FY 2025-26: LICENSING AND REGULATORY AFFAIRS

Summary: As Passed by the Senate

Senate Bill 177 (S-2)



FY 2025-26

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	FY 2024-25 Year-to-Date	FY 2025-26	FY 2025-26	Difference: Senate from FY 2024-25 Enacted		
	as of 2/5/25	Executive	Senate	Amount	%	
IDG/IDT	\$27,682,800	\$30,192,600	\$30,192,600	\$2,509,800	9.1	
Federal	30,471,300	34,478,800	34,478,800	4,007,500	13.2	
Local	0	0	0			
Private	0	0	0			
Restricted	281,979,200	284,429,800	284,842,500	2,863,300	1.0	
GF/GP	308,605,700	301,539,300	307,539,300	(1,066,400)	(0.3)	
Gross	\$648,739,000	\$650,640,500	\$657,053,200	\$8,314,200	1.3	
FTEs	1,821.0	1,857.0	1,853.0	32	1.8	

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory entity. The department oversees regulation across a variety of sectors, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and cannabis. Units within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriation		FY 2024-25 YTD (as of 2/5/25)	Senate Change from YTD
Executive includes \$4.1 million in federal grant funding from the U.S. Fed	ross Ieral F/GP	NA	\$4,109,100 4,109,100 \$0
Executive includes \$2.2 million in IDG funding for the Michigan Office of	oss IDG /GP	26,096,000	\$2,234,600 2,234,600 \$0

cases and workloads relating to UIA and MIOSHA within the Department of Labor and Economic Opportunity. <u>Senate</u> concurs with Executive.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appro		FY 2024-25 YTD (as of 2/5/25)	FY 2025-26 Senate Change <u>from YTD</u>
3. Nursing Home Surveys and Investigations Executive includes \$2.7 million GF/GP and authorization for 9.0 FTEs to support nursing home complaint intake and investigations. Of the total, \$2.4 million and 7.0 FTEs would be allocated to hire health care surveyors to support immediate jeopardy complaint investigations associated with nursing and continuing care facilities. The requested funding would also support the hiring of eleven already authorized health care surveyor positions. The remaining \$316,900 and 2.0 FTEs would support intake of public questions and complaints related to nursing homes. The positions would consist of one departmental analyst and one customer service escalation specialist. Senate concurs with Executive.	FTE	NA	9.0
	Gross	NA	\$2,716,900
	GF/GP	NA	\$2,716,900
4. Michigan Indigent Defense Commission (MIDC) Executive includes \$769,100 GF/GP and authorization for 4.0 FTEs to support increased financial monitoring and planning efforts across local indigent defense systems. One position would be used to hire a senior regional manager responsible specifically for overseeing programming and compliance related to Standard 1 (Attorney Training) and Standard 7 (Attorney Qualifications and Review). The remaining three positions would consist of departmental or financial analysts focused on oversight of the financial and programmatic aspects of compliance. Senate concurs with Executive.	FTE	21.0	4.0
	Gross	\$3,140,200	\$769,100
	GF/GP	\$3,140,200	\$769,100
5. Homes for the Aged Staffing Increase Executive includes \$700,000 GF/GP and authorization for 3.0 FTEs to support oversight of state-licensed homes for the aged. The positions would consist of three health care surveyors responsible for licensing, inspections, and complaint investigations. Senate concurs with Executive.	FTE	NA	3.0
	Gross	NA	\$700,000
	GF/GP	NA	\$700,000
6. Compliance and Risk Management Section Executive includes \$490,000 in state restricted funding and authorization for 3.0 FTEs to support the establishment of a Compliance and Risk Management section within Administrative Services to support regulatory compliance, risk management, and audit activities. The section would be responsible for creating and maintaining a centralized form review process to support consistency across licensure forms. The positions would consist of a state administrative manager, a departmental analyst, and an accountant. Senate does not include.		NA NA NA NA	0 \$0 0 \$0
7. Mortuary Science Staffing Increase Executive includes \$305,700 in state restricted funding and authorization for 2.0 FTEs within the Corporations, Securities, and Commercial Licensing Bureau to support two new license types in the mortuary science profession created by PA 107 of 2024. The positions would include one regulation agent and one departmental analyst. Senate concurs with Executive.	FTE	NA	2.0
	Gross	NA	\$305,700
	Restricted	NA	305,700
	GF/GP	NA	\$0
8. Michigan Liquor Control Commission (MLCC) Executive includes \$297,300 in state restricted funding and authorization for 2.0 FTEs within the Management Support Services line item to support oversight and management of the MLCC's inventory. The positions would include one accountant and one department technician. Senate does not include.	FTE	31.0	0
	Gross	\$4,921,600	\$0
	Restricted	4,921,600	0
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appro		FY 2024-25 YTD (as of 2/5/25)	FY 2025-26 Senate Change <u>from YTD</u>
9. Cannabis Regulatory Agency (CRA) Staffing Increase Executive includes \$151,200 in state restricted funding and 1.0 FTE to provide additional human resources support. The position would consist of a departmental analyst whose duties would include interviewing and onboarding employees, monitoring employee time and leave, and compiling information for required reports, among other duties. Senate concurs with Executive.	FTE	182.0	1.0
	Gross	\$33,649,200	\$151,200
	Restricted	33,649,200	151,200
	GF/GP	\$0	\$0
10. Elevator Inspectors Executive includes authorization for 8.0 FTEs (no additional funding authorization) to hire additional elevator inspectors within the Bureau of Construction Codes. Senate concurs with Executive.	FTE	NA	8.0
	Gross	NA	\$0
	GF/GP	NA	\$0
11. Residential Builders Executive includes authorization for 5.0 FTEs (no additional funding authorization) to hire staff in the Bureau of Construction Codes focused on consumer complaints related to residential builders. Senate concurs with Executive.	FTE	NA	5.0
	Gross	NA	\$0
	GF/GP	NA	\$0
12. Michigan Saves Senate includes \$3.5 million GF/GP for a new Michigan Saves line item under the Michigan Public Service Commission unit for grants to support a loan loss reserve fund.	Gross	NA	\$3,500,000
	GF/GP	NA	\$3,500,000
13. Mobile Home Park Database Senate includes \$500,000 GF/GP and authorization for 1.0 FTE within the Bureau of Construction Codes to create a database of mobile home park owners.	FTE	NA	1.0
	Gross	NA	\$500,000
	GF/GP	NA	\$500,000
14. Real Estate Continuing Education Senate includes \$200,000 in state restricted authorization (one-time) for grants to the Michigan Realtors Association to approve and track continuing education in the state.	Gross	NA	\$200,000
	Restricted	NA	200,000
	GF/GP	NA	\$0
15. Technical Adjustments Executive includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. Includes a shift of funding and FTE authorization out of the MOAHR line item into a new Michigan Tax Tribunal line item. Also includes a shift of funding and FTE authorization out of the Administrative Services and Executive Director Programs line items to a new Regulatory Effectiveness Office line item. Senate concurs with Executive.		NA NA NA	0.0 \$0 0 \$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations

16. Removal of FY 2024-25 One-Time Appropriations	FTE	1.0	(1.0)
Executive removes \$14.3 million Gross (\$12.0 million GF/GP) of one-	Gross	\$14,250,000	(\$11,250,000)
time funding that was included in the FY 2024-25 budget to support the	Restricted	2,250,000	(1,250,000)
following:	GF/GP	\$12.000.000	(\$10.000.000)

- 5-Year Energy Waste Reduction and Demand Response Statewide Study (\$1.0 million Gross)
- BFS Smoke Detectors (\$1.0 million Gross)
- CRA Social Equity Program (\$1.0 million Gross)
- Health Professions Implicit Bias Study (\$250,000 Gross)
- Juvenile Indigent Defense Grants (\$1.0 million Gross)
- Michigan Saves (\$5.0 million Gross)
- Renewable Energy and Electrification Infrastructure Enhancement and Development (\$5.0 million Gross)

Senate concurs in part with Executive. The Senate includes \$1.0 million Gross for BFS - Smoke Detectors, \$1.0 million Gross for CRA Social Equity Program, and \$1.0 million Gross for Michigan Saves.

17. Economic Adjustments

17. Economic Adjustments	Gross	NA	\$4,377,600
Executive reflects increased costs of \$4.4 million Gross (\$748,000	IDG	NA	275,200
GF/GP) for negotiated salary and wage increases (3.0% on October 1,	Federal	NA	275,400
2025), actuarially required retirement contributions, worker's	Restricted	NA	3,079,400
compensation, building occupancy charges, rent, and other economic	GF/GP	NA	\$747,600
adjustments. Senate concurs with Executive.			

Note: Existing boilerplate section numbers listed in this document are section numbers as they appear in current law. New boilerplate section numbers are section numbers as they appear in the Senate bill.

Major Boilerplate Changes from FY 2024-25

Sec. 205. Purchase of Foreign Goods - REVISED

Prohibits purchase of foreign goods or services if competitively priced and comparable quality American goods or services are available; gives preference to goods and services from Michigan businesses and Michigan businesses owned and operated by veterans. Executive retains. Senate revises to require giving preference to goods and services manufactured in facilities that employ union members.

