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BILL



ANALYSIS

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House Bill 5015 (as enacted)
Sponsor: Representative Chuck Moss
House Committee: Appropriations
Senate Committee: Appropriations

PUBLIC ACT 296 of 2012

Date Completed: 8-3-12

CONTENT

The bill provides supplemental appropriations for fiscal year (FY) 2011-12 for eight State departments. These supplemental appropriations include recommendations from the State Budget Office (SBO) of \$97.2 million in State restricted revenue from Michigan's share of the joint State-Federal foreclosure settlement (request 2012-15), as well as legislatively initiated appropriations of \$1.6 million. The bill also includes a \$10.0 million fund shift from the Department of Education to the Department of Community Health to reverse the General Fund/General Purpose (GF/GP) appropriation made in Public Act 236 of 2012 for the Education Achievement Authority and replace it with \$10.0 million of foreclosure settlement funding. Table 1 summarizes the Adjusted Gross and GF/GP appropriations for each budget area.

Table 1

FY 2011-12 Supplemental Recommendations		
Department/Budget Area	Adjusted Gross Appropriation	GF/GP Appropriation
Attorney General	\$6,000,000	\$0
Community Health	0	10,000,000
Education	0	(10,000,000)
Human Services	877,600	175,500
Military and Veterans Affairs	5,000,000	0
State Police.....	600,000	600,000
Transportation.....	50,000	0
Treasury-Operations	7,594,000	94,000
Treasury-Strategic Fund	68,709,500	0
Total	\$88,831,100	\$869,500

FISCAL IMPACT

The State-Federal Foreclosure Settlement designated \$97.2 million for distribution to Michigan for purposes including avoiding preventable foreclosures, alleviating the effects of the foreclosure crisis, law enforcement activities to prevent or prosecute financial fraud or deceptive practices, and compensation to the State for costs resulting from unlawful conduct of the defendants in the suit. Public Act 295 of 2012, approved by the Governor on August 1, 2012, created the Homeowner Protection Fund as a repository for the settlement funds and designated the State Treasurer as the administrator. Appropriations from the Fund are required before any money may be spent; House Bill 5015 makes those appropriations.

The bill increases FY 2011-12 Adjusted Gross State appropriations by \$88.8 million and State GF/GP appropriations by \$0.9 million. Table 2 compares the Governor's pending supplemental recommendations to those included in House Bill 5015.

Boilerplate Language Sections

Sec. 201. Records amount of total State spending and payments to local units of government included in the bill.

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

Sec. 203. Establishes as work projects any unspent or unencumbered appropriations financed by the Homeowner Protection Fund.

Sec. 204. Requires the Departments of Attorney General, Education, Military and Veterans Affairs, and Treasury, and the Michigan State Housing Development Authority (MSHDA) to report to the Legislature by December 31, 2012, and by July 1, 2013, on all expenditures from each program financed by the Homeowner Protection Fund.

Sec. 401. Requires the appropriation for foster care services in the Department of Human Services to be used to reinstate the specialized independent living services administrative rate to the FY 2010-11 level.

Sec. 502. Requires the Department of Military and Veterans Affairs to use the funds appropriated from the Homeowner Protection Fund to assist military service members who have been affected by the foreclosure crisis.

Sec. 551. Requires the Detroit/Wayne County Port Authority to repay the \$50,000 State grant when Wayne County and the City of Detroit make their 2012 payments to the Authority.

Sec. 601. Requires the Department of Treasury to use the appropriation for foreclosure rescue scam victim restitution for victims of foreclosure-related crimes, as approved by the Department of Attorney General.

Sec. 602. Allocates \$3,709,500 appropriated to MSHDA for the Michigan Housing and Community Development Program. The purpose of this program is to develop and coordinate public and private resources to meet the housing needs of low-income households and to finance projects located in a downtown area or an adjacent neighborhood; included among the projects that may be financed are acquisition of land and buildings, rehabilitation, new construction, and community development.

Sec. 603. Earmarks for demolition projects in cities with a population over 500,000, \$10.0 million of the \$25.0 million appropriation to MSHDA for blight elimination; earmarks the remaining \$15.0 million for demolition projects in all counties of the State; and requires MSHDA to work with the Director of the Department of Human Services to determine the project areas and to submit a report on the projects to the Legislature by September 1, 2012, and then quarterly.

