



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 239 (S-1 as reported)  
Committee: Appropriations

*Throughout this document Senate means Appropriations Committee.*

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| <b>FY 2006-07 Year-to-Date Gross Appropriation .....</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>\$85,826,200</b>  |
| <b>Changes from FY 2006-07 Year-to-Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                      |
| 1. <b>21<sup>st</sup> Century Programs.</b> The Governor recommended appropriating \$75.0 million from the 21 <sup>st</sup> Century Jobs Trust Fund to the Michigan Strategic Fund (MSF). The funds come from tobacco settlement revenue deposited in the 21 <sup>st</sup> Century Jobs Trust Fund pursuant to P.A. 232 of 2005. Once appropriated, the MSF Board could allocate these funds subject to statutory limits. The Senate funded this line with \$70.0 million from the 21 <sup>st</sup> Century Jobs Trust Fund and \$5.0 million from the Jobs for Michigan Investment Fund>Returns to Fund. | 75,000,000           |
| 2. <b>Michigan Promotion Program.</b> The Governor recommended increasing funding for this program by \$10.0 million GF/GP to \$15,717,500. Funding would be used to promote both tourism and business marketing. The Senate funded at \$5,717,500, the current year level with a fund shift that replaced \$3,621,500 GF/GP with funds from the 21 <sup>st</sup> Century Jobs Trust Fund.                                                                                                                                                                                                                | 0                    |
| 3. <b>Alternative Energy Initiative.</b> The Governor recommended \$7.0 million GF/GP to fund the Service Station Matching Grant program created by P.A. 274 of 2006 (MCL 125.2078) to subsidize fuel pumps for use with E85 or biodiesel fuel. The Senate included a \$100 placeholder.                                                                                                                                                                                                                                                                                                                  | 100                  |
| 4. <b>Economic Development Job Training Grants.</b> The Governor recommended renaming program to the Upper Hand Training Program and funding at \$8,197,500, the same level as in FY 2006-07 after the E.O. reduction. Eligible training would be focused on the competitive edge technologies, and businesses would be eligible to compete directly for funding. The Senate concurred in the Governor's funding level but did not rename or restructure the program.                                                                                                                                     | 0                    |
| 5. <b>Community Development Block Grants.</b> The Governor maintained the revised FY 2006-07 Federal expenditure authority for CDBG pass-through funds at \$53.0 million to permit the MSF to draw down prior year Federal allocations. The Senate concurred.                                                                                                                                                                                                                                                                                                                                             | 0                    |
| 6. <b>Small Business Innovation Research (SBIR) and Small Business Technical Transfer (STTR) Matching Grant Program.</b> The Senate funded this new line item with \$1,378,500 from the 21 <sup>st</sup> Century Jobs Trust Fund.                                                                                                                                                                                                                                                                                                                                                                         | 1,378,500            |
| 7. <b>Tool and Die Aeronautics Manufacturing Grants.</b> The Senate added \$500,000 GF/GP for grants of up to \$25,000 to reimburse companies for eligible costs incurred in achieving aeronautics manufacturing certification.                                                                                                                                                                                                                                                                                                                                                                           | 500,000              |
| 8. <b>Administrative Reductions.</b> The Governor recommended continuation of E.O. 2007-3 reductions for administration and job creation services. The Senate reduced the administration line by an additional (\$100).                                                                                                                                                                                                                                                                                                                                                                                   | (100)                |
| 9. <b>Economic Adjustments.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 413,000              |
| 10. <b>Other Changes.</b> Other changes recommended by the Governor include an increase in Human Resources optimization user charges of \$500, reduction of obsolete Federal expenditure authority of (\$300,000), reduction of (\$91,900) due to completion of the sick leave payout related to State employee early retirements and other adjustments. The Senate concurred.                                                                                                                                                                                                                            | 411,700              |
| 11. <b>Comparison to Governor's Recommendation.</b> The Senate is (\$15,121,500) Gross and (\$20,121,500) GF/GP under the Governor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                      |
| <b>Total Changes.....</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>\$77,703,200</b>  |
| <b>FY 2007-08 Senate Appropriations Committee Gross Appropriation .....</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>\$163,529,400</b> |

