

SENATE BILL NO. 1211

November 10, 2022, Introduced by Senator HORN and referred to the Committee on Appropriations.

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2023; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

PART 1

2

LINE-ITEM APPROPRIATIONS

3

Sec. 101. There is appropriated for various state departments

and agencies to supplement appropriations for the fiscal year
ending September 30, 2023, from the following funds:

APPROPRIATION SUMMARY

GROSS APPROPRIATION **\$ 387,850,000**

Interdepartmental grant revenues:

Total interdepartmental grants and
intradepartmental transfers 0

ADJUSTED GROSS APPROPRIATION **\$ 387,850,000**

Federal revenues:

Total federal revenues 0

Special revenue funds:

Total local revenues 0

Total private revenues 0

Total other state restricted revenues 0

State general fund/general purpose **\$ 387,850,000**

**Sec. 102. DEPARTMENT OF LABOR AND ECONOMIC
OPPORTUNITY**

(1) APPROPRIATION SUMMARY

GROSS APPROPRIATION **\$ 387,850,000**

Interdepartmental grant revenues:

Total interdepartmental grants and
intradepartmental transfers 0

ADJUSTED GROSS APPROPRIATION **\$ 387,850,000**

Federal revenues:

Total federal revenues 0

Special revenue funds:

Total local revenues 0

Total private revenues 0

1	Total other state restricted revenues	0
2	State general fund/general purpose	\$ 387,850,000
3	(2) WORKFORCE DEVELOPMENT	
4	Graduation alliance	\$ 3,500,000
5	GROSS APPROPRIATION	\$ 3,500,000
6	Appropriated from:	
7	State general fund/general purpose	\$ 3,500,000
8	(3) MICHIGAN STRATEGIC FUND	
9	Pure Michigan	\$ 10,000,000
10	GROSS APPROPRIATION	\$ 10,000,000
11	Appropriated from:	
12	State general fund/general purpose	\$ 10,000,000
13	(4) ONE-TIME APPROPRIATIONS	
14	Business attraction and community	
15	revitalization	\$ 50,000,000
16	Michigan business fast track	40,000,000
17	Michigan community development financial	
18	institution fund grants	75,000,000
19	Michigan enhancement grants	92,850,000
20	Michigan STEM FORWARD internship program	15,000,000
21	Missing middle gap program	100,000,000
22	State land bank authority	1,500,000
23	GROSS APPROPRIATION	\$ 374,350,000
24	Appropriated from:	
25	State general fund/general purpose	\$ 374,350,000
26		

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

1 Sec. 201. Pursuant to section 30 of article IX of the state
2 constitution of 1963, total state spending from state sources under
3 part 1 for the fiscal year ending September 30, 2023 is
4 \$387,850,000.00 and total state spending from state sources to be
5 paid to local units of government is \$39,000,000.00.

6 Sec. 202. The appropriations made and expenditures authorized
7 under this act and the departments, commissions, boards, offices,
8 and programs for which appropriations are made under this act are
9 subject to the management and budget act, 1984 PA 431, MCL 18.1101
10 to 18.1594.

11 Sec. 203. If the state administrative board, acting under
12 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount
13 appropriated under this act, the legislature may, by a concurrent
14 resolution adopted by a majority of the members elected to and
15 serving in each house, inter-transfer funds within this act for the
16 particular department, board, commission, office, or institution.

17
18 **DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY**

19 Sec. 301. The funds appropriated in part 1 for business
20 attraction and community revitalization must be allocated as
21 follows:

22 (a) \$10,000,000.00 must be used by the Michigan strategic fund
23 for venture capital operations.

24 (b) \$10,000,000.00 must be disbursed to the Michigan defense
25 center.

26 (c) \$30,000,000.00 must be used by the Michigan strategic fund
27 to provide grants to businesses currently located within this state
28 for expansion or improvements, or both, to business facilities.

29 Sec. 302. (1) The funds appropriated in part 1 for Michigan

1 business fast track shall be used to establish, operate, and
2 capitalize a Michigan business fast track program. The program must
3 do all of the following:

4 (a) Provide businesses with a comprehensive inventory of
5 public and private programs and services that would assist in a
6 business's decision to locate or expand operations in Michigan.

7 (b) Provide customized employee training solutions for
8 businesses by partnering with public and private educational
9 institutions and training providers, including curriculum
10 development and training scholarships.

11 (c) Provide or facilitate human resources services, including
12 employee recruitment, to businesses by matching those businesses
13 with service providers.

14 (d) Utilizing partnerships with other public and private
15 organizations and service providers, provide support to businesses
16 in the following areas:

17 (i) Information technology services.

18 (ii) Project management.

19 (iii) Organization development.

20 (iv) Leadership instruction.

21 (v) Disability accommodation and ADA compliance.

22 (vi) Employee criminal expungement resources.

23 (2) By September 30, 2023, the department of labor and
24 economic opportunity shall submit a report on the Michigan business
25 fast track program to the house and senate appropriations
26 subcommittees on labor and economic opportunity, the house and
27 senate fiscal agencies, and the state budget director. The report
28 shall contain, at a minimum, the following information:

29 (a) A list of the services provided to businesses under this

1 section during the current fiscal year.

2 (b) A detailed accounting of actual or estimated program
3 expenditures for the current fiscal year.

4 (c) The number of businesses that received services from the
5 program during the current fiscal year.

6 (3) The unexpended funds appropriated in part 1 for Michigan
7 business fast track are designated as a work project appropriation.
8 Any unencumbered or unallotted funds shall not lapse at the end of
9 the fiscal year and shall be available for expenditures for
10 projects under this section until the projects have been completed.
11 The following is in compliance with section 451a of the management
12 and budget act, 1984 PA 431, MCL 18.1451a:

13 (a) The purpose of the project is to establish, operate, and
14 capitalize a Michigan business fast track program.

