

TRANSPARENCY CONDITIONS ON EXPENDITURE OF ENHANCEMENT GRANTS

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House Bill 4420 (H-2) as passed by the House
Sponsor: Rep. Tom Kunse
Committee: Appropriations
Complete to 6-12-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4420 would prohibit the expenditure of an appropriated *enhancement grant* unless certain information is timely submitted to the Department of Technology, Management, and Budget (DTMB) and disclosed on an official website of the department that is conspicuously available to the public. DTMB would have to disclose the information it receives from public disclosure forms, described below, sent to it by the sponsoring *legislator*. The bill also would prohibit for-profit businesses from receiving an enhancement grant, provide conditions for nonprofit entities to receive an enhancement grant, and prohibit the use of an enhancement grant to pay a tax lien, delinquent tax, or other obligation owed to the state.

Enhancement grant would mean an appropriation that authorizes or obligates a specific amount of money for a contract, grant, loan, or other economic assistance, incentive, or expenditure to a specific person, organization, unit of local government, or project or activity in a unit of local government, other than through a formula-driven or competitive award process.

Legislator would mean a duly elected individual serving in either the Michigan Senate or the Michigan House of Representatives.

Disclosure and Reporting Time Requirements

The bill would require the sponsoring legislator of an enhancement grant to provide a public disclosure form to DTMB by 10 business days before April 1 of the calendar year the enhancement grant is being considered by the legislature for appropriation. DTMB would have to provide each completed form to the chairpersons of the Senate and House appropriations committees and to the Senate and House fiscal agencies.

DTMB would have to develop a webpage on its own official website, conspicuously available to the public, on which it displays completed public disclosures. DTMB would have to post a completed public disclosure on the website by 10 business days after DTMB receives it. (For the 2026 calendar year, DTMB would have to post the completed public disclosures on the webpage not later than 10 business days after the development of the webpage.)

An enhancement grant would have to be publicly disclosed on the webpage by April 1, or the first business day after April 1, of the same calendar year the enhancement grant is being considered by the legislature. The bill would also require information on an enhancement grant to be disclosed on the webpage for at least 14 days before passage of a bill or conference report that contains the appropriation of that grant.

No later than 30 days after an enhancement grant is appropriated, DTMB would have to update the webpage to include the amount appropriated and the status of the funding.

No later than 30 days after an enhancement grant is appropriated to a nonprofit organization, the organization would have to provide its 990-series Internal Revenue Service return for the most recent tax year to DTMB, and DTMB would, to the extent permitted by law, have to post the form to the webpage no later than 10 days after receiving it.

Public Disclosure Form

The bill would require the public disclosure form to collect the following information:

- The name of the sponsoring legislator and, if applicable, any cosponsoring legislators.
- The identity and physical address of the intended grant recipient, including the legislative districts affected and those districts' state legislators.
- The requested amount of the grant.
- The purpose of the grant, how it provides a public benefit that is an appropriate use of taxpayer funds, and a demonstration that the grant is not for a local or private purpose under section 30 of Article IV of the state constitution.
- Whether the enhancement grant has previously received or been awarded federal, state, local, or private funding and, if so, the type of funding received or awarded.
- The estimated time frame for completion of the grant project.

If the recipient is a nonprofit entity, the form would have to include verification that the entity meets all of the following (an entity that does not would be ineligible for a grant under the bill):

- It has been operating in Michigan continuously for the preceding 36 months.
- It has had a physical office in Michigan for at least the preceding 12 consecutive months.
- It has a board of directors. (All of the officers and active members on the entity's board of directors would have to be listed on the form.)

The bill would require the sponsoring legislator to sign their name to certify the following:

- That the sponsoring legislator, their legislative *staff members*, and their *immediate family members* have no direct or indirect pecuniary interest in the requested enhancement grant.
- That the enhancement grant is not intended for a for-profit entity.
- That the information provided on the form is true to the best of the sponsor's knowledge.

Immediate family member would mean an individual's parent, child, sibling, or spouse or any other individual who resides in the same household as the individual.

Staff member would mean an individual who currently is, or within the prior two years has been, employed by the Senate or House of Representatives.

The bill would take effect January 1, 2026.

MCL 18.1365a

FISCAL IMPACT:

The bill could result in minimal costs to DTMB to develop a reporting webpage on its website and any administrative and labor costs to track, automate, or post each public disclosure form it receives. It is not anticipated that requirements for public disclosure of enhancement grant sponsorship would directly affect the number of grants requested or appropriated.

The bill would have no direct fiscal impact on local units of government.

Fiscal Analyst: Michael Cnossen

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.