**Changes from FY 2006-07 Year to Date:**

1. **Standard Language.** The Governor deleted an exception to the hiring freeze for classified positions fully funded with Federal funds (Sec. 205) and the Senate concurred. The Governor deleted and the Senate kept report retention language (Sec. 212). The Governor deleted and the Senate retained the prohibition on disciplinary action against classified staff for interaction with Legislature (Sec. 219). The Senate altered language on Department of Information Technology (DIT) payments to permit the MSF to contract out for technology services and projects or complete the projects through DIT (Sec. 213 and 214).
2. **Report on Implementation of Legislation; Limitation on Rules.** The Senate included language to require a report on policy changes made to implement enacted legislation. The Senate also prohibited the use of appropriated funds for administrative rules that do not reduce the disproportionate impact on small businesses. (Sec. 216)
3. **Limitation on Legal Services.** The Senate added a requirement that funds appropriated shall not be used to hire a person to provide legal services that are the responsibility of the Attorney General. (Sec. 221)
4. **Contingency Funds.** The Governor recommended contingent fund authority. The Senate did not include. (Sec. 1001)
5. **Economic Development Job Training Grants.** The Governor recommended renaming the program the Upper Hand Training Program and focusing on training grants in the high technology areas. The Senate did not rename the program and included the Governor's language on focusing grants on 21<sup>st</sup> Century programs. (Sec. 1002)
6. **Copyrighted Slogans.** Travel Michigan currently licenses the Michigan advertising slogan "Michigan Great Lakes. Great Times." and uses the revenue for tourism promotion. The Governor recommended updating the language to include "The Upper Hand" and "Pure Michigan". The Senate added only the "Pure Michigan" slogan. (Sec. 1005)
7. **Executive Committee Members.** The Governor recommended deleting intent language that these members are subject to the advice and consent of the Senate. The Senate retained the language. (Sec. 1015)
8. **Audit of Job Claims.** The Governor recommended deleting the language requiring the MEDC to work with the Auditor General to implement procedures to audit job claims for recipients of any economic development programs. The Senate retained the language. (Sec. 1016)
9. **Salary Report.** The Governor deleted the report on salaries over \$80,000. The Senate retained. (Sec. 1017)
10. **Professional Employer Organization (PEO).** The Governor recommended deleting language prohibiting the agency from promulgating rules or guidelines that would prohibit a firm from qualifying for a MEGA award because the firm's employees are leased from a PEO. The Senate retained the language. (Sec. 1019)
11. **Federal Pass-Through Funds.** The Governor recommended automatic appropriation and carryforward of additional Federal pass-through funds with no State match. The Senate concurred and added a report. (Sec. 1020)
12. **SBIR/STTR Programs.** The Senate added language to require the Strategic Economic and Commercialization Board to use available funds from competitive edge technology grants and loans that are not claimed or accepted by the awardees to fund the SBIR/STTR programs. (Sec. 1022)
13. **Limitation on Jobs Reporting.** The Senate added language to require that the Michigan Economic Development Corporation can only report the number of actual direct jobs created as a result of any financial or tax incentive package. This would include all publications issued by the MEDC for marketing and public information. (Sec. 1023)
14. **Private Research Institute.** The Senate allocated \$1.5 million from the appropriation for 21<sup>st</sup> Century Programs to a private research institute that was a Federally designated good manufacturing facility. (Sec. 1024)
15. **Biodiesel Production and Biomass Research Facility.** The Senate allocated \$3.0 million from the appropriation for 21<sup>st</sup> Century Programs for supporting a biofuels facility operated with support from a regional economic development organization and a public university, with a donated facility. (Sec. 1025)
16. **Tool and Die Aeronautics Certification.** The Senate added a \$500,000 program to assist tool and die firms in becoming certified to perform aeronautics contracts. The maximum award would be \$25,000 per applicant. Awards would be paid after certification is achieved. (Sec. 1026)

Date Completed: 8-17-07

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