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House Bill 4047 (Substitute S-1)
Sponsor: Representative Timothy Beson
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 2-24-21

CONTENT

The substitute for the supplemental would provide appropriations for FY 2020-21, reflecting proposals to cover costs borne by businesses over the last year, to appropriate new Federal funding allocated to states in December, and to reduce funding and staff for certain line items. The appropriations would total \$593.3 million Gross and \$577.0 million General Fund/General Purpose (GF/GP). Table 1 summarizes the FY 2020-21 appropriations in the supplemental.

Table 1

FY 2020-21 Supplemental Appropriations				
Budget Area	Gross	Federal	Restricted	GF/GP
Agriculture & Rural Develop.	(\$100,000)	\$0	(\$50,000)	(\$50,000)
Health & Human Svcs.	26,730,200	26,730,200	0	0
Labor & Econ. Opportunity	143,914,800	0	(6,085,200)	150,000,000
Licensing & Reg. Affairs	(4,257,900)	0	(4,257,900)	0
Treasury	427,000,000	0	0	427,000,000
TOTAL	\$593,287,100	\$26,730,200	(\$10,393,100)	\$576,950,000

FISCAL IMPACT

The bill provides FY 2020-21 line-item appropriations of \$593.3 million Gross and \$577.0 million GF/GP. Table 2 summarizes the details of the appropriations in the supplemental.

FY 2020-21 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. States legislative intent that a hiring freeze be imposed on state civil service, with a prohibition on hiring new state classified civil service employees and a prohibition on filling any vacant state classified civil service positions. Exempts internal transfers of employees within a department.

Sec. 253. Health and Human Services. Directs that the funding in part 1 for the Federal substance use disorder block grant be distributed, pursuant to Federal law, rules, and regulations, to local public entities providing substance use disorder services and one private entity with a statewide contract to provide such services.

Sec. 254. Health and Human Services. Directs that the funding in part 1 for the Federal mental health block grant be distributed, pursuant to Federal law, rules, and regulations, to local public entities providing mental health services and one private entity with a statewide contract to provide such services.

Sec. 303. Labor and Economic Opportunity. Deposits \$150.0 million in the Unemployment Compensation Fund not later than May 1, 2021. Directs that if Federal funds are available and expenditures allowable under Federal law then expenditure of Federal funds shall occur prior to the expenditure of General Fund, with the General Fund appropriations reverting to the State's General Fund.

Sec. 401. Treasury. Allocates \$300.0 million by the Department of Treasury to create and operate a property tax relief program. The program would provide grants to provide property tax relief for 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 emergency. "Afflicted business" is defined as 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, or a body art facility 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 could not exceed the cost of property taxes paid for entities that pay property taxes directly or 17% of lease costs for entities that are lessees. 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 50.0% reduction in gross receipts would receive the maximum grant, those that certify a 25.0% to 50.0% reduction in gross receipts would receive 75.0% of the maximum grant, those that certify a 10.0% to 25.0% 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 recipients would receive 25.0% of the maximum grant. An afflicted business that started operations between October 1, 2019 and June 1, 2020 shall receive 50.0% of the amount that they would receive if they had opened prior to October 1, 2019 if they can document that they were fully or partially closed due to a pandemic related State order. Afflicted businesses must certify and attest under penalty of perjury that they were negatively impacted by the pandemic and/or pandemic related State orders. Any afflicted business that falsifies certification under this section shall forfeit any payments under this section or sections 402, 403, and 404 in this bill. Allows for proration of payments if funding is not sufficient to make full payments to afflicted businesses. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021 and grants must be disbursed by June 1, 2021. 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, 2021.

Sec. 402. Treasury. Allocates \$55.0 million for unemployment insurance tax relief for eligible afflicted businesses to provide grants to such businesses. Grants would be set equal to the amount of unemployment insurance taxes paid in the two most recent quarters and could only be used for working capital to support payroll, rent, mortgage, utilities, and reopening costs. Defines "afflicted business" as one effectively meeting the definitions outlined in Sec. 401 that paid unemployment insurance taxes the preceding two quarters, was in operation February 15, 2020, and experienced at least a 30% reduction in revenue during 2020

compared to 2019 due to COVID-19. Any afflicted business that falsifies certification under this section shall forfeit any payments under this section or sections 401, 403, and 404 in this bill. Allows for proration of payments if funding is not sufficient to make full payments to afflicted businesses. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021 and grants must be disbursed by June 1, 2021. 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, 2021.