15 (b) The project will be accomplished by utilizing state
16 employees or contracts with service providers, or both.

17 (c) The total estimated cost of the project is \$40,000,000.00.

18 (d) The tentative completion date is September 30, 2027.

19 Sec. 303. (1) From the funds appropriated in part 1 for
20 missing middle gap program, \$100,000,000.00 must be used by the
21 Michigan state housing development authority to create a missing
22 middle housing gap program to increase the supply of housing stock
23 supporting the growth and economic mobility of employees by
24 providing cost defrayment to developers investing in, constructing,
25 or substantially rehabilitating properties that are targeted to
26 household incomes between 185% and 300% of the federal poverty
27 level.

28 (2) As used in this section:

29 (a) "Agreement" means an agreement between a developer and the

1 authority pursuant to subsection (8).

2 (b) "Agreement counterparty" means the counterparty to an
3 agreement, including the developer or any transferee or assignee of
4 the developer's rights and obligations under an agreement pursuant
5 to subsection (8).

6 (c) "Area median income" means the median income for the area
7 as published annually by the United States Department of Housing
8 and Urban Development.

9 (d) "Attainable" means rent or a sale price resulting in a
10 final mortgage payment no higher than 30% of the gross annual
11 income of a missing middle household.

12 (e) "Authority" means the Michigan state housing development
13 authority created by the state housing development authority act of
14 1966, 1966 PA 346, MCL 125.1401 to 125.1499c.

15 (f) "Energy efficient housing unit" means a housing unit that
16 receives individually, or as part of a project, either a home
17 energy rating system index score of 60 or below or that has
18 received an Energy Star rating of 75 or higher.

19 (g) "Federal poverty level" means the federal poverty
20 guideline published annually by the United States Department of
21 Health and Human Services.

22 (h) "Final mortgage payment" means a mortgage payment
23 calculated by the developer that must include principal, interest,
24 taxes, insurance, private mortgage insurance, association fees or
25 lease payments, or fees related to participation in a community
26 land trust in accordance with financing assumptions consistent with
27 market conditions as determined by the program administrator.

28 (i) "Housing unit" means a dwelling of less than 2,000 square
29 feet, available for sale or lease on a permanent or year-round

1 basis, that has a permanent foundation, electrical, heating and
2 cooling, plumbing, bathing and restroom facilities, kitchen, and
3 sleeping spaces, all of which meet building code requirements
4 sufficient to achieve a certificate of occupancy.

5 (j) "Local support" means 1 or a combination of the following
6 forms of support provided by a local unit of government:

7 (i) Financial contributions or grants in an amount equal to or
8 exceeding \$5,000.00.

9 (ii) A tax abatement provided to a project in accordance with
10 state law.

11 (iii) Tax increment revenues captured by a local unit of
12 government and committed to a project in accordance with a tax
13 increment finance and development plan.

14 (iv) Land transferred from the local unit of government at a
15 cost of not more than \$1,000.00 per housing unit.

16 (v) Any other form of support provided by a local unit of
17 government determined by the program administrator to constitute
18 local support for purposes of this section.

19 (k) "Local unit of government" means a city, village,
20 township, county, or any intergovernmental, metropolitan, or local
21 department, agency, or authority, or other local political
22 subdivision.

23 (l) "Missing middle household" means a household earning
24 between 185% and 300% of the federal poverty level.

25 (m) "Program administrator" means the executive director of
26 the authority.

27 (n) "Project" means the construction or substantial
28 rehabilitation of 1 or more housing units made available at a price
29 or lease rate that is accessible to a missing middle household.

1 (o) "Rural community" means any geography designated by the
2 United States Department of Agriculture Office of Rural Development
3 as rural for purposes of its single-family housing guaranteed loan
4 program.

5 (p) "Substantial rehabilitation" means rehabilitation of a
6 housing unit that becomes an energy efficient housing unit and that
7 requires a financial investment of at least \$25,000.00.

8 (3) All of the following apply regarding the missing middle
9 housing gap program:

10 (a) The missing middle housing gap program is created under
11 the jurisdiction and control of the authority and may be
12 administered by the authority in accordance with the provisions of
13 this section. In developing program guidelines and design, the
14 authority must receive the concurrence of the executive director of
15 the state land bank.

16 (b) The authority must expend funds under this section only
17 for the purposes of making awards as provided in subsection (4) and
18 paying the costs of administering the program, which may not exceed
19 4% of the total program amount.

20 (c) The authority must develop and implement the use of forms,
21 applications, agreements, and any other documents necessary or
22 appropriate to implement this section and carry out its duties
23 under this section.

24 (d) At least 30% of the dollar amount of awards under this
25 section must be allocated to projects in rural communities.

26 (e) Not more than 15% of the dollar amount of awards under
27 this section must be allocated to projects in any single city,
28 village, or township.

29 (4) All of the following apply regarding the approval and

award of a grant under this section:

(a) Subject to subdivisions (b) and (c), upon satisfaction of the conditions set forth in subsection (6), the program administrator may approve and make a grant to a developer for a project consisting of the following amounts for each housing unit of the following types:

(i) A single-family detached home, townhome, or condominium with 2 or fewer bedrooms may receive up to \$40,000.00.

(ii) A single-family detached home, townhome, or condominium with 3 or more bedrooms may receive up to \$50,000.00.

(iii) A multifamily attached home, townhome, condominium, or apartment building may receive up to \$35,000.00 per housing unit with no bedrooms or 1 bedroom, and may receive up to \$40,000.00 per housing unit with 2 or more bedrooms.

(b) Subject to subdivision (c), in addition to the amounts under subdivision (a), the program administrator may approve and award to a project 1 or more of the following supplemental amounts:

(i) In a county where the countywide area median income is lower than the statewide area median income, an additional \$10,000.00 to a housing unit serving household incomes at 185% to 225% of the federal poverty level.