Sec. 206. Communication with the Legislature - RETAINED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law. Executive deletes. Senate retains.

Sec. 212. Restricted Funds Report - RETAINED

Requires LARA to work with SBO to report on estimated restricted fund revenues, expenditures, and fund balances for the prior two fiscal years. Executive deletes. Senate retains.

Sec. 216. Retention of Reports - RETAINED

Requires LARA to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention. Executive deletes. Senate retains.

Sec. 217. Report on Policy Changes for Public Act Implementation - RETAINED

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive deletes. Senate retains.

Sec. 218. Work Project Usage - RETAINED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. Executive deletes. Senate retains.

Sec. 221. Private Grant Funded Projects - RETAINED

Authorizes appropriation of private grant revenues, subject to a limitation of \$4.0 million; requires report within 10 days of receiving grants from private entities. Executive revises to remove the \$4.0 million appropriation limit. Senate retains.

Sec. 222. Informational, Training, and Special Events Revenues and Expenditures – RETAINED

Authorizes LARA to charge registration fees for events sponsored by LARA; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$1.0 million. Executive revises to remove the \$1.0 million appropriation limit. Senate retains.

Sec. 226. Single Recipient Grants - REVISED

Requires grantfunding intended for a single recipient organization or local government to be used for a program or project that is for a public purpose; requires department to follow state procurement statutes, including bidding requirements; authorizes SBO to compile and submit reports; lists eligibility requirements to receive grant funding; provides timeframes for receiving and expending grant funding; requires information on grants/projects to be posted on a public website, including receiving entity and grant sponsor; requires reports. Executive deletes. Senate revises to provide a modified set of requirements for single recipient grants.

Sec. 227. State Fiscal Recovery Fund (SFRF) - REVISED

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation. Executive deletes. Senate revises to delete language authorizing state budget director to reallocate appropriated funds, language requiring state budget director to notify appropriations committees of reallocations, and language allowing state budget director and department to make necessary accounting transactions. Senate also revises to require departments receiving appropriations to notify standard report recipients if an appropriation of funds described in this section is projected to lapse.

Sec. 223. General Fund Expenditures - NEW

Requires that general fund appropriations not be expended if federal or private grant funding is available for the same expenditures; requires the department to notify standard report recipients not later than 10 days after making a required reduction in expenditures that includes information on the insufficient fund source, the cause, and the government functions that will be affected. Executive does not include. Senate includes the new language.

Sec. 227. Website Reporting - NEW

Requires LARA to make each report accessible on the department's website no later than the due date of the report and to maintain reports from previous fiscal years on the website. Executive does not include. Senate includes the new language.

Sec. 229. Unenforceable Boilerplate - NEW

Requires LARA to submit a report containing information about the sections determined to be unenforceable; allows the department to coordinate with the Executive Office of the Governor or other state departments to compile a statewide report. Executive does not include. Senate includes the new language.

Sec. 230. Report on Federal Policy Changes - NEW

Requires LARA to submit a report detailing federal policy changes that are expected to affect department operations, affect groups the department engages with, and affect regulations that impact those groups. Executive does not include. Senate includes the new language.

Sec. 253. Regulatory Effectiveness Office Report - NEW

Requires the Regulatory Effectiveness Office to submit a report containing legislative recommendations for improving licensing and regulation, a plan of department actions, the number of licenses issued and number of applications by category, and the average turn around times by category. Executive does not include. Senate includes the new language.

Sec. 301. Low-Income Energy Assistance Grant Program - REVISED

Stipulates that MPSC administers the low-income energy assistance grant program on behalf of MDHHS, and funds supporting the program are appropriated upon awarding of grants and may be used for grant payments or administrative program expenses. Executive retains. Senate revises to require MPSC to report on the median annual household income of grant recipients and the number of grants administered in each county.

BUDGET DETAIL: PAGE 5

Sec. 302. Public Service Commission Hearings – REVISED

Requires the MPSC to conduct at least 4 public hearings in the state; requires a hearing to be held in Detroit and Grand Rapids; requires MPSC to submit report that summarizes outcomes and public comments. Executive deletes. Senate revises to require MPSC to conduct at least 5 public hearings in the state: one in the Upper Peninsula and one each in the northwest, northeast, southwest, and southeast parts of the Lower Peninsula.

