

FIRST CONFERENCE REPORT

The Committee of Conference on the matters of difference between the two Houses concerning

Senate Bill No. 85, entitled

A bill to make appropriations for the department of labor and economic opportunity for the fiscal year ending September 30, 2022; and to provide for the expenditure of the appropriations.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

(attached)

Third: That the Senate and House agree to the title of the bill to read as follows:

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2022; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

Jim Stamas

Ben Frederick

Ken Horn

Greg VanWoerkom

Curtis Hertel, Jr.

Terry J. Sabo

Conferees for the Senate

Conferees for the House





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S00985'21 (S-4) CR-1 cs

s_04814_12142021

**SUBSTITUTE FOR
SENATE BILL NO. 85**

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2022; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2022, from the following funds:

APPROPRIATION SUMMARY

GROSS APPROPRIATION

\$ 1,484,000,200



| | | |
|----|---|-------------------------|
| 1 | Interdepartmental grant revenues: | |
| 2 | Total interdepartmental grants and | |
| 3 | intradepartmental transfers | 0 |
| 4 | ADJUSTED GROSS APPROPRIATION | \$ 1,484,000,200 |
| 5 | Federal revenues: | |
| 6 | Total federal revenues | 409,000,000 |
| 7 | Special revenue funds: | |
| 8 | Total local revenues | 0 |
| 9 | Total private revenues | 0 |
| 10 | Total other state restricted revenues | 200 |
| 11 | State general fund/general purpose | \$ 1,075,000,000 |
| 12 | Sec. 102. DEPARTMENT OF LABOR AND ECONOMIC | |
| 13 | OPPORTUNITY | |
| 14 | (1) APPROPRIATION SUMMARY | |
| 15 | GROSS APPROPRIATION | \$ 1,000,000,200 |
| 16 | Interdepartmental grant revenues: | |
| 17 | Total interdepartmental grants and | |
| 18 | intradepartmental transfers | 0 |
| 19 | ADJUSTED GROSS APPROPRIATION | \$ 1,000,000,200 |
| 20 | Federal revenues: | |
| 21 | Total federal revenues | 0 |
| 22 | Special revenue funds: | |
| 23 | Total local revenues | 0 |
| 24 | Total private revenues | 0 |
| 25 | Total other state restricted revenues | 200 |
| 26 | State general fund/general purpose | \$ 1,000,000,000 |
| 27 | (2) ONE-TIME APPROPRIATIONS | |
| 28 | Critical industry program | \$ 100 |



| | | |
|----|---|-------------------------|
| 1 | Michigan strategic site readiness program | 100 |
| 2 | Strategic outreach and attraction reserve fund | 1,000,000,000 |
| 3 | GROSS APPROPRIATION | \$ 1,000,000,200 |
| 4 | Appropriated from: | |
| 5 | Special revenue funds: | |
| 6 | Strategic outreach and attraction reserve fund | 200 |
| 7 | State general fund/general purpose | \$ 1,000,000,000 |
| 8 | Sec. 103. DEPARTMENT OF TREASURY | |
| 9 | (1) APPROPRIATION SUMMARY | |
| 10 | GROSS APPROPRIATION | \$ 484,000,000 |
| 11 | Interdepartmental grant revenues: | |
| 12 | Total interdepartmental grants and | |
| 13 | intradepartmental transfers | 0 |
| 14 | ADJUSTED GROSS APPROPRIATION | \$ 484,000,000 |
| 15 | Federal revenues: | |
| 16 | Total federal revenues | 409,000,000 |
| 17 | Special revenue funds: | |
| 18 | Total local revenues | 0 |
| 19 | Total private revenues | 0 |
| 20 | Total other state restricted revenues | 0 |
| 21 | State general fund/general purpose | \$ 75,000,000 |
| 22 | (2) ONE-TIME APPROPRIATIONS | |
| 23 | ARP - afflicted business relief | \$ 409,000,000 |
| 24 | Local community stabilization authority reserve | |
| 25 | account | 75,000,000 |
| 26 | GROSS APPROPRIATION | \$ 484,000,000 |
| 27 | Appropriated from: | |
| 28 | Federal revenues: | |



| | | |
|---|---|----------------------|
| 1 | Coronavirus state fiscal recovery fund | 409,000,000 |
| 2 | State general fund/general purpose | \$ 75,000,000 |

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

7 Sec. 201. Pursuant to section 30 of article IX of the state
8 constitution of 1963, total state spending from state sources under
9 part 1 for fiscal year ending September 30, 2022 is
10 \$1,075,000,200.00 and total state spending from state sources to be
11 paid to local units of government is \$75,000,000.00. The itemized
12 statement below identifies appropriations from which spending to
13 local units of government will occur:

DEPARTMENT OF TREASURY

| | | |
|----|---|----------------------|
| 15 | Local community stabilization authority reserve account | \$ 75,000,000 |
| 16 | TOTAL | \$ 75,000,000 |

17 Sec. 202. The appropriations made and expenditures authorized
18 under this part and part 1 and the departments, commissions,
19 boards, offices, and programs for which appropriations are made
20 under this part and part 1, are subject to the management and
21 budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

22 Sec. 203. If the state administrative board, acting under
23 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount
24 appropriated under this act, the legislature may, by a concurrent
25 resolution adopted by a majority of the members elected to and
26 serving in each house, inter-transfer funds within this act for the
27 particular department, board, commission, office, or institution.

28 Sec. 204. Funds appropriated in part 1 are subject to
29 applicable federal audit and reporting requirements. Prompt action



1 shall be taken if instances of noncompliance are identified,
 2 including noncompliance identified in an audit finding. If any
 3 instance of noncompliance is identified, including noncompliance
 4 identified in an audit finding, the state budget director shall
 5 take necessary and immediate action to rectify it. The state budget
 6 director shall notify the senate and house appropriations
 7 committees and the senate and house fiscal agencies when an
 8 instance of noncompliance is identified.