(ii) In a county where the countywide area median income is 80% or less than the statewide area median income, an additional amount of up to 25% of the amount awarded under subdivision (a).

(iii) An additional amount of up to \$10,000.00 to a housing unit that the program administrator determines qualifies as an energy efficient housing unit.

(c) The maximum amount that may be awarded to a project for a housing unit under this section is limited to the actual labor and

1 material cost of construction or substantial rehabilitation of the
2 housing unit.

3 (5) To qualify as a developer under this section, the
4 developer must satisfy all of the following conditions:

5 (a) The developer must be 1 of the following:

6 (i) A tax-exempt organization under section 501(c)(3) of the
7 internal revenue code of 1986, 26 USC 501, authorized to do
8 business in this state.

9 (ii) A private real estate developer that is authorized to do
10 business in this state.

11 (b) The developer must pass a criminal and civil background
12 check of key employees satisfactory to the program administrator.

13 (c) The developer must not be under debarment with the United
14 States government.

15 (d) The developer must demonstrate to the program
16 administrator that its mission or business model is consistent with
17 the intent of this section, that it has a record of completing
18 multiple projects similar to the proposed project, and that it has
19 the ability to implement rent restrictions and purchaser
20 restrictions for the term of the agreement for the project. The
21 developer may contract with 1 or more entities that will provide
22 materials or services to the developer for the development of the
23 project.

24 (6) All of the following conditions apply to a grant award
25 under this section:

26 (a) To qualify for a grant under this section, a project must
27 meet all of the following conditions, as determined by the program
28 administrator:

29 (i) The project must consist of new construction, substantial

1 rehabilitation, or a combination of both.

2 (ii) The developer must demonstrate site control, provide
3 architectural drawings, identify the project general contractor,
4 and provide a preliminary budget reflecting the ability to complete
5 the project with funds distributed on a reimbursement basis.

6 (iii) The construction quality, design, and location of the
7 project must be appropriate for the area in which the project will
8 be developed. The program administrator may require preapproval of
9 designs and plans and may condition approval on certain minimum
10 design and quality of construction standards.

11 (iv) The developer must demonstrate that it has not received
12 and will not receive low-income housing tax credits for the
13 project.

14 (v) The developer must demonstrate that the project has
15 received or will receive local support.

16 (vi) The developer must propose a method or methods by which it
17 will ensure to the satisfaction of the program administrator that
18 each housing unit will remain attainable for a period of 10 years
19 following the disbursement of funds to the developer.

20 (b) Application for approval under this subsection must be
21 made in the form and manner prescribed by the program administrator
22 and must include all of the following:

23 (i) Estimated total number of total housing units in
24 development within the project.

25 (ii) Estimated number of housing units in the project
26 qualifying for a grant under this section.

27 (iii) Estimated total square footage of the project.

28 (iv) Estimated total project costs.

29 (v) Estimated total project costs not arising from a grant

1 under this section.

2 (c) Applications for awards under this section must be
3 reviewed in the order in which the program administrator receives
4 them, and the program administrator must approve or deny an
5 application for a grant under this section within 30 days of
6 receipt.

7 (7) To receive a distribution of funds from a grant approved
8 under subsection (6), a project must meet all of the following
9 conditions, as applicable:

10 (a) For a project consisting of 1 to 4 housing units, the
11 developer must secure a certificate of occupancy within 24 months
12 from the date of execution of the agreement for the project.

13 (b) For a project consisting of 5 or more housing units, the
14 developer must secure a certificate of occupancy within 36 months
15 from the date of execution of the agreement for the project.

16 (c) The developer may seek an extension of the time periods
17 described in subdivisions (a) and (b) from the program
18 administrator.

19 (d) The developer must have implemented the method or methods
20 approved to ensure a project is attainable as described in
21 subsection (6) (a) (vi).

22 (8) The terms and conditions for the distribution of awarded
23 funds must be set forth in an agreement between the agreement
24 counterparty and the program administrator as follows:

25 (a) The agreement may contain continuing obligations of the
26 agreement counterparty for the term of the agreement, which must be
27 10 years from the date funds are distributed under the agreement.

28 (b) A developer may convey the project and transfer or assign
29 the developer's rights and obligations under the related agreement

1 to a third party only after the developer has satisfied the
2 conditions of subsection (7) and received the distribution of grant
3 funds.

4 (c) The agreement must require that the agreement counterparty
5 provide all of the following information to the program
6 administrator as of the date of the certificate of occupancy for
7 the project:

8 (i) Total number of total housing units developed within the
9 project.

10 (ii) Number of housing units in the project qualifying for the
11 grant.

12 (iii) Total square footage of the project.

13 (iv) Total project costs.

14 (v) Total project costs not arising from a grant under this
15 section.

16 (d) The agreement must require that the agreement counterparty
17 provide the following information annually during the term of the
18 agreement:

19 (i) For a project consisting of housing units for sale, the
20 price of each housing unit within the project sold during the
21 reporting year.

22 (ii) For a project consisting of housing units for rent, each
23 of the following:

24 (A) A statement of the rental rate of each housing unit for
25 rent within the project during the reporting year.

26 (B) A statement of the income stated on tenant applications
27 for the project during the reporting year.

28 (C) A statement of the occupancy rate of the project during
29 the reporting year.

1 (9) The program administrator may in any year adjust any
2 dollar amount provided in this section by a percentage equal to or
3 less than the Consumer Price Index for that year.

4 (10) The department must make \$50,000,000.00 of the funds
5 appropriated in part 1 for missing middle gap program available for
6 grants to developers who qualify under subsection (5) (a) (ii) .

