

COMMUNITY AND WORKER ECONOMIC TRANSITION ACT

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Senate Bill 519 (S-4) as passed by the Senate

Sponsor: Sen. Sam Singh

House Committee: Energy, Communications and Technology

Senate Committee: Labor

Revised 11-1-23

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

(Enacted as Public Act 232 of 2023)

SUMMARY:

Senate Bill 519 would create a new act, the Community and Worker Economic Transition Act, to provide for the creation of a state entity to develop a plan regarding, and coordinate efforts addressing, the impact on workers and communities of the societal and economic shift away from fossil fuels and toward renewable energy resources.

The bill would create the Community and Worker Economic Transition Office in the Department of Labor and Economic Opportunity (LEO), to be managed by an office director appointed by the director of LEO. The office would have to do all of the following:

- Support and participate in interdepartmental coordination on efforts essential to the office’s mission as defined by the office director.
- Advance and support existing initiatives that align with the office’s mission, such as the Energy Transition Impact Project (ETIP).¹
- Partner with workers, local communities, employers, and labor organizations to ensure that those affected by economic transition have input when decisions are being made.
- Reach out to workers, local communities, employers, and labor organizations to do all of the following:
 - Align and target local, state, and federal programming and establish additional programming to support the office's mission.
 - Propose and implement plans for different sectors of the economy that align with the office's mission.
 - Assist in the development of state and federal laws, rules, regulations, and budgets relating to the office's mission and monitor their implementation.
 - Recommend changes in state and federal law, rules, regulations, policies, guidelines, practices, procedures, and budgets relating to the office's mission as issues emerge.
- Work with the public and private sector to hold or participate in conferences, inquiries, meetings, or studies that could support the office's mission.
- Publicize the activities of the office as appropriate.
- Develop a community and worker economic transition plan as described below. The office could create an advisory committee that includes individuals from ***transition communities, transition-impacted industries***, and labor organizations to assist with the development of the plan.

¹ Executive Directive 2020-10 required the Department of Treasury to develop and implement the ETIP to “identify the communities that will be impacted by changes to the mix of energy production facilities in Michigan, and minimize those impacts and dislocation, including loss of employment, property tax revenues, and related community services.” The ETIP site: <https://www.michigan.gov/treasury/local/etip> Its 2022 report: https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/BLGSS-CSD/ETIP-Annual-Report_2022FinalDraft.pdf

- Evaluate the outcomes of the transition plan for **transition workers** and transition communities, including evaluating the quality of replacement jobs, to better allocate wages, benefits, and tax base replacement.
- Identify funds to support **transition activities** for transition workers, transition communities, and transition-impacted industries. The office would have to consider all of the following sources of funds:
 - Existing state programs that can be used to support transition workers, transition communities, and transition-impacted industries or that can be more closely aligned with transition needs.
 - New state funds that might need to be developed to address transition activities not addressed by existing programs.
 - Federal grants, loans, or other funding that can be used to support transition workers, transition communities, and transition-impacted industries.
 - Private funds, including funds from foundations or for-profit entities.
- Other duties as assigned by the office director.

Transition community would mean a city, township, village, county, or region that has been affected by the loss of 50 or more jobs in a transition-impacted industry since September 23, 2020, or can demonstrate it will be impacted by that loss of jobs between the bill’s effective date and January 1, 2040.

Transition-impacted industry would mean an industry that transition has had an impact on, including the following:

- Fossil fuel energy workers who have employment tied to the generation, transportation, and refinement of fossil fuel.
- Internal combustion engine vehicle workers and workers in the supply chain for internal combustion engine vehicles.
- Workers in the building and construction trades.
- Any other affected workers.

Transition worker would mean a Michigan worker who has been laid off from employment in a transition-impacted industry since September 23, 2020, or who is or will be laid off between the bill’s effective date and January 1, 2040.

Transition activities would mean activities that transition workers may participate in to avoid suffering economic harm, including any of the following:

- Educating transition workers regarding various programs available to them.
- Replacing lost income, gaps in income, and benefits for transition workers.
- Services for transition workers, such as education, training, career counseling, skills-matching, maintaining employment with current employer or reemployment services, and financial planning assistance.
- Replacing lost tax base revenue for transition communities.
- Promoting the hiring of transition workers and the creation of jobs in transition communities that provide comparable or higher wages and benefits to jobs in transition-impacted industries.

In developing the transition plan, the office would have to consider the following options:

- Aligning and generating local, state, and federal resources and programming to invest in and support communities and workers subject to significant economic transition.

- Identifying transition activities that are not addressed by existing resources and making recommendations for new programs as necessary, including programs to support transition workers with supplemental income, health care benefits, and retirement benefits and provide them with access to education and training opportunities.
- Implementing or engaging in other programs, policies, or activities that will assist transition communities, transition workers, and companies in transition-impacted industries.

The office also would have to evaluate all of the following:

- The projected short- and long-term costs and benefits to the state of each component of the plan.
- Potential sources for sustainable short- and long-term funding for a plan.
- Potential fiscal, economic, workforce, and other implications of extending components of the plan to other industries affected by similar economic disruptions.
- Which plan components can be implemented by a state department or agency under existing authority and which require additional legislation.

With the approval of the director of LEO, the office director would have to submit the transition plan to the governor and the legislature by December 31, 2025.

The office could undertake any activities authorized under the bill before submitting the plan.

Beginning one year after the bill takes effect, the office director would have to annually submit a written report to the legislature that includes all of the following:

- Information regarding the utilization of transition activities.
- A description of transition-impacted industries, transition communities, and transition workers.
- An evaluation of the transition plan, including the outcomes of the plan.

Finally, the bill would provide that, in addition to any other funds appropriated for the office, private funds received for the office by LEO are appropriated and may be spent to create, implement, and administer the office and its activities.

FISCAL IMPACT:

The bill would increase costs to the Department of Labor and Economic Opportunity by an indeterminate amount and would have no fiscal impact on local units of government.

The amount of any increase to LEO would be related to the various additional administrative and staffing costs required under the bill's provisions, such as the costs for creating the Community and Worker Economic Transition Office, coordinating interagency efforts, possibly establishing an advisory committee, proposing and implementing various plans, sponsoring or assisting with related conferences and studies, developing a community and worker economic transition plan, and producing an annual legislative report.

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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.