

Senate Bill 85 (Substitute S-4) (CR-1)
Sponsor: Senator Ken Horn
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 12-14-21

CONTENT

The supplemental would provide \$1.0 billion in Gross and General Fund/General Purpose (GF/GP) funding to the Strategic Outreach and Attraction Reserve Fund in order to allow for grants through the transfer process to economic development projects. It also would provide \$409.0 million Gross and Federal for aid to businesses affected by the COVID-19 pandemic and \$75.0 million Gross and GF/GP in funding to help reimburse local units of government due to potential changes in industrial and commercial personal property tax exemptions.

Table 1 summarizes the Gross and GF/GP funding by Department in the supplemental.

Table 1

FY 2021-22 Supplemental Appropriations				
Budget Area	Gross	Federal	Restricted	GF/GP
Labor/Econ. Opportunity	\$1,000,000,200	\$0	\$200	\$1,000,000,000
Treasury	484,000,000	409,000,000	0	75,000,000
TOTAL	\$1,484,000,200	\$409,000,000	\$200	\$1,075,000,000

FISCAL IMPACT

The bill provides fiscal year (FY) 2021-22 line-item appropriations of \$1.484.0 million Gross and \$1,075.0 million GF/GP. The bill would provide \$1.0 billion in funding to support economic development projects in concert with statutory legislation that is expected to be enacted. The bill also creates two Restricted \$100 placeholder economic development line items to allow for transfer of funding. The bill also would provide \$409.0 million Gross and Federal in support for afflicted businesses that meet criteria defined in boilerplate and \$75.0 million to support local units of government that could be affected by potential changes to industrial and commercial personal property tax exemptions.

See Table 2 for a list of items funded in the supplemental.

FY 2021-22 BOILERPLATE LANGUAGE SECTIONS-PART 2

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 203. General. Directs that, if the State Administrative Board transfers funds appropriated in the Act, the Legislature may, by concurrent resolution requiring a majority vote in each chamber, transfer funds within a particular department, board, commission, officer, or institution.

Sec. 204. General. Directs that appropriated funds are subject to Federal audit and reporting requirements. Requires prompt action if instances of noncompliance are identified and directs the State Budget Director to rectify any noncompliance issues and to inform the Appropriations Committees and Fiscal Agencies in the case of noncompliance.

Sec. 205. General. Directs that funds appropriated from the Federal American Rescue Plan Act be allocated and spent in a manner consistent with Federal rules and regulations.

Sec. 206. General. Requires a monthly report by the State Budget Director on the status of funds appropriated in part 1, including funds used for COVID-19-related issues, to the Legislature.

Sec. 301. Labor and Economic Opportunity. Appropriates an amount not to exceed \$1.0 billion in State Restricted contingency authorization. Bars the expenditure of these funds until they have been transferred to another line through the legislative transfer process outlined in the Management and Budget Act.

Sec. 302. Labor and Economic Opportunity. States that Part 1 appropriations for the Critical Industry Program must be used for program activities as defined in State statute. Bars expenditure of these funds unless Senate Bill 771 is enacted into law.

Sec. 303. Labor and Economic Opportunity. States that Part 1 appropriations for the Michigan Strategic Site Readiness Program must be used for program activities as defined in State statute. Bars expenditure of these funds unless House Bill 5603 is enacted into law.

Sec. 304. Labor and Economic Opportunity. Directs that Part 1 appropriations for the Strategic Outreach and Attraction Reserve Fund be deposited into the Strategic Outreach and Attraction Reserve Fund established in the Michigan Trust Fund Act. Bars expenditure of these funds unless Senate Bill 769 is enacted into law.

Sec. 305. Labor and Economic Opportunity. Legislative declaration that the funding appropriated for the Critical Industry Program and the Michigan Strategic Site Readiness Program is for a public purpose and serves the health, safety, and general welfare of the residents of the State.

