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BILL ANALYSIS



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Senate Bill 1166 (as enrolled)
Sponsor: Senator Ron Jelinek
Senate Committee: Appropriations
House Committee: Appropriations

Date Completed: 7-2-10

CONTENT

Senate Bill 1166 would provide for fiscal year (FY) 2009-10 supplemental appropriations totaling \$50.4 million. Appropriations include \$47,880,000 in Federal American Recovery and Reinvestment Act of 2009 (ARRA) funds to the Department of Energy, Labor, and Economic Growth (DELEG), \$2,500,000 GF/GP to provide for a State Police Crime Lab in Marquette, and a \$100 GF/GP construction authorization for the replacement of Sangren Hall at Western Michigan University.

Section 102. Department of Energy, Labor, and Economic Growth

The \$47.9 million in Federal funds available under provisions of the ARRA would be used for energy efficiency programs and assistance with the demolition of abandoned properties. The appropriations in the bill were recommended to the Legislature by the State Budget Office on June 1, 2010.

The bill would appropriate \$30.0 million of energy efficiency funds that Michigan received from the U.S. Department of Energy through a competitive grant which distributed \$400.0 million nationally. The funding would be used to invest in the adoption of commercial and residential energy efficiency building retrofits. The \$30.0 million would be appropriated to the Energy Office for two separate projects:

-- \$21.8 million would be used for commercial and residential energy efficiency improvements. According to the terms of the grant application and award, these would be administered by Michigan Saves, which would act as the fiduciary for this program. Michigan Saves is a nonprofit organization that provides financing for energy efficiency improvements. Michigan Saves was established in 2009 by a grant from the Michigan Public Service Commission to Public Sector Consultants of approximately \$8.0 million from the Low Income Energy Efficiency Fund, of which \$6.5 million was placed in a trust fund to leverage special financing arrangements for energy improvements.

Of the \$21.8 million, \$10.0 would be used for energy improvements to central city commercial buildings in Detroit and \$11.8 million would be used for residential energy improvement projects in communities selected by Michigan Saves and the Department in Detroit, Grand Rapids, and eligible communities located in the suburbs of southeastern Michigan.

-- \$8.2 million would be used for competitive grants for residential energy improvements to up to three nonentitlement communities that were not eligible to receive formula grants through the Energy Efficiency and Conservation Block Grant program. The Bureau of Energy Systems in DELEG would select the communities to receive awards after a competitive RFP process. The grant funds would be used to implement energy efficiency improvements in homes in a concentrated area of a community. Participation also would be encouraged by the offer of financing options through Michigan Saves.

Of the \$8.2 million in the bill, approximately 60.0% or \$4.9 million would be used for grants to communities. A total of \$3.3 million would be used by the Bureau of Energy Systems as follows:

- Administration and Support Services - \$827,891.
- Contract with MSU for evaluation and data analysis - \$363,780.
- Contract for information technology (data collection, management, and reporting) - \$335,571.
- Contract for designing and evaluating neighborhood sweeps - \$600,000.
- Michigan Saves, for fund management services and program support services related to financing - \$1,167,865.

The bill also would provide \$17.9 million of ARRA funding for the Land Bank Fast Track Authority to support the maintenance and demolition of tax-reverted properties across the State. The \$17.9 million appropriated to the State Land Bank Fast Track Authority is part of the nearly \$224.0 million in Neighborhood Stabilization Program (NSP) 2 ARRA funds awarded directly to MSHDA. These funds will support the demolition and maintenance of tax-reverted properties in cities that were awarded NSP 2 allocations but where the State land bank will serve as the local land bank. These cities are Detroit, Grand Rapids, Hamtramck, Highland Park, Pontiac, and Wyandotte.

Section 103. Department of State Police

The bill would appropriate \$2.5 million GF/GP to the State police for the purchase and renovation of a building in Marquette to house the Northern Michigan Crime Lab. The building is a former U.S. Fisheries and Wildlife facility and contains 28,600 square feet. The Crime Lab staff includes 8.0 to 10.0 full-time equated positions (FTEs) that serve the entire Upper Peninsula. The appropriation would fund the \$900,000 purchase price and \$1.6 million in building renovation/conversion costs. The Department of Technology, Management, and Budget will co-locate a radio shop for the Michigan Public Safety Communications System. The building also has other future expansion possibilities.

Section 119. Capital Outlay

The bill includes a \$100 construction authorization line item for the Sangren Hall replacement project that was authorized for planning in Public Act 278 of 2008. The project has met all of the planning approval requirements of the Joint Capital Outlay Subcommittee and the Management and Budget Act. The total project cost is \$60.0 million, with a State share of \$11.7 million and Western Michigan University funding \$48.3 million. The new building would consist of 214,800 gross square feet and include classrooms, clinics, conference rooms, dining services, file rooms, laboratories, library, offices, and storage rooms. After WMU spends its share of the project cost, the State match will be funded through State Building Authority bonding.

Boilerplate Language Sections

Sec. 201. Reports total State spending and payments to local units of government.

Sec. 202. Subjects appropriations in the bill to provisions of the Management and Budget Act.

Sec. 203. Clarifies that the Federal ARRA funding appropriated in the bill is temporary in nature and the programs supported by these funds will not continue when the temporary Federal funding expires.

Sec. 210. Appropriates any additional Federal ARRA funds that Michigan may receive as a result of other states' not fully using Federal funds authorized under ARRA.

Sec. 211. Establishes work project status for the appropriations in the bill, which allows unspent funds at the close of FY 2009-10 to carry forward into the next State fiscal year.

Sec. 212. Requires recipients of the Federal ARRA funds appropriated to comply with all requirements regarding these funds, including certifications, assurances, and accountability of the funds. Allows for transfer to subrecipient State departments and agencies through an interdepartmental grant.

Sec. 301. Requires signed agreements between the Department and institutions regarding constructing the project within the total authorized cost and scope established by the Legislature.

Sec. 302. Requires institutions to take steps necessary to make available Federal and other money indicated for the purposes for which appropriations are made.

Sec. 303. Provides that if matching revenue received is less than amounts appropriated, State funds must be proportionately reduced.

Sec. 304. Allows the Director to require documentation regarding the institution's match.

Sec. 351. Requires DELEG to provide a report by September 30, 2010, to the Legislature regarding the expenditure of the funds appropriated in the bill.

FISCAL IMPACT

The bill would provide for FY 2009-10 supplemental appropriations totaling \$50.4 million, consisting of \$47.9 million from Federal funding and \$2.5 from the State General Fund.

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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.