Sec. 403. Treasury. Allocates \$16.5 million for an on-premise liquor license relief program to provide grants to eligible retail liquor establishments. Defines an eligible retail liquor establishment as one possessing an on-premise liquor license that experienced at least a 30.0% reduction in net revenue in 2020 due to the COVID-19 pandemic. Directs that grants equal the fees paid for a retail liquor license, that the grants only be used for working capital to support payroll, rent, mortgage, utilities, and reopening costs. Retail liquor establishments will be considered qualified if they certify and attest that they paid retail liquor license fees in 2020 and were in operation on February 15, 2020 and limits food service establishment eligibility to those food service establishments that paid retail liquor license fees in 2020 and were in operation on February 15, 2020. States that any entity that falsifies certification shall forfeit payments. Allows for proration of payments if funding is not sufficient to make full payments. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021 and grants must be disbursed by June 1, 2021. 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, 2021.

Sec. 404. Treasury. Allocates \$22.0 million for food service establishment license relief program to provide grants to eligible food service establishments. Defines an eligible food service establishment as one that meets the criteria for food service establishments as outlined in state law that experienced at least a 30.0% reduction in net revenue in 2020 due to the COVID-19 pandemic. Directs that grants equal the fees paid for a food license or required inspections. Food service establishments will be considered qualified if they certify and attest that they paid license and inspection fees in 2020 and were in operation on February 15, 2020. States that any entity that falsifies certification shall forfeit payments. Allows for proration of payments if funding is not sufficient to make full payments. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021 and grants must be disbursed by June 1, 2021. 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, 2021.

Sec. 405. Treasury. Allocates \$11.5 million for a license and inspection fee relief program. Defines an eligible entity as one that is an entertainment venue, an exercise facility, a food service establishment, a recreational facility, a cosmetology or barber services provider, a nursery dealer or grower, an athletic trainer, or a body art facility that experienced at least a 30.0% reduction in net revenue in 2020 due to the COVID-19 pandemic. Directs that grants equal the amount paid for a state license or inspection fees, excluding the amounts paid by on-premise retail liquor establishments or food service establishments. Entities will be considered qualified if they certify and attest that they paid license and inspection fees in 2020 and were in operation on February 15, 2020. States that any entity that falsifies certification shall forfeit payments. Allows for proration of payments if funding is not sufficient to make full payments. Requires the Department of Treasury to develop and post a website application for operation, awards, and reporting for the program by April 1, 2021. Applications must be submitted by May 1, 2021 and grants must be disbursed by June 1, 2021. 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, 2021.

Sec. 406. Treasury. Allocates \$22.0 million appropriated in part 1 for Property Tax – Delinquent Tax Penalty and Interest Waiver only if the General Property Tax Law is amended to allow for the waiver of unpaid summer 2020 property taxes. Directs that the funds appropriated shall only be used for implementation of such an amendatory bill. Bars entities that were delinquent on property taxes in summer 2018 or summer 2019 from eligibility for payments. Creates a work project for the funding.

Table 2

FY 2020-21 Supplemental Appropriations

Department/Program	Gross	Federal	Restricted	GF/GP
Agriculture and Rural Development				
Reduce MDARD food inspector FTEs (-1.0 FTE)	(\$100,000)	\$0	(\$50,000)	(\$50,000)
Total Agriculture and Rural Development	(\$100,000)	\$0	(\$50,000)	(\$50,000)
Health and Human Services				
Federal mental health block grant	\$8,000,000	\$8,000,000	\$0	\$0
Federal congregate and home delivered meals	1,330,200	1,330,200	0	0
Federal substance use disorder block grant	17,400,000	17,400,000	0	0
Total Health and Human Services	\$26,730,200	\$26,730,200	\$0	\$0
Labor and Economic Opportunity				
Deposit into UIA Trust Fund	\$150,000,000	\$0	\$0	\$150,000,000
20% reduction to MiOSHA (-39.4 FTEs)	(6,085,200)	0	(6,085,200)	0
Total Labor and Economic Opportunity	\$143,914,800	\$0	(\$6,085,200)	\$150,000,000
Licensing and Regulatory Affairs				
20% cut to LCC licensing/enforce. (-18.2 FTEs)	(\$3,315,800)	\$0	(\$3,315,800)	\$0
20% cut to LCC mgt. support (-5.2 FTEs)	(942,100)	0	(942,100)	0
Total Licensing and Regulatory Affairs	(\$4,257,900)	\$0	(\$4,257,900)	\$0
Treasury				
Property tax relief program	\$300,000,000	\$0	\$0	\$300,000,000
Prop. tax – delinq. tax penalty/interest waiver	22,000,000	0	0	22,000,000
Liquor license relief program	16,500,000	0	0	16,500,000
Unemployment insurance tax relief program	55,000,000	0	0	55,000,000
Food service license relief program	22,000,000	0	0	22,000,000
License/Inspection fee refunds	11,500,000	0	0	11,500,000
Total Treasury	\$427,000,000	\$0	\$0	\$427,000,000
Total FY 2020-21 Supplemental Appropriations	\$593,287,100	\$26,730,200	(\$10,393,100)	\$576,950,000

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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.