7 (11) The unexpended funds appropriated in part 1 for missing
8 middle gap program are designated as a work project appropriation.
9 Any unencumbered or unallotted funds shall not lapse at the end of
10 the fiscal year and shall be available for expenditures for
11 projects under this section until the projects have been completed.
12 The following is in compliance with section 451a(1) of the
13 management and budget act, 1984 PA 431, MCL 18.1451a:

14 (a) The purpose of the project is to expand access to housing
15 stock for households between 185% to 300% of the federal poverty
16 level.

17 (b) The project will be accomplished by utilizing state
18 employees or contracts with service providers, or both.

19 (c) The total estimated cost of the project is
20 \$100,000,000.00.

21 (d) The tentative completion date is September 30, 2027.

22 Sec. 304. (1) From funds appropriated in part 1 for Michigan
23 STEM FORWARD internship program, the Michigan strategic fund must
24 allocate \$15,000,000.00 for the purpose of increasing participation
25 in the current MI STEM FORWARD program.

26 (2) The Michigan strategic fund must do all of the following:

27 (a) Ensure that employers from diverse industries and
28 geographies within this state can access subgrants under the
29 program, to the extent possible, leveraging SmartZones and small

1 business development centers.

2 (b) Develop a form or process for internship evaluations under
3 subsection (3) (b).

4 (c) Collect internship evaluations and conduct analysis to
5 ensure that internships funded under the program continue to
6 provide a valuable learning experience for participating interns.

7 (d) Assist with coordinating an annual event held by each
8 participating SmartZone or small business development center
9 connection.

10 (e) By September 30 of each year, submit a report to the house
11 and senate appropriations subcommittees on labor and economic
12 opportunity, the house and senate fiscal agencies, and the state
13 budget director. The report must contain all of the following, at a
14 minimum:

15 (i) The number of students served by a grant under the program
16 by county and sponsoring SmartZone or small business development
17 center.

18 (ii) A detailed accounting of program expenditures, organized
19 by type of expenditure, as applicable.

20 (iii) A summary of internship evaluation analysis findings under
21 subsection (3) (b).

22 (iv) Any other relevant program information.

23 (3) Subgrants issued using funds received under this section
24 must comply, at minimum, with all of the following:

25 (a) Subgrants must be in the amount of 50% of wages paid to
26 each intern hired under a program subgrant, up to a maximum of
27 \$4,000.00 per internship.

28 (b) Interns must complete an internship evaluation upon
29 completion of their internship, and that evaluation must be

1 submitted to the Michigan strategic fund. Every reasonable effort
2 must be made to ensure the anonymity of internship evaluations with
3 respect to the intern and the employer.

4 (4) The unexpended funds appropriated in part 1 for Michigan
5 STEM FORWARD internship program are designated as a work project
6 appropriation. Any unencumbered or unallotted funds shall not lapse
7 at the end of the fiscal year and shall be available for
8 expenditures for projects under this section until the projects
9 have been completed. The following is in compliance with section
10 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

11 (a) The purpose of the project is to provide grants to local
12 economic development corporations for the purpose of creating
13 subgrants from those participating local economic development
14 corporations to cover a portion of the cost of internships offered
15 by businesses and other organizations served by those participating
16 local economic development corporations.

17 (b) The project will be accomplished by utilizing state
18 employees or contracts with service providers, or both.

19 (c) The total estimated cost of the project is \$15,000,000.00.

20 (d) The tentative completion date is September 30, 2027.

21 Sec. 305. (1) Funds appropriated in part 1 for state land bank
22 authority must be used for the administration of the blight
23 elimination program as described under section 1094f of article 5
24 of 2022 PA 166.

25 (2) The unexpended funds appropriated in part 1 for state land
26 bank authority are designated as a work project appropriation. Any
27 unencumbered or unallotted funds shall not lapse at the end of the
28 fiscal year and shall be available for expenditures for projects
29 under this section until the projects have been completed. The

1 following is in compliance with section 451a of the management and
2 budget act, 1984 PA 431, MCL 18.1451a:

3 (a) The purpose of the project is to effectively administer
4 blight elimination program grants.

5 (b) The project will be accomplished by utilizing state
6 employees or contracts with service providers, or both.

7 (c) The total estimated cost of the project is \$1,500,000.00.

8 (d) The tentative completion date is September 30, 2024.

9 Sec. 306. (1) From the funds appropriated in part 1 for
10 Michigan community development financial institution fund grants,
11 \$75,000,000.00 is transferred to and appropriated from the Michigan
12 community development financial institutions fund created under
13 section 403 of 2022 PA 194 for grants to eligible community
14 development financial institutions under this section and related
15 expenditures permitted under this section. The legislature finds
16 and declares that the appropriation described in this section is
17 for a public purpose, including promoting community economic
18 revitalization and community development through community
19 development financial institutions.

20 (2) By December 31, 2022, the Michigan strategic fund shall
21 develop a grant application, approval, agreement, and compliance
22 process consistent with this section adopted by a resolution of the
23 board and published and available on the Michigan strategic fund's
24 website.

25 (3) The application required under subsection (2) must include
26 all of the following:

27 (a) The name of the community development financial
28 institution applying for a grant from the CDFI fund.

29 (b) The location of the principal office of the applicant.

1 (c) Documentation indicating whether the applicant is a
2 Michigan CDFI or a multistate CDFI.

3 (d) The amount of the grant sought, not to exceed the maximum
4 eligible amount of the grant under subsections (4) to (6).

5 (e) If the community development financial institution is a
6 depository institution, the net assets of the depository
7 institution.

8 (f) If the community development financial institution is not
9 a depository institution, the amount of qualifying commitments made
10 by the community development financial institution during the 3
11 calendar years immediately preceding the calendar year in which the
12 application is submitted.