Sec. 303. Energy Utility Rates Report - NEW

Requires the MPSC to designate 1.0 FTE to assist consumers with utility issues, disruption, or outages; requires the MPSC to report on utility costs and rates, the number of companies requesting rate increases, the number of consumers assisted by the department, the number of complaints, and the commission's plan for affordability. Executive does not include. Senate includes the new language.

Sec. 304. Michigan Saves - NEW

Allows MPSC to award a \$3.5 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument. Executive does not include. Senate includes the new language.

Sec. 401. MLCC Investigation of Direct Shipments of Wine and Report - REVISED

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund – as required under Section 203(11) of Michigan Liquor Control Code, 1998 PA 58 – to investigate illegal direct shipments of wine and that notice be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Executive revises to delete an item in the required report and delete language requiring notice to unlicensed out-of-state entities that illegally shipped wine into Michigan. Senate revises to require the report to contain the number of unlicensed out-of-state entities that have illegally shipped wine into the state and the number of notices sent.

Sec. 501. Fire Safety Fees - REVISED

Establishes fee schedule for inspections of hospitals and plan reviews of hospitals and schools by Bureau of Fire Services, in accordance with Section 2c of 1941 PA 207. Executive revises to include fees for nursing homes, homes for the aged, and adult foster care facilities. Implementation legislation is requested to effectuate these fee changes. Senate concurs with Executive.

Sec. 506. Michigan Automated Prescription System (MAPS) Report - REVISED

Requires LARA to submit report detailing usage statistics for MAPS, department actions resulting from information obtained from MAPS, and integrations between MAPS and electronic health record systems. Executive retains. Senate revises to require the report to also contain the department's recommendations for electronic health integration.

Sec. 507. Carnival-Amusement and Ski Area Inspections – RETAINED

Stipulates that at least \$900,000 of the BCC appropriation must be allocated for additional inspections and enforcement activities for the Carnival-Amusement Safety Act of 1966 and the Ski Area Safety Act of 1962; requires LARA to submit a report to the standard report recipients detailing fund allocation. Executive revises to remove the \$900.000 allocation requirement. Senate retains.

Sec 508. Homeowner Construction Lien Recovery Fund – REVISED

Appropriates un expended funds in Homeowner Construction Lien Recovery Fund for payment of court-ordered construction lien judgments entered prior to August 23, 2010. Executive retains. Senate revises to require LARA to report on the expenditures, revenue balance, and revenue sources of the fund.

Sec. 510. Nursing Home Surveys and Investigations Report - REVISED

Requires LARA to report on Bureau of Survey and Certification activities, including surveys and investigations of nursing homes. Executive revises to specify inclusion of surveys and investigations of hospitals and acute and continuing care facilities in the report. Senate concurs with Executive.

Sec. 511. Report on Premanufactured Unit Plans - REVISED

Requires BCC to report on changes made to decrease processing time of premanufactured unit plan submissions, the processing times in the current and previous fiscal year, and the number of plans submitted in the current and previous fiscal year. Executive deletes. Senate revises to require the report to contain the number of plans in the current fiscal year and the two previous fiscal years.

Sec. 512. Mobile Home Park Database - NEW

Requires that at least \$500,000 of the BCC appropriation be allocated to create a database of mobile home park owners that includes contact information, license numbers and statuses, and any violations; requires at least 1.0 FTE be allocated to assist with mobile home park resident complaints and issues; requires the department to report on the number of complaints received and resolved. Executive does not include. Senate includes the new language.

Sec. 601. Cannabis Regulatory Agency Programs Report - REVISED

Requires LARA to submit report on all marihuana programs administered by the CRA, which must include information on application volumes and determinations, timeliness, revenues, complaints, investigations, enforcement actions, and other topics. Executive retains. Senate revises to require the report to contain information on license holders with multiple types of marihuana licenses.

Sec. 602. Cannabis Regulatory Agency Investigative Reports - REVISED

Requires CRA to annually post on a publicly accessible website the number of investigative reports identifying violations of the Michigan Medical Marihuana Act, the Medical Marihuana Facilities Licensing Act, the Michigan Regulation and Taxation of Marihuana Act, or administrative rules enacted under the previously mentioned acts, the number of reports that identify suspected marihuana product without required tracking numbers, the number of public complaints regarding product without required tracking numbers or unlicensed commercial production or sale of delta 8 THC, the number and outcome of CRA disciplinary proceedings, number of law enforcement agency referrals, and information on licensees subject to disciplinary proceedings. Executive retains. Senate revises to require reporting on the current licensing status of disciplined licensees and the number of licenses revoked.