Sec. 401. Treasury. Allocates \$409.0 million by the Department of Treasury to create and operate an afflicted business relief program. The program would provide grants to businesses that meet the definition of "afflicted business" in the State. Grants would be provided to afflicted businesses that have realized a significant financial hardship due to the COVID-19 pandemic. "Afflicted business" is defined as a nontax-exempt nongovernmental entity and would include an entertainment venue, an exercise facility, a food service establishment, a recreational facility or place of public amusement, a cosmetology or barber services provider, a nursery dealer or grower, an athletic trainer, a body art facility, or a hotel or bed and breakfast with the first four of those terms being defined as well. Recreational facility or place of public amusement would include amusement parks, arcades, bingo halls, bowling alleys, casinos, nightclubs, skating rinks, water parks, and trampoline parks. Grants to businesses could not exceed the business's financial hardship and could not exceed \$5.0 million. Financial hardship would be defined as a decline in total sales capped at the sum of property taxes or 17% of lease costs plus 50% of unemployment insurance taxes plus liquor license fees plus food inspection fees plus State license or inspection fees. Afflicted businesses in operation on October 1, 2019, would receive a percentage of the maximum grant based on their 2020 reduction in gross receipts: those that certify at least a 20.0% reduction in gross receipts would receive the maximum grant, those that certify a 15.0% to 20.0% reduction in gross receipts would receive 75.0% of the maximum grant, those that certify a 10.0% to 15.0% reduction in gross

receipts would receive 50.0% of the maximum grant, and those that certify a 5.0% to 10.0% reduction in gross receipts would receive 25.0% of the maximum grant. An afflicted business that started operations between October 1, 2019, and June 1, 2020, must receive 25.0% of the amount that it would have received if it had opened before October 1, 2019, if it can document that it was fully or partially closed because of a pandemic-related State order. Requires grants to be used pursuant to Federal guidelines. Afflicted businesses must certify and attest under penalty of perjury that they were negatively affected by the pandemic and/or pandemic-related State orders. For businesses in operation on October 1, 2019, that are self-employed individuals, independent contractors, or sole proprietorship with no employees or a business that had employees for which it paid salaries or wages and payroll taxes or paid independent contractors, they must certify and attest that they had gross receipt losses of at least 5% for a calendar quarter in 2020 compared to the same calendar quarter in 2019. For those businesses that were not in operation on October 1, 2019, but started operations before June 1, 2020, they must certify and attest that they were negatively affected by the closure or partial closure because of an executive order or Department of Health and Human Services order. Afflicted businesses would be required to submit supporting documentation required by the Department of Treasury. Any afflicted business that falsifies certification under this section must forfeit any payments under this section. Allows for proration of payments if funding is not sufficient to make full payments to afflicted businesses with the requirement that the Department of Treasury make the proration calculation after April 1, 2022. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by March 1, 2022. Applications must be submitted by April 1, 2022, and grants must be disbursed by July 1, 2022. Limits administrative costs to 1% of appropriations or actual costs, whichever is less. Requires a monthly report to the Appropriations Committees, the Fiscal Agencies, and the State Budget Office listing grants and recipients as well as a summary of all grants by September 30, 2022.

Sec. 402. Treasury. Directs that part 1 funding for Local Community Stabilization Authority Reserve Account be used to offset reductions in revenue due to changes to industrial personal property and commercial personal property exemptions enacted on or after December 14, 2021. Creates a work project for the appropriation.

Table 2

FY 2021-22 Supplemental Appropriations				
Department/Program	Gross	Federal	Restricted	GF/GP
Labor and Economic Opportunity				
Strategic outreach and attraction reserve fund	\$1,000,000,000	\$0	\$0	\$1,000,000,000
Critical industry program	100	0	100	0
Michigan strategic site readiness program	100	0	100	0
Total Labor and Economic Opportunity	\$1,000,000,200	\$0	\$200	\$1,000,000,000
Treasury				
Afflicted business relief	\$409,000,000	\$409,000,000	\$0	\$0
Local community stabilization authority reserve account	75,000,000	0	0	75,000,000
Total Treasury	\$484,000,000	\$409,000,000	\$0	\$75,000,000
Total FY 2021-22 Supplemental Appropriations	\$1,484,000,200	\$104,852,800	\$200	\$1,075,000,000

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.