

Legislative Analysis



TRANSPARENCY CONDITIONS ON EXPENDITURE OF ENHANCEMENT GRANTS

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House Bill 4420 as introduced
Sponsor: Rep. Tom Kunse
Committee: Appropriations
Complete to 5-20-25

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 publicly disclosed on the official website of the Department of Technology, Management, and Budget (DTMB) and conspicuously available to the public. Only enhancement grants included in a bill or conference report that is passed by the legislature would have to be disclosed. DTMB would be required to disclose the information that it receives from public disclosure forms, described below, sent to it by the legislature.

Enhancement grant would mean an appropriation that authorizes 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 local unit of government other than through a formula-driven or competitive award process.

The bill also would prohibit for-profit businesses from receiving an enhancement grant.

Disclosure and Reporting Time Requirements

The bill would require a sponsoring *legislator* of an enhancement grant to provide DTMB a public disclosure form by March 29, or the first business day after March 29, of the calendar year that the enhancement grant is being considered by the legislature for appropriation.

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

DTMB would have to develop a webpage on its own official website, conspicuously available to the public, and disclose on it completed public disclosures. The disclosures would have to be posted by April 1, or the first business day after April 1, of the calendar year that the enhancement grant is being considered by the legislature for appropriation.

For the 2026 calendar year, DTMB would have to post the completed public disclosures on the webpage not later than three business days after the development of the webpage or three business days after the department's receipt of the completed public disclosure, as applicable.

The bill also would require information on any 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. DTMB would also have to provide each completed form to the chairpersons of the Senate and House appropriations committees and the Senate and House fiscal agencies.

Financial Disclosure Form

The financial disclosure form would have to include the following information:

- The name of the sponsoring legislator and any cosponsoring legislator, if applicable.
- The name and location of the intended grant recipient, including the legislative district affected and that district's legislators.
- The purpose of the grant, how it provides a public benefit, and why it is an appropriate use of taxpayer funds or otherwise demonstrate that the grant is not for a local or private purpose.
- The requested amount of state funding.
- Whether the enhancement grant has previously received federal, state, local, or private funding and, if so, the type.
- If the recipient is a not-for-profit entity, verification that the entity meets all of the following:
 - It has been operating in Michigan continuously within the previous 36 consecutive months.
 - It has had a physical office in Michigan for at least the previous 12 consecutive months.
 - It has a board of directors and a list of all its officers and active directors.
 - It is not a for-profit entity.
- A certification that the sponsoring legislator, their staff members, and their *immediate family members* have no pecuniary interest in the enhancement grant.
- The required timing of the proposed grant's project.

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.

The bill would also define "staff person" as an individual who is currently or has been employed by the Senate or House of Representatives.

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.

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■ 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.