Sec. 604. Requires the appropriation to MSHDA for foreclosure counseling to be used for foreclosure counseling and legal aid services approved by the Department of Attorney General.

Sec. 607. Limits MSHDA's administrative costs to 5.0% of the amount appropriated.

Sec. 609. Sets parameters for MSHDA's Assistance to Homebuyers Program, including grant award limits of \$3,000 for nonservice members and \$5,000 for service members; defines homebuyer as a person who has not purchased or financed a principal residence in the past three years; defines service member as an active or veteran member of the United States Armed Forces or National Guard; and expresses legislative intent that disabled veterans be given preference for services.

Sec. 611. Sets parameters for MSHDA's Home Affordable Refinance Program (HARP); directs MSHDA to use grant criteria from the United States Departments of Treasury and Housing and Urban Development; requires grants to support single-family homes that are a principal residence and owner occupied; and requires MSHDA to provide guidance to borrowers and lenders on the grant application process.

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Table 2

House Bill 5015: FY 2011-12 Supplemental Recommendations

	<u>Governor's Rec.</u>		<u>Public Act 296 of 2012</u>	
	<u>Adjusted Gross</u>	<u>GF/GP</u>	<u>Adjusted Gross</u>	<u>GF/GP</u>
Attorney General				
Mortgage settlement: home protection unit.....	\$6,000,000	\$0	\$6,000,000	\$0
Mortgage settlement: foreclosure victim restitution.....	0	0	0	0
Total Attorney General.....	\$6,000,000	\$0	\$6,000,000	\$0
Community Health				
Fund source shift from Medicaid Benefits Trust to GF.....	0	10,000,000	0	10,000,000
Total Community Health	\$0	\$10,000,000	\$0	\$10,000,000
Education				
Mortgage settlement: achievement authority fund shift	0	(10,000,000)	0	(10,000,000)
Mortgage settlement: assistance for displaced students	12,500,000	0	0	0
Total Education	\$12,500,000	(\$10,000,000)	\$0	(\$10,000,000)
Human Services				
Specialized independent living services.....	0	0	877,600	175,500
Total Human Services.....	\$0	\$0	\$877,600	\$175,500
Licensing and Regulatory Affairs				
MIHealth marketplace	9,850,000	0	0	0
Total Licensing and Regulatory Affairs	\$9,850,000	\$0	\$0	\$0
Military and Veterans Affairs				
Mortgage settlement: assistance for service members.....	5,000,000	0	5,000,000	0
Total State Police	\$5,000,000	\$0	\$5,000,000	\$0
State Police				
Secondary road patrol revenue shortfall	0	0	600,000	600,000
Total State Police	\$0	\$0	\$600,000	\$600,000
Transportation				
Detroit Port Authority grant from Comprehensive Transportation Fund	0	0	50,000	0
Total Transportation	\$0	\$0	\$50,000	\$0

House Bill 5015: FY 2011-12 Supplemental Recommendations				
	<u>Governor's Rec.</u>		<u>Public Act 296 of 2012</u>	
	Adjusted Gross	GF/GP	Adjusted Gross	GF/GP
Treasury-Operations				
Mortgage settlement: foreclosure scam victim restitution	10,000,000	0	7,500,000	0
Mortgage settlement: assistance for displaced students	12,500,000	0	0	0
Grant to Escanaba for industrial park technology upgrade	0	0	94,000	94,000
Total Treasury-Operations	\$22,500,000	\$0	\$7,594,000	\$94,000
Treasury-Strategic Fund				
Mortgage settlement: MSHDA home counseling/legal aid.....	20,000,000	0	15,000,000	0
Mortgage settlement: MSU Extension home counseling	0	0	5,000,000	0
Mortgage settlement: MSHDA blight elimination	11,509,500	0	25,000,000	0
Mortgage settlement: MSHDA housing/com. dev. fund	9,700,000	0	3,709,500	0
Mortgage settlement: MSHDA home refinance (HARP)	0	0	5,000,000	0
Mortgage settlement: MSHDA homebuyer assistance	0	0	15,000,000	0
Mortgage settlement: MSHDA renovation assistance	0	0	0	0
Total Treasury-Strategic Fund	\$41,209,500	\$0	\$68,709,500	\$0
Total Supplemental Appropriations	\$97,059,500	\$0	\$88,831,100	\$869,500

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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.