

FY 2020-21 SUPPLEMENTAL APPROPRIATIONS
Summary: As Reported by the House Appropriations Committee
House Bill 4047 Star 1 (H-2)



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Overview

House Bill 4047 Star 1 (H-2) contains supplemental appropriation adjustments to the Departments of Labor and Economic Opportunity and Treasury budgets for FY 2020-21. The bill appropriates \$565.5 million in general fund revenue to support economic recovery for afflicted businesses hit hardest by the pandemic, including entertainment venues, exercise facilities, food service establishments, recreation facilities, and places of public amusement.

Appropriation and boilerplate priorities are identified following this overview.

FY 2020-21 APPROPRIATIONS SUMMARY

Budget Area		FY 2020-21 Year-to-Date Appropriations	FY 2020-21 Supplemental Change	% Change
Labor and Economic Opportunity	Gross	\$1,684,364,300	\$150,000,000	8.9
	GF/GP	\$251,367,600	\$150,000,000	59.7
Treasury – Operations	Gross	\$758,483,500	\$415,500,000	54.8
	GF/GP	\$257,432,200	\$415,500,000	161.4
TOTAL	Gross	\$2,442,847,800	\$565,500,000	23.1
	GF/GP	\$508,799,800	\$565,500,000	111.1

FY 2020-21 Supplemental Appropriation Items

**Appropriation
Change**

LABOR AND ECONOMIC OPPORTUNITY

1. Unemployment Compensation Fund Deposit

Includes \$150.0 million GF/GP to be deposited into the Unemployment Compensation Fund for offsetting expected exposure to state fraud and improper payment during the COVID-19 pandemic.

Gross **\$150,000,000**
GF/GP **\$150,000,000**

TREASURY

2. Tax and Fee Relief for Afflicted Businesses

Includes a total of \$393.5 million GF/GP for tax and fee relief for afflicted businesses in the state that have realized a significant financial hardship as a result of the COVID-19 emergency. The funding would be allocated in the following manner and the bill includes boilerplate that would provide specific guidance for each allocation:

Gross **\$393,500,000**
GF/GP **\$393,500,000**

- \$300.0 million GF/GP to create and operate a property tax relief program to provide grants for property tax relief to afflicted businesses; property tax relief grant would be subject to certifying a reduction in quarterly gross receipts in 2020 relative to 2019 or certifying a closure or partial closure as a result of executive orders and/or DHHS epidemic orders
- \$55.0 million GF/GP to create and operate an unemployment insurance tax relief program to provide grants for unemployment insurance tax relief to afflicted businesses in an amount equal to the unemployment insurance taxes paid by the afflicted business in the 2 most recent preceding quarters
- \$16.5 million GF/GP to create and operate a retail liquor license relief program to provide grants for retail liquor license relief to afflicted businesses
- \$22.0 million GF/GP to create and operate a local health department food service fee relief program to provide grants for local health department food service fee relief to afflicted businesses.

<u>FY 2020-21 Supplemental Appropriation Items</u>		Appropriation Change
3. Waiver of Delinquent Property Tax Penalty and Interest	Gross	\$22,000,000
Includes \$22.0 million GF/GP for costs associated with implementing provisions of an amendment to the General Property Tax Act. Funds could be spent only upon enactment of the bill, which would provide for the waiver of interest and penalty on unpaid summer 2020 property taxes.	GF/GP	\$22,000,000

FY 2020-21 Supplemental Boilerplate Items

GENERAL SECTIONS

Sec. 201. State Spending and State Appropriations Paid to Local Units of Government

Estimates total state spending from state sources and payments to be made to local units of government.

Sec. 202. Appropriations Subject to Management and Budget Act

Subjects appropriations to the Management and Budget Act, 1984 PA 431.

Sec. 203. State Administrative Board Transfers

Authorizes the legislature, by a concurrent resolution adopted by a majority of the members elected to and serving in each house, to inter-transfer funds if the State Administrative Board transfers funds.