13 (g) A description of the amount an applicant is eligible to
14 apply for under subsections (4) to (6).

15 (h) A description of the proposed use of the grant award by
16 the applicant for eligible activities consistent with the
17 requirements of this section and the community development banking
18 and financial institutions act of 1994, 12 USC 4701 to 4719, and
19 any other requirements applicable under federal law.

20 (i) Documentation of the applicant's certification as a
21 community development financial institution that meets the
22 eligibility requirements under 12 CFR 1805.201, by the community
23 development financial institutions fund established under section
24 104 of the community development banking and financial institutions
25 act of 1994, 12 USC 4703. The documentation required by this
26 subsection may include the list of community development financial
27 institutions in good standing maintained and published by the
28 federal fund.

29 (j) A statement that the applicant is in compliance with all

1 requirements applicable to the applicant under the community
2 development banking and financial institutions act of 1994, 12 USC
3 4701 to 4719.

4 (4) A community development financial institution that is a
5 depository institution is eligible for a grant award in 1 of the
6 following amounts:

7 (a) Up to \$1,000,000.00 if the depository institution has
8 total net assets of less than \$500,000,000.00.

9 (b) Up to \$1,500,000.00 if the depository institution has
10 total net assets of between \$500,000,000.00 to \$999,999,999.99.

11 (c) Up to \$2,000,000.00 if the depository institution has
12 total net assets of between \$1,000,000,000.00 to \$1,999,999,999.99.

13 (d) Up to \$2,500,000.00 if the depository institution has
14 total net assets of \$2,000,000,000.00 or more.

15 (5) Except as otherwise provided in subsection (6), a
16 community development financial institution is eligible for a grant
17 award in 1 of the following amounts:

18 (a) Up to \$500,000.00 if the community development financial
19 institution made qualifying commitments in an amount that averaged
20 less than \$1,000,000.00 per year during the 3 calendar years
21 immediately preceding the calendar year in which an application for
22 a grant is submitted.

23 (b) Up to \$1,500,000.00 if the community development financial
24 institution made qualifying commitments in an amount that averaged
25 from \$1,000,000.00 to \$3,999,999.99 per year during the 3 calendar
26 years immediately preceding the calendar year in which an
27 application for a grant is submitted.

28 (c) Up to \$2,500,000.00 if the community development financial
29 institution made qualifying commitments in an amount that averaged

1 from \$4,000,000.00 to \$5,999,999.99 per year during the 3 calendar
2 years immediately preceding the calendar year in which an
3 application for a grant is submitted.

4 (d) Up to \$3,500,000.00 if the community development financial
5 institution made qualifying commitments in an amount that averaged
6 from \$6,000,000.00 to \$9,999,999.99 per year during the 3 calendar
7 years immediately preceding the calendar year in which an
8 application for a grant is submitted.

9 (e) Up to \$4,000,000.00 if the community development financial
10 institution made qualifying commitments in an amount that averaged
11 at least \$10,000,000.00 per year during the 3 calendar years
12 immediately preceding the calendar year in which an application for
13 a grant is submitted.

14 (6) A grant to a multistate CDFI under subsection (5) must not
15 exceed \$2,500,000.00.

16 (7) The Michigan strategic fund shall accept applications for
17 a grant under this section until January 30, 2023. The Michigan
18 strategic fund shall approve or deny a grant application within 49
19 days after the receipt of an administratively complete application
20 as determined by the Michigan strategic fund. If the application
21 complies with the requirements of this section, the Michigan
22 strategic fund shall approve the award of the grant in the amount
23 requested by the applicant. The Michigan strategic fund may deny a
24 grant application submitted under this section for only the
25 following reasons:

26 (a) The applicant does not satisfy all of the requirements
27 described in this section.

28 (b) Subject to subsection (9), there is insufficient money in
29 the CDFI fund to pay the grant amount requested.

1 (c) The applicant is not in compliance with applicable
2 requirements under the community development banking and financial
3 institutions act of 1994, 12 USC 4701 to 4719.

4 (8) If the Michigan strategic fund denies an application under
5 subsection (7), the applicant may provide additional information to
6 the Michigan strategic fund within 7 days after the notice of
7 denial. The Michigan strategic fund shall review and reconsider the
8 application and additional information within 28 days.

9 (9) If there is an insufficient amount of money in the CDFI
10 fund to pay the grants approved, the amount of each grant shall be
11 reduced proportionately by the Michigan strategic fund based on the
12 amount of money available in the CDFI fund.

13 (10) Upon approval of an application, the Michigan strategic
14 fund and the applicant shall sign a written grant agreement that
15 provides for the terms of the grant agreement. A grant agreement
16 must include all of the following:

17 (a) A requirement that at least 80% of the grant award be used
18 for financial products and financial services or expenditures of
19 money or commitments to expend money to reduce the interest rate
20 otherwise applicable under a loan agreement or funding agreement.

21 (b) A restriction that no more than 10% of the grant award be
22 used for technical assistance activities described in 12 CFR
23 1805.303.

24 (c) A restriction that no more than 10% of the grant award be
25 used for administration and operations.

26 (d) A requirement that a grant award be committed under a loan
27 agreement or funding agreement or disbursed by the recipient within
28 3 years after the date that the recipient receives the grant award.

29 (e) A requirement that the entire amount of the grant award be

1 expended within this state.

2 (f) A requirement that the grant award recipient maintain its
3 certification as a community development financial institution
4 under 12 CFR 1805.201, while the grant agreement is in effect.

5 (g) A requirement that the grant award recipient comply with
6 all requirements applicable under the community development banking
7 and financial institutions act of 1994, 12 USC 4701 to 4719, while
8 the agreement is in effect.

9 (h) Provisions authorizing the Michigan strategic fund to
10 enforce the terms of the grant agreement, including a requirement
11 that a noncompliant recipient of a grant award repay the award for
12 deposit in the CDFI fund.