Sec. 603. Hemp Programs Report - REVISED

Requires LARA to submit a report on all hemp programs administered by the CRA, which must include revenue collected from regulatory and licensing activities, total cost of administering hemp regulatory and licensing programs. number of hemp licensees by county, and a description of any fees CRA assesses on hemp licensees. Executive retains. Senate revises to require LARA to report on the number of inspections and results of each inspection, the number of hemp license applications and approvals, and the number of times the agency is contacted to destroy hemp.

Sec. 802. Michigan Indigent Defense Commission Report on Incremental Costs - REVISED

Requires MIDC to submit report on incremental costs associated with standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense. Executive deletes. Senate revises to require the MIDC to report the total cost calculation for each indigent defense standard, how much each recipient is receiving for each standard, and the causal factors associated with any changes in grant funding.

Sec. 803. Michigan Indigent Defense Commission Report on Grant Funding - DELETED

Requires MIDC to submit report explaining the total cost calculation for each indigent defense standard, including a comprehensive itemization of costs included for each standard, listing of how much funding each grant recipient is receiving for each standard, and explanation of factors associated with any increase or decrease in MIDC grant funding from the FY 23-24 level. Executive retains. Senate deletes.

Sec. 803. Minimum Standards for Youth Defense Services - NEW

Requires the MIDC to begin the process of developing and implementing minimum standards for youth defense services. Executive does not include. Senate includes the new language.

Sec. 1001. Bureau of Fire Services - RETAINED

Requires BFS to purchase and distribute sealed-battery smoke detectors to Michigan residents and allows BFS to purchase smoke detectors with additional capabilities for individuals with physical or psychological conditions that require an accommodative technology; requires report on number of smoke detectors purchased, per-unit price, listing of all local units that received smoke detectors, and number distributed. Executive deletes. Senate retains.

Sec. 1002. Cannabis Regulatory Agency Social Equity Program - REVISED

Lists the following goals that are to be pursued using social equity program one-time funds: encourage and increase participation in the social equity program, with particular focus on individuals from communities that have been disproportionately impacted by marihuana prohibition and enforcement; establish a minimum number of licensees that are participating in the program; consider the median income in designating disproportionately impacted communities. <u>Executive</u> deletes. Senate revises to require the CRA to publicly post the number of initial applications received and whether they were eligible or ineligible, the number of applications approved or denied, the average application processing time, the number of outreach sessions held, any application assistance provided, demographic information for participants, and a list of awardees.

Sec. 1003. UM Law School Juvenile Indigent Defense Grants - DELETED

Requires LARA to provide grants to the University of Michigan Law School to provide financial assistance to unrepresented juvenile defendants or their guardians; designates unexpended funds as a work project appropriation. Executive deletes. Senate concurs with Executive.

Sec. 1004. Michigan Saves Appropriation Use - REVISED

Allows MPSC to award a \$5.0 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument; requires Michigan Saves to report on the number of loans issues, the types of projects, and the project locations. Executive deletes. Senate revises to delete report requirements and delete current grant requirements to instead allow the MPSC to award a \$1.0 million grant to Michigan Saves to conduct a grant program for clean energy improvement and on-site wastewater system replacement or repair; requires that a single grant not exceed \$100,000.

Sec. 1005. Renewable Energy and Electrification Infrastructure Enhancement and Development – DELETED

(1) Requires funding to be expended, aside from administration, only for grants to businesses, nonprofit organizations, and local or state government units for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects; (2) establishes goal of distributing 50% of the total amount of funding for grants awarded for electric vehicle fast-charging infrastructure for charging ports that provide a power level of at least 200 kW and 50% of the total for charging ports that provide a power level of at least 350 kW; (3) requires MPSC to develop guidelines and implement a grant application process within 6 months and requires prioritization for grants that meet the goals of the MI Healthy Climate Plan; (4) requires grant applicants to perform an impact study that provides sufficient detail to allow the proposed project to be evaluated; (5) establishes further requirements for grant applicants for renewable natural gas infrastructure projects; (6) provides a 45-day review period for affected entities to review and comment on an applicants who have met the grant criteria, with priority given to applicants in distressed areas; (8) requires grant recipients to report to MPSC on how the money was used within 30 days after a project's completion; (9) prohibits grant funding from being used to expand the use of conventional natural gas; (10) allows the MPSC to expend up to \$125,000 for administration expenses; (11) defines "renewable energy and electrification infrastructure projects" and "renewable natural gas." Executive deletes. Senate concurs with Executive.

Sec. 1004. Michigan Realtors Association - NEW

Requires the Bureau of Professional Licensing to provide grants to the Michigan Realtors Association to approve and track real estate continuing education. Executive does not include. Senate includes the new language.