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Senate Bill 114 (Substitute S-3)  
Sponsor: Senator Jim Stamas  
Senate Committee: Appropriations  
House Committee: Appropriations

Date Completed: 3-17-21

## **CONTENT**

The supplemental would provide appropriations for fiscal year (FY) 2019-20 and FY 2020-21. The FY 2019-20 appropriations reflect an adjusted version of the book-closing transfers for FY 2019-20 proposed by the State Budget Office. These transfers were not adopted by the November 30, 2020, deadline but the items in the FY 2019-20 portion of the substitute would reflect those transfers with minor adjustments. Because the books have closed on FY 2019-20, only the positive items are included in the supplemental; the negative transfer items effectively reflect lapsed funding. The total funding for FY 2019-20 would be \$48.0 million Gross and \$6.5 million General Fund/General Purpose (GF/GP), with those costs being offset by equivalent lapses, which would effectively show up on the GF/GP balance sheet for FY 2019-20. The FY 2020-21 portion of the substitute would restore funding from Enrolled House Bill 4047 that was vetoed by the Governor: in particular, \$150.0 million for the unemployment compensation funds and \$405.0 million for business tax and fee relief. The FY 2020-21 appropriations would total \$555.0 million GF/GP. Table 1 summarizes the FY 2020-21 appropriations in the supplemental.

**Table 1**

<b>Budget Area</b>	<b>Gross</b>	<b>GF/GP</b>
Labor & Econ. Opportunity	\$150,000,000	\$150,000,000
Treasury	405,000,000	405,000,000
<b>TOTAL</b>	<b>\$555,000,000</b>	<b>\$555,000,000</b>

## **FISCAL IMPACT**

The bill provides FY 2020-21 line-item appropriations of \$555.0 million Gross and GF/GP. Table 2 summarizes the details of the FY 2020-21 appropriations in the supplemental. The FY 2019-20 portion of the supplemental effectively includes money to reflect transfers adjusting lines, in particular, to cover information technology costs in the Department of Health and Human Services (DHHS) and to help avoid FY 2019-20 overexpenditures in the DHHS, the Department of Military and Veterans Affairs, and the Department of State Police. There is a net cost of \$48.0 million Gross and \$6.5 million GF/GP as the books have closed on FY 2019-20 and the reductions that would fund the increases are now recognized as lapses on the State's balance sheet. In the end, the State's bottom line in GF/GP terms for FY 2019-20 would be unaffected, with \$6.5 million in increased GF/GP lapses offset by \$6.5 million in GF/GP spending in the bill.

## **FY 2020-21 BOILERPLATE LANGUAGE SECTIONS-PART 2**

**Sec. 201. General.** Records amount of total State spending and payments to local units of government.

**Sec. 202. General.** Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

**Sec. 203. General.** Directs that, if the State Administrative Board transfers funds appropriated in the Act, the Legislature may, by concurrent resolution requiring a majority vote in each chamber, transfer funds within a particular department, board, commission, officer, or institution.

**Sec. 204. General.** States legislative intent that a hiring freeze be imposed on State civil service, with a prohibition on hiring new State classified civil service employees and a prohibition on filling any vacant State classified civil service positions. Exempts internal transfers of employees within a department.

**Sec. 301. Labor and Economic Opportunity.** Deposits \$150.0 million in the Unemployment Compensation Fund not later than May 1, 2021. Directs that if Federal funds are available and expenditures allowable under Federal law then expenditure of Federal funds must occur before the expenditure of General Fund, with the General Fund appropriations reverting to the State's General Fund.

**Sec. 401. Treasury.** Allocates \$300.0 million by the Department of Treasury to create and operate a property tax relief program. The program would provide grants to provide property tax relief for businesses that meet the definition of "afflicted business" in the State. Grants would be provided to afflicted businesses that have realized a significant financial hardship due to the COVID-19 emergency. "Afflicted business" is defined as an entertainment venue, an exercise facility, a food service establishment, a recreational facility or place of public amusement, a cosmetology or barber services provider, a nursery dealer or grower, an athletic trainer, a body art facility, or a hotel or bed and breakfast with the first four of those terms being defined as well. Recreational facility or place of public amusement would include amusement parks, arcades, bingo halls, bowling alleys, casinos, nightclubs, skating rinks, water parks, and trampoline parks. Grants could not exceed the cost of property taxes paid for entities that pay property taxes directly or 17% of lease costs for entities that are lessees. Afflicted businesses in operation on October 1, 2019, would receive a percentage of the maximum grant based on their 2020 reduction in gross receipts: those that certify at least a 50.0% reduction in gross receipts would receive the maximum grant, those that certify a 25.0% to 50.0% reduction in gross receipts would receive 75.0% of the maximum grant, those that certify a 10.0% to 25.0% reduction in gross receipts would receive 50.0% of the maximum grant, and those that certify a 5.0% to 10.0% reduction in gross recipients would receive 25.0% of the maximum grant. An afflicted business that started operations between October 1, 2019, and June 1, 2020, would receive 50.0% of the amount that it would receive if it had opened before October 1, 2019, if it can document that it was fully or partially closed because of a pandemic-related State order. Afflicted businesses must certify and attest under penalty of perjury that they were negatively affected by the pandemic and/or pandemic-related State orders. For businesses in operation on October 1, 2019, they must certify and attest that they had a gross receipts loss of at least 5% for a calendar quarter in 2020 compared to the same calendar quarter in 2019. For businesses that were not in operation on October 1, 2019, but started operations before June 1, 2020, they must certify and attest that they were negatively affected by the closure or partial closure because of an executive order or Department of Health and Human Services order. Any afflicted business that falsifies certification under this section must forfeit any payments under this section or sections 402, 403, 404, and 405 in the bill. Allows for proration of payments if funding is not sufficient to make full payments to afflicted businesses. Any remaining funds after disbursement of grant rewards must revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021 and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the fiscal

agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 402. Treasury.** Allocates \$55.0 million for unemployment insurance tax relief for eligible afflicted businesses to provide grants to such businesses. The maximum grant to the business would be set equal to 50% of the amount of unemployment insurance taxes paid in the four most recent quarters and could be used only for working capital to support payroll, rent, mortgage, utilities, and reopening costs. Defines "afflicted business" as one that is in one of the categories outlined in Sec. 401 that paid unemployment insurance taxes at least one of the four preceding quarters. A grant to an entity that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would be half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Requires entities to certify and attest under penalty of perjury that they meet the qualifications of the section. Any afflicted business that falsifies certification under this section must forfeit any payments under this section and sections 401, 403, 404, and 405 in this bill. Allows for proration of payments if funding is not sufficient to make full payments to afflicted businesses and requires any unspent amounts to revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 403. Treasury.** Allocates \$16.5 million for an on-premise liquor license relief program to provide grants to eligible retail liquor establishments. Defines an eligible retail liquor establishment as one possessing an on-premise liquor license that can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Directs that grants not exceed the fees paid for a retail liquor license and that the grants be used only for working capital to support payroll, rent, mortgage, utilities, and reopening costs. A grant to an establishment that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would receive half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Retail liquor establishments will be considered qualified if they certify, attest, and document that they paid retail liquor license fees in 2020. Requires the Department of Treasury to consider only whether the establishment paid retail liquor license fees in determining eligibility. States that any entity that falsifies certification must forfeit payments in this section and sections 401, 402, 404, and 405. Allows for proration of payments if funding is not sufficient to make full payments and requires that any remaining funds revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the

fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 404. Treasury.** Allocates \$22.0 million for food service establishment license relief program to provide grants to eligible food service establishments. Defines an eligible food service establishment as one that can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Directs that grants not exceed the fees paid for a food service license or required inspection and that the grants be used only for working capital to support payroll, rent, mortgage, utilities, and reopening costs. A grant to an establishment that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would receive half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Food service establishments will be considered qualified if they certify, attest, and document that they paid food law license fees and health department inspection fees in 2020. Requires the Department of Treasury to consider only whether the establishment paid those fees in determining eligibility. States that any entity that falsifies certification must forfeit payments in this section and in sections 401, 402, 403, and 405. Allows for proration of payments if funding is not sufficient to make full payments and requires that any remaining funds revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1, 2021. Requires a monthly report to the Appropriations Committees, the fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 405. Treasury.** Allocates \$11.5 million for a license and inspection fee relief program. Defines an eligible entity as one that is an entertainment venue, an exercise facility, a food service establishment, a recreational facility, a cosmetology or barber services provider, a nursery dealer or grower, an athletic trainer, a body art facility, or a hotel or bed and breakfast that can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Directs that the maximum grant equal the amount paid for a State license or inspection fees, excluding the amounts paid by on-premise retail liquor establishments or food service establishments. A grant to an entity that was open on October 1, 2019, would equal 100% of the maximum amount if an establishment had at least a 50% reduction in gross receipts during a quarter in 2020 compared to the same calendar quarter in 2019. A grant would equal 75% of the maximum amount if the reduction in gross receipts was 25% to 50%. A grant would equal 50% of the maximum amount if the reduction in gross receipts was 10% to 25%. A grant would equal 25% of the maximum amount if the reduction in gross receipts was 5% to 10%. A grant to an establishment that was not in operation on October 1, 2019, but started operations before June 1, 2020, would be half the maximum amount if the establishment can certify it was closed or partially closed because of an executive order or Department of Health and Human Services order. Entities will be considered qualified if they certify and attest that they paid license and inspection fees in 2020. States that any entity that falsifies certification must forfeit payments in this section and sections 401, 402, 403, and 404. Allows for proration of payments if funding is not sufficient to make full payments and directs that any remaining funds after grants are made revert to the General Fund. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021, and grants must be disbursed by June 1,

2021. Requires a monthly report to the Appropriations Committees, the fiscal agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2021.

**Sec. 406. Treasury.** Requires the Department of Treasury to develop a combined application to satisfy the application requirements in Sections 401 through 405, separated into sections by program.

## **FY 2019-20 BOILERPLATE LANGUAGE SECTIONS-PART 2A**

**Sec. 1201. General.** Records amount of total State spending and payments to local units of government.

**Sec. 1202. General.** Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

**Sec. 1203. General.** Directs that, if the State Administrative Board transfers funds appropriated in the Act, the Legislature may, by concurrent resolution requiring a majority vote in each chamber, transfer funds within a particular department, board, commission, officer, or institution.

**Table 2**

<b>Department/Program</b>	<b>Gross</b>	<b>GF/GP</b>
<b>Labor and Economic Opportunity</b>		
Deposit into UIA Trust Fund	\$150,000,000	\$150,000,000
<b>Total Labor and Economic Opportunity</b>	<b>\$150,000,000</b>	<b>\$150,000,000</b>
<b>Treasury</b>		
Property tax relief program	\$300,000,000	\$300,000,000
Liquor license relief program	16,500,000	16,500,000
Unemployment insurance tax relief program	55,000,000	55,000,000
Food service license relief program	22,000,000	22,000,000
License/Inspection fee refunds	11,500,000	11,500,000
<b>Total Treasury</b>	<b>\$405,000,000</b>	<b>\$405,000,000</b>
<b>Total FY 2020-21 Supplemental Appropriations</b>	<b>\$555,000,000</b>	<b>\$555,000,000</b>

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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.