



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

BILL



ANALYSIS

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

Senate Bill 40 (as reported without amendment)
Sponsor: Senator Dale W. Zorn
Committee: Economic Development and International Investment

CONTENT

The bill would amend Chapter 8A (21st Century Investment Programs and Activities) of the Michigan Strategic Fund Act to include in the definition of "qualified new job" a job performed by an individual who is not a resident of the State but is employed by a business that is located in a county in the State that borders another state or country and who works at a project located in the State as described in a written agreement.

Section 88r, in Chapter 8A, requires the Michigan Strategic Fund (MSF) to create and operate the Michigan Business Development Program to provide grants, loans, and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in the State. In any fiscal year, a qualified business may not receive more than \$10.0 million for a project funded under Section 88r.

"Qualified business" means a business that is located in or operates in, or will locate or operate in, the State as determined by the MSF. A qualified business may include more than one business. "Qualified investment" means investment in the State related to a project subject to a written agreement. "Qualified new job" means a job performed by an individual who is a resident of the State whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional employer organization on behalf of the employer, that exceeds the number of jobs maintained by the qualified business in the State prior to the expansion or location, as determined and verified by the MSF.

MCL 125.2088r

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a minimal impact on the Department of Talent and Economic Development, but would not result in an overall increase in the total spending on economic development-related programs. The Department, which houses the Michigan Strategic Fund, would experience some additional costs to modify the system for calculating a "qualified new job". These costs would be minimal and likely within current appropriation. It is likely that 21st Century Investment Programs that use a "qualified new job" definition in calculating the incentive would have increases in the individual awards/grants to individual recipients/projects. However, since these programs cap the amount that can be awarded in total or in a single year, this bill would not result in additional costs beyond the caps placed on these programs or total appropriations.

The bill would have no fiscal impact on local government.

Date Completed: 2-2-17

Fiscal Analyst: Cory Savino