of an application for an industrial facilities exemption certificate. House Bill 4094 (S-1) would amend the Transportation Economic Development Fund law and would apply to the use of Fund proceeds by the director of economic development to assist in the funding of highway, road, and street projects necessary to support economic growth.

All of the bills, except Senate Bill 539, are tie-barred to Senate Bills 502 and 539. Senate Bill 502 (S-1) would amend the Management and Budget Act to require that, in all purchases made by the Department of Management and Budget (DMB), a preference of 10% of the amount of the contract be granted to a certified Michigan business or to any business if the products identified in the bid were made, manufactured, or grown in Michigan.

MCL 125.2665 (S.B. 290)  
 125.2695 et al. (S.B. 293)  
 125.2788 (S.B. 295)  
 208.1457 (S.B. 539)  
 125.2011 (H.B. 4083)  
 207.808 & 207.810 (H.B. 4089)  
 Proposed MCL 125.1255a (H.B. 4092)  
 MCL 207.554 (H.B. 4093)  
 247.913 (H.B. 4094)

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

### **Senate Bills 290 (S-1) & 295 (S-1)**

Senate Bills 290 (S-1) and 295 (S-1) would have a minimal, and likely negligible, impact on State and local revenue. Revenue could be increased to the degree that some repayments were required and/or a greater portion of captured wages was spent within the State. To the extent that the bills increased the cost of certain projects, revenue would be increased although the increase would be financed by the capture of greater tax revenue from other sources. The net effect of these factors is indeterminate.

In addition, the Attorney General could incur minimal costs related to enforcing the provisions in the bills.

### **Senate Bill 293 (S-2)**

The bill would increase the costs of the Michigan Strategic Fund, which has primary administrative responsibilities for approvals related to alternative energy zones, agricultural processing zones, renewable energy facility zones, and forest processing facility zones. The addition eligibility determinations, compliance assessments, and reports proposed by the bill would increase the responsibilities of the Michigan Strategic Fund and would likely require additional personnel; however, the number of staff required is unknown. The administrative costs of these programs are supported by the line item for Job Creation Services in the MSF budget. The year-to-date appropriation for Job Creation Services is \$17,263,100 in FY 2008-09, of which \$13,986,400 is appropriated from the General Fund. The bill would have a minimal impact on the responsibilities and costs of the State Administrative Board, which has some oversight responsibilities for these programs.

Violations of the hiring and contracting provisions in the bill could trigger repayments of credits, tax exemptions or deductions; however, this is not expected to have a significant impact on State or local revenue.

### **Senate Bill 539**

The bill would increase the administrative costs of the Michigan Film Office within the Michigan Strategic Fund by an unknown amount due to the additional eligibility determinations and reports that would be required by the bill. The amount of additional costs would depend on the number of applications for film and digital media infrastructure projects. The year-to-date appropriation for the Michigan Film Office is \$731,600 in FY 2008-09, consisting of \$181,600 GF/GP and \$550,000 in restricted revenue from credit application and redemption fees.

### **House Bill 4083 (S-2)**

The bill would expand the administrative responsibilities of the staff of the Michigan Strategic Fund by applying the proposed hiring restrictions to every program authorized under the 21<sup>st</sup> Century Jobs Trust Fund program and requiring the MSF to compile a report to the Legislature each year.

The current language authorizes up to 4% of the total appropriation for this program for administration. The appropriation for FY 2008-09 as of May 4, 2009, is \$62.0 million, of which \$2.48 million is allocated for administration. The list of programs administered under Chapter 8A that would be affected include: the Choose Michigan Fund, the Centers of Energy Excellence, the Small Business Technology Development Center Federal Matching

grant program, the 21<sup>st</sup> Century Investments and Loans program, the Film and Digital Media Loan Fund, and the commercialization competition conducted by the Strategic Economic Investment and Commercialization Board. Any additional administrative costs would have to be covered with existing revenue as the bill does not designate another source.

The bill also includes a repayment provision for noncompliance with the Act, which would be determined by the MSF board.

### **House Bills 4089 (S-2), 4092 (S-1), & 4093 (S-1)**

The bills would have a minimal, and likely negligible, impact on State and local revenue. Revenue could be increased to the degree that some repayments were required and/or a greater portion of captured wages was spent within the State or that fewer credits, bonds, or exemptions were granted under the bills. To the extent that the bills increased the cost of certain projects, the credits, bonds, or exemptions could be increased. The net effect of these factors is indeterminate.

In addition, the Attorney General could incur minimal costs related to enforcing the provisions in the bills.

### **House Bill 4094 (S-1)**

The bill would have no fiscal impact on State or local government.

Date Completed: 5-7-09

Fiscal Analyst: Joe Carrasco  
Debra Hollon  
Elizabeth Pratt  
Maria Tyszkiewicz  
David Zin

Floor\sb290

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.