LABOR AND ECONOMIC OPPORTUNITY

Sec. 301. Unemployment Compensation Fund Deposit

Requires the appropriation for Michigan Unemployment Compensations Funds to be deposited into the Unemployment Compensation Fund after February 15, 2021; the purpose of the deposit is for offsetting expected exposure to state fraud and improper payment during the COVID-19 pandemic.

TREASURY

Sec. 401. Property Tax Relief Program

Allocates \$300.0 million for the Department of Treasury to create and operate a property tax relief program to provide grants for property tax relief to afflicted businesses; specifies conditions the grant program would be required to meet; requires grants to be used only for working capital to support payroll expenses, rent, mortgage payments, utility expenses, and costs related to reopening; specifies qualifications businesses would be required to meet; requires businesses that falsify information to repay the state any funding received by the state; authorizes prorated payments if appropriation is not sufficient to fully pay grant awards; requires any unexpended grant funding to revert to the general fund; requires the department to develop and post on its website the application, program operation, award, and reporting criteria by April 1, requires businesses to apply by May 1, and requires the department to disburse grant awards by June 1; requires the department to submit monthly reports on grants awarded; defines terms used in section.

Sec. 402. Unemployment Insurance Tax Relief Program

Allocates \$55.0 million for the Department of Treasury to create and operate an unemployment insurance tax relief program to provide grants for unemployment insurance tax relief to afflicted businesses; specifies conditions the grant program would be required to meet; requires grants to be used only for working capital to support payroll expenses, rent, mortgage payments, utility expenses, and costs related to reopening; specifies qualifications businesses would be required to meet; requires businesses that falsify information to repay the state any funding received by the state; authorizes prorated payments if appropriation is not sufficient to fully pay grant awards; requires any unexpended grant funding to revert to the general fund; requires the department to develop and post on its website the application, program operation, award, and reporting criteria by April 1, requires businesses to apply by May 1, and requires the department to disburse grant awards by June 1; requires the department to submit monthly reports on grants awarded; defines terms used in section.

Sec. 403. Retail Liquor License Relief Program

Allocates \$16.5 million for the Department of Treasury to create and operate a retail liquor license relief program to provide grants for retail liquor license relief to afflicted businesses; specifies conditions the grant program would be required to meet; requires grants to be used only for working capital to support payroll expenses, rent, mortgage payments, utility expenses, and costs related to reopening; specifies qualifications businesses would be required to meet; requires businesses that falsify information to repay the state any funding received by the state; authorizes prorated payments if appropriation is not sufficient to fully pay grant awards; requires any unexpended grant funding to revert to the general fund; requires the department to develop and post on its website the application, program operation, award, and reporting criteria by April 1, requires businesses to apply by May 1, and requires the department to disburse grant awards by June 1; requires the department to submit monthly reports on grants awarded; defines terms used in section.

FY 2020-21 Supplemental Boilerplate Items

Sec. 404. Local Health Department Food Service Fee Relief Program

Allocates \$22.0 million for the Department of Treasury to create and operate a local health department food service fee relief program to provide grants for local health department food service fee relief to afflicted businesses; specifies conditions the grant program would be required to meet; requires grants to be used only for working capital to support payroll expenses, rent, mortgage payments, utility expenses, and costs related to reopening; specifies qualifications businesses would be required to meet; requires businesses that falsify information to repay the state any funding received by the state; authorizes prorated payments if appropriation is not sufficient to fully pay grant awards; requires any unexpended grant funding to revert to the general fund; requires the department to develop and post on its website the application, program operation, award, and reporting criteria by April 1, requires businesses to apply by May 1, and requires the department to disburse grant awards by June 1; requires the department to submit monthly reports on grants awarded; defines terms used in section.

Sec. 405. Combined Application Process for Relief Programs

Requires the department to develop a combined application separated into sections by program for all of the relief programs created under the bill.

Sec. 406. Property Tax Deferral Debt Service Costs

Prohibits funds appropriated from being expended unless an amendment to the General Property Tax Act is enacted into law to provide for the waiver of interest and penalty on unpaid summer 2020 property taxes levied on designated property; requires funds to be used for implementation of the bill; designates unexpended funding as a work project appropriation.