13 (i) A requirement for the grant award recipient to report on
14 activities consistent with the requirements of subsection (14).

15 (j) If the grant agreement includes a grant of federal money,
16 the grant agreement must require the recipient to comply with any
17 requirements applicable to the use of the federal money.

18 (11) A grant agreement may provide for the community
19 development financial institution that is the recipient of a grant
20 award to serve as an intermediary lender to another community
21 development financial institution consistent with the purposes of
22 this section if not prohibited by federal law applicable to the
23 expenditure of any federal grant money.

24 (12) If not prohibited by federal law applicable to the
25 expenditure of any federal grant money, a grant agreement must
26 permit a grant award recipient to assign the award to an affiliate
27 and for the affiliate to assume the obligations of the grant award
28 recipient if the affiliate satisfies all of the following:

29 (a) Is a community development financial institution.

1 (b) Is organized in the same manner as the grant award
2 recipient.

3 (c) Is controlled by the grant award recipient in 1 or both of
4 the following ways:

5 (i) The grant award recipient owns a majority of the stock of
6 the affiliate.

7 (ii) A majority of the members of the board of the affiliate
8 also are members of the board of the grant award recipient.

9 (13) Except as otherwise provided in subsection (14), the
10 Michigan strategic fund shall require the recipient of a grant
11 award under this section to report annually to the Michigan
12 strategic fund regarding its activities under this section
13 beginning on the May 1 immediately following the calendar year in
14 which the grant award was received by the recipient. The Michigan
15 strategic fund shall publish on its website a standard form for the
16 report. Except as otherwise provided in subsection (14), the report
17 must include all of the following information:

18 (a) A copy of the recipient's most recent confirmation of
19 recertification as a community development financial institution
20 issued by the community development financial institutions fund
21 under 12 CFR 1805.201, which may include the list of community
22 development financial institutions in good standing maintained and
23 published by the federal fund.

24 (b) A list of financial products and services provided during
25 the prior calendar year that includes all of the following:

26 (i) The name of each transaction.

27 (ii) A transition tracking number for each transaction.

28 (iii) The date of each transaction.

29 (iv) The amount of each transaction.

1 (v) The total project cost for each transaction if other
2 funding was involved.

3 (vi) The physical address of the borrower or customer for each
4 transaction.

5 (vii) The census tract of the borrower or customer for each
6 transaction.

7 (viii) An indication of whether the census tract in which the
8 transaction is located is an eligible investment area.

9 (ix) A description of the projected economic impact of the
10 transaction.

11 (x) A description of any financial products or financial
12 services provided.

13 (c) A description of technical assistance provided during the
14 prior calendar year.

15 (d) A summary of expenditures for administration and
16 operations provided during the prior calendar year that includes
17 all of the following:

18 (i) A description of administration and operations costs
19 incurred.

20 (ii) Professional fees and expenses incurred.

21 (iii) A summary of any other eligible expenses for
22 administration and operation.

23 (14) A grant award recipient is not required to provide a
24 report under this section for any calendar year in which it did not
25 loan or otherwise commit or disburse grant award money. The
26 Michigan strategic fund shall not include information in the report
27 required under subsection (13) if information that otherwise would
28 be included in a report under subsection (13) is either of the
29 following:

1 (a) Exempt from disclosure or confidential as proprietary
2 business or financial information under the community development
3 banking and financial institutions act of 1994, 12 USC 4701 to
4 4719.

5 (b) Exempt from disclosure under the freedom of information
6 act, 1976 PA 442, MCL 15.231 to 15.246.

7 (15) Except as otherwise provided in subsection (3), the
8 Michigan strategic fund may expend up to 4% of the appropriation
9 provided from the CDFI fund for the costs it incurs in
10 administering the programs and activities under this section.

11 (16) The unexpended portion of money in the CDFI fund provided
12 for grants under this section is considered a work project
13 appropriation in accordance with section 451a of the management and
14 budget act, 1984 PA 431, MCL 18.1451a. The following apply to the
15 work project:

16 (a) The purpose of the project is to provide grants to
17 eligible community development financial institutions under this
18 section.

19 (b) All grants will be distributed in accordance with this
20 section and the grant guidelines as part of the application process
21 and grant agreements between the Michigan strategic fund and grant
22 recipients.

23 (c) The total estimated cost of the work project is
24 \$75,000,000.00.

25 (d) The tentative completion date for the work project is
26 September 30, 2027.

27 (17) As used in this section:

28 (a) "CDFI fund" means the Michigan community development
29 financial institutions fund described in subsection (1).

1 (b) "Community development financial institution" means that
2 term as defined in section 103 of the community development banking
3 and financial institutions act of 1994, 12 USC 4702, but is limited
4 to a community development financial institution that satisfies all
5 of the following:

6 (i) Is an entity that meets the eligibility requirements
7 described in 12 CFR 1805.200.

8 (ii) Is certified as a community development financial
9 institution that meets the eligibility requirements under 12 CFR
10 1805.201 by the community development financial institutions fund
11 established under section 104 of the community development banking
12 and financial institutions act of 1994, 12 USC 4703.

13 (iii) Maintains 1 or more physical offices within this state.

14 (iv) Employs 2 or more individuals at a physical office within
15 this state, including employees of an affiliate of the community
16 development financial institution that provides services to the
17 community development financial institution.

18 (v) Is a Michigan CDFI or a multistate CDFI.

19 (c) "Depository institution" means any of the following:

20 (i) A bank as that term is defined in section 3(a) of the
21 federal deposit insurance act, 12 USC 1813.

22 (ii) A savings association as that term is defined in section
23 3(b) of the federal deposit insurance act, 12 USC 1813.

