Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 739 (Substitute S-1 as reported)
Senate Bill 740 (Substitute S-1 as reported)
Senate Bill 741 (Substitute S-1 as reported)
House Bill 5527 (Substitute S-1 as reported without amendment)
Sponsor: Senator Kimberly A. LaSata (S.B. 739 & S.B. 740)
Senator Wayne A. Schmidt (S.B. 741)
Representative Beth Griffin (H.B. 5527)
Senate Committee: Economic and Small Business Development
House Committee: Workforce, Trades, and Talent

CONTENT

Senate Bill 739 (S-1) would amend Chapter 13 (New Jobs Training Programs) of the Community College Act to decrease, from 175% of the State minimum wage to 125% of the State minimum wage, the required threshold for a wage paid for a new job under a new jobs training program (NJTP).

Senate Bill 740 (S-1) would amend Chapter 13 of the Community College Act to extend, from December 31, 2023, to December 31, 2028, the sunset on a community college district's authority to authorize, issue, or sell NJTP revenue bonds.

Senate Bill 741 (S-1) would amend Chapter 13 of the Community College Act to extend, from December 31, 2023, to December 31, 2028, the sunset on a community college district's authority to enter new NJTP agreements.

House Bill 5527 (S-1) would amend Chapter 13 the Community College Act to increase, from $50.0 million in any calendar year to $100.0 million in any calendar year, the allowed aggregate outstanding obligation of all bonds issued under NJTP agreements entered by community college districts.

The bills are tie-barred o each other.

MCL 389.161 (S.B. 739)
389.164 (S.B. 740)
389.162 (S.B. 741)
389.166 (H.B. 5527)

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bills would have no fiscal impact on local units of government, and a small, but potentially negative, fiscal impact on State revenue. The bills would extend the sunset date for new bonds issued under the New Jobs Training Program from 2023 to 2028 and would increase the maximum outstanding amount of those bonds from $50.0 million to $100.0 million. Under current law, community college districts may sell revenue bonds to finance the cost of NJTPs, using the State income tax withholding from any jobs created through those training programs to service the bonds issued. According to the most recent program report from the

Department of Treasury, the program has been near its $50.0 million cap for several years, with a small amount of bonding capacity ($3.0 million to $5.0 million) being renewed each year as older bonds are repaid. The bills would increase the amount of bonding capacity by $50.0 million; however, once the proposed cap was reached, the program would be in a similar situation as it is currently, with a small amount of capacity renewed each year as previously-issued bonds are repaid.

Generally, this arrangement would be revenue neutral from the State's perspective; however, to the extent that these jobs would have been created anyway, or that employees who take these jobs leave other jobs not subject to income tax withholding diversion under the program, the State would see a likely small decline in income tax revenue relative to what otherwise would have been collected. Any revenue loss under new bonds issued under the changes to the program would affect the State General Fund (76.7% of lost revenue) and the School Aid Fund (23.3% of lost revenue).

Date Completed: 4-27-22 Fiscal Analyst: Josh Sefton