24 (iii) A credit union as that term is defined in section 102 of
25 the credit union act, 2003 PA 215, MCL 490.102.

26 (iv) A depository institution holding company as that term is
27 defined in 12 CFR 1805.104.

28 (d) "Eligible activities" means activities described in 12 CFR
29 1805.301, and includes credit enhancements, loan loss reserves,

1 equity investments, expenditures of money or commitments to expend
2 money to reduce the interest rate otherwise applicable under a loan
3 agreement or funding agreement, and grants related to these
4 activities.

5 (e) "Federal fund" means the federal community development
6 financial institutions fund within the United States Department of
7 Treasury.

8 (f) "Financial products" means that term as defined in 12 CFR
9 1805.104.

10 (g) "Financial services" means that term as defined in 12 CFR
11 1805.104.

12 (h) "Michigan CDFI" means a community development financial
13 institution that satisfies all of the following:

14 (i) Is certified as a community development financial
15 institution that meets the eligibility requirements under 12 CFR
16 1805.201 by the community development financial institutions fund
17 established under section 104 of the community development banking
18 and financial institutions act of 1994, 12 USC 4703.

19 (ii) Is headquartered at an address in this state, as
20 recognized by the federal fund.

21 (iii) Has a target market that includes this state, as
22 recognized by the federal fund.

23 (iv) Serves 1 or more targeted populations located within this
24 state.

25 (i) "Multistate CDFI" means a community development financial
26 institution that is not a Michigan CDFI but is a community
27 development financial institution that committed under a loan
28 agreement or other funding agreement of at least \$10,000,000.00 in
29 financial products and financial services to a target market within

1 this state under the community development banking and financial
2 institutions act of 1994, 12 USC 4701 to 4719, during the 5
3 calendar years preceding the calendar year in which an application
4 for a grant is submitted.

5 (j) "Qualifying commitment" means funding committed by a
6 community development financial institution under a loan agreement
7 or other funding agreement in target markets or targeted
8 populations in this state that is either of the following:

9 (i) Financial products or financial services committed under
10 the community development banking and financial institutions act of
11 1994, 12 USC 4701 to 4719.

12 (ii) An additional credit enhancement, loan loss reserve, or
13 equity investment committed by the community development financial
14 institution or an affiliate of the community development financial
15 institution.

16 (k) "Target market" means that term as defined in 12 CFR
17 1805.104.

18 (l) "Targeted population" means that term as defined in 12 CFR
19 1805.104.

20 (18) Maximum grant amounts established under subsections (4),
21 (5), and (6) apply only to grants issued using funds appropriated
22 under this act. Grants issued under 2022 PA 194 must not be counted
23 toward the maximum grant amounts established under this act.

24 Sec. 307. From the funds appropriated in part 1 for Michigan
25 enhancement grants, \$20,000,000.00 shall be awarded to a regional
26 council of carpenters and millwrights located in this state to
27 support building and retaining a Michigan-based construction
28 workforce, which includes, but is not limited to, funding for
29 training curriculum; purchasing supplies, materials, and equipment;

1 making improvements to its training institutes and other real or
2 personal property used for training purposes; instructional costs;
3 COVID-19 costs incurred on or after March 10, 2020; and any other
4 necessary costs incurred to maintain or improve training services.

5 Sec. 308. From the funds appropriated in part 1 for Michigan
6 enhancement grants, \$2,000,000.00 shall be awarded to an
7 organization dedicated to offering evidence-based martial arts
8 therapy to kids located in a county with a population of between
9 1,200,000 and 1,300,000 and in a city with a population of between
10 76,500 and 80,000 according to the most recent federal decennial
11 census.

12 Sec. 309. From the funds appropriated in part 1 for Michigan
13 enhancement grants, \$850,000.00 shall be awarded to a nonprofit
14 that operates a program that satisfies all of the following
15 conditions:

16 (a) The program provides services to parolees and probationers
17 assessed by the department of corrections as moderate- or high-risk
18 to recidivate.

19 (b) The program provides job readiness training, transitional
20 employment, job coaching and placement, and postplacement retention
21 services. As part of the transitional employment program phase, the
22 nonprofit program shall provide low-skill, crew-based services to
23 other state agencies.

24 (c) The program has been independently and rigorously
25 evaluated and shown to reduce recidivism.

26 (d) The program demonstrates an ability to serve multiple
27 jurisdictions across this state.

28 Sec. 310. From the funds appropriated in part 1 for Michigan
29 enhancement grants, \$15,000,000.00 shall be awarded a downtown

1 development authority serving a city with a population between
2 4,900 and 5,000 in a county with a population between 180,000 and
3 191,000 according to the most recent federal decennial census to
4 support a not-for-profit regional or state facility designed to
5 host year-round sporting events and tournaments for 3 or more
6 different sports.

7 Sec. 311. From the funds appropriated in part 1 for Michigan
8 enhancement grants, \$15,000,000.00 shall be awarded to a city with
9 a population between 44,000 and 45,000 according to the most recent
10 federal decennial census for necessary public infrastructure
11 improvements to support economic development in its downtown area.
12 Funds may be used for improvements that include seawall
13 installation, road improvements, and water and sewer system
14 upgrades.

15 Sec. 312. From the funds appropriated in part 1 for Michigan
16 enhancement grants, \$5,000,000.00 shall be awarded to a charter
17 township with a population between 7,000 and 8,000 in a county with
18 a population between 180,000 and 191,000 according to the most
19 recent federal decennial census for blighted building removal and
20 land development occurring after October 1, 2022 on a parcel or
21 contiguous parcels of land within 2 miles of an interstate highway
22 exit ramp.

23 Sec. 313. From the funds appropriated in part 1 for Michigan
24 enhancement grants, \$10,000,000.00 shall be awarded to a nonprofit
25 manufacturing technical center that is headquartered in a county
26 with a population between 180,000 and 191,000 according to the most
27 recent federal decennial census to support an Industry 4.0 and
28 additive materials laboratory space.

29 Sec. 314. From the funds appropriated in part 1 for Michigan

1 enhancement grants, \$8,000,000.00 shall be awarded to a nonprofit
2 established prior to 2005 that provides financial products and
3 services to create and preserve affordable housing and is
4 headquartered in a city with a population between 110,000 and
5 120,000 according to the most recent federal decennial census.
6 Grant funds shall be used to support redevelopment of a building
7 located in a city with a population between 44,000 and 45,000
8 according to the most recent federal decennial census for
9 affordable housing purposes.

10 Sec. 315. From the funds appropriated in part 1 for Michigan
11 enhancement grants, \$4,000,000.00 shall be awarded to a county
12 drain commission that serves a county with a population between
13 400,000 and 500,000 according to the most recent federal decennial
14 census to support a biosolid digester project.

15 Sec. 316. From the funds appropriated in part 1 for Michigan
16 enhancement grants, \$3,000,000.00 shall be awarded to a nonprofit
17 founded in 2014 that provides programming and services to urban
18 young men and is headquartered in a city with a population greater
19 than 600,000 according to the most recent federal decennial census
20 to support a skilled trades workforce development initiative.

21 Sec. 317. From the funds appropriated in part 1 for Michigan
22 enhancement grants, \$5,000,000.00 shall be awarded to a company
23 that provides STEM and CTE education services in a virtual
24 environment, and that has active contracts with at least 2 Michigan
25 school districts. Grant funds must be used to provide education
26 services in STEM and CTE and must be allocated to enable at least
27 50,000 Michigan students to receive these services for 3 years. As
28 used in this section:

29 (a) "STEM" means science, technology, engineering, and

1 mathematics.

2 (b) "CTE" means career technical education.

3 Sec. 318. From the funds appropriated in part 1 for Michigan
4 enhancement grants, \$3,000,000.00 shall be awarded to a nonprofit
5 founded prior to 2002 that provides funding opportunities for
6 nonprofit organizations, coordinates between governments,
7 nonprofits, and grant funders, and is headquartered in a city with
8 a population greater than 600,000 according to the most recent
9 federal decennial census. Grant funds must be used to support a
10 program that provides workforce training and job placement services
11 to high school students in at least 6 Michigan school districts
12 over a 2-year grant period.

13 Sec. 319. From the funds appropriated in part 1 for Michigan
14 enhancement grants, \$2,000,000.00 shall be awarded to a nonprofit
15 founded prior to 2001 that provides youth-centered technology and
16 music programs within urban school districts and community-based
17 organizations, and is headquartered in a city with a population
18 between 58,000 and 58,500 according to the most recent federal
19 decennial census. Grant funds must be used to support a program to
20 provide youth and young adults with marketable technical skills and
21 experience in the music and film production field.

22 Sec. 320. (1) From the funds appropriated in part 1 for
23 Michigan enhancement grants, the department shall execute a grant
24 agreement with each recipient, pursuant to subsection (2). All
25 grant funds are considered direct appropriations and, subject to
26 receipt of all information under subsections (2) and (3), shall be
27 disbursed by the department, as determined by the grant agreement.
28 Any funds that are granted to a state department are appropriated
29 in that department for the purpose of the intended grant. An

1 initial disbursement of 50% shall be provided to the grantee upon
2 execution of the grant agreement.

3 (2) The department shall execute a grant agreement with each
4 recipient in order to receive funding. The grant agreement shall
5 include, but is not limited to, all of the following:

6 (a) All necessary identifying information for the recipient,
7 including any necessary tax identification information.

8 (b) A description of the project for which the grant funds
9 will be expended, including tentative timelines and the estimated
10 budget. No expenditures outside of the project purpose, as stated
11 in the executed grant agreement, shall be reimbursed from
12 appropriations in part 1. Funds appropriated in part 1 may be used
13 only for expenditures that occur on or after the effective date of
14 this act, unless specifically authorized by this act.

15 (c) A requirement that after the initial 50% disbursement,
16 additional funds shall be disbursed only after verification that
17 the initial payment has been fully expended, in accordance with the
18 project purpose. The remaining funds shall be disbursed in a manner
19 specified in the grant agreement. The grantee must provide
20 sufficient documentation, as determined by the department, to
21 verify that all expenditures were made in accordance with the
22 project purpose.

23 (d) A requirement for quarterly reports from the recipient to
24 the department that provide the status of the project and an
25 accounting of all funds expended by the recipient.

26 (e) A clawback provision that allows this state to recoup or
27 otherwise collect any funds that are declined, unspent, or
28 otherwise misused.

29 (3) The grantee shall respond to all reasonable information

1 requests from the department related to grant expenditures and
2 retain grant records for a period of not less than 3 years, and the
3 grant may be subject to audit and site visits as determined by the
4 department. The grant agreement required under subsection (2) shall
5 include signed assurance by the chief executive officer or other
6 executive officer of the grant recipient that this requirement will
7 be met.

8 (4) All funds awarded shall be expended by the recipient, and
9 projects completed, by September 30, 2026. If at that time, as
10 evidenced by the quarterly reports, any unexpended funds remain,
11 those funds shall be returned by the grantee to the state treasury.
12 The state budget director may, on a case-by-case basis, extend this
13 deadline, upon request by a grant recipient.

14 (5) If a grantee does not provide information sufficient to
15 execute a grant agreement by May 1, 2023, funds associated with
16 that grant shall be returned to the state treasury.

17 (6) The department shall provide quarterly updates on the
18 accounting and status of each project to the senate and house
19 appropriations committees, the senate and house fiscal agencies,
20 and the state budget office.