9 Sec. 205. Funds appropriated in part 1 from the federal
 10 American rescue plan act of 2021, Public Law 117-2, must be
 11 allocated and expended in a manner consistent with federal rules
 12 and regulations.

13 Sec. 206. The state budget director shall report on the status
 14 of funds appropriated in part 1, and all funds appropriated related
 15 to the coronavirus relief effort, to the senate and house
 16 appropriations committees and the senate and house fiscal agencies
 17 on a monthly basis until all funds are exhausted.

18

19 **DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY**

20 Sec. 301. In addition to the funds appropriated in part 1,
 21 there is appropriated an amount not to exceed \$1,000,000,000.00 for
 22 state restricted contingency authorization. These funds are not
 23 available for expenditure until they have been transferred to
 24 another line item in part 1 under section 393(2) of the management
 25 and budget act, 1984 PA 431, MCL 18.1393.

26 Sec. 302. (1) The funds appropriated in part 1 for the
 27 critical industry program must be used for program activities
 28 pursuant to section 88s of the Michigan strategic fund act, 1984 PA
 29 270, MCL 125.2088s.



1 (2) The funds appropriated in part 1 for the critical industry
 2 program must not be spent or otherwise distributed unless Senate
 3 Bill No. 771 of the 101st Legislature is enacted into law.

4 Sec. 303. (1) The funds appropriated in part 1 for the
 5 Michigan strategic site readiness program must be used for program
 6 activities pursuant to section 88t of the Michigan strategic fund
 7 act, 1984 PA 270, MCL 125.2088t.

8 (2) The funds appropriated in part 1 for the Michigan
 9 strategic site readiness program must not be spent or otherwise
 10 distributed unless House Bill No. 5603 of the 101st Legislature is
 11 enacted into law.

12 Sec. 304. (1) The funds appropriated in part 1 for the
 13 strategic outreach and attraction reserve fund must be deposited
 14 into the strategic outreach and attraction reserve fund established
 15 in section 4 of the Michigan trust fund act, 2000 PA 489, MCL
 16 12.254.

17 (2) The funds appropriated in part 1 for the strategic
 18 outreach and attraction reserve fund must not be spent or otherwise
 19 distributed unless Senate Bill No. 769 of the 101st Legislature is
 20 enacted into law.

21 Sec. 305. The legislature finds and declares that
 22 appropriations described in part 1 for the critical industry
 23 program and the Michigan strategic site readiness program are for a
 24 public purpose and serve the health, safety, and general welfare of
 25 the residents of this state.

26

27 **DEPARTMENT OF TREASURY**

28 Sec. 401. (1) From the funds appropriated in part 1 for ARP -
 29 afflicted business relief, \$409,000,000.00 shall be used by the



1 department of treasury to create and operate an afflicted business
2 relief program to provide grants to afflicted businesses in this
3 state that have realized a financial hardship as a result of the
4 COVID-19 emergency. The department of treasury shall provide grants
5 to afflicted businesses as defined in this section to be utilized
6 for purposes described in subsection (2) (d). The Michigan
7 department of treasury shall oversee the grant application, review,
8 and approval process.

9 (2) Grants made available to afflicted businesses under the
10 program must meet all of the following conditions:

11 (a) Subject to subdivisions (b) and (c), must not exceed the
12 lesser of an amount equal to the financial hardship of the
13 afflicted business or \$5,000,000.00.

14 (b) An afflicted business that was in operation on October 1,
15 2019 must be subject to the following grant limitations:

16 (i) Afflicted businesses that submit a completed grant
17 application and certify a decline in total sales in Michigan of 20%
18 or more for calendar year 2020 when compared to calendar year 2019
19 are eligible to receive a grant equal to 100% of the amount
20 calculated in subdivision (a) subject to subsection (5).

21 (ii) Afflicted businesses that submit a completed grant
22 application and certify a decline in total sales in Michigan
23 greater than or equal to 15%, but less than 20%, for calendar year
24 2020 when compared to calendar year 2019 are eligible to receive a
25 grant equal to 75% of the amount calculated in subdivision (a)
26 subject to subsection (5).

27 (iii) Afflicted businesses that submit a completed grant
28 application and certify a decline in total sales in Michigan
29 greater than or equal to 10%, but less than 15%, for calendar year



1 2020 when compared to calendar year 2019 are eligible to receive a
2 grant equal to 50% of the amount calculated in subdivision (a)
3 subject to subsection (5).

4 (iv) Afflicted businesses that submit a completed grant
5 application and certify a decline in total sales in Michigan
6 greater than or equal to 5%, but less than 10%, for calendar year
7 2020 when compared to calendar year 2019 are eligible to receive a
8 grant equal to 25% of the amount calculated in subdivision (a)
9 subject to subsection (5).

10 (c) An afflicted business that was not in operation on October
11 1, 2019, but started operations before June 1, 2020, is eligible to
12 receive a grant equal to 25% of the amount calculated in
13 subdivision (a) subject to subsection (5) if the afflicted business
14 submits a completed grant application and certifies that it was
15 closed or partially closed due to an executive order or epidemic
16 order issued by the Michigan department of health and human
17 services.

18 (d) Grant awards must be used in compliance with federal
19 guidelines.

20 (3) An afflicted business is considered to have qualified for
21 a grant under this section if, and only if, the afflicted business
22 has submitted a completed grant application and certified and
23 attested, under penalty of perjury, to 1 of the following:

24 (a) The business was in operation on October 1, 2019, and was
25 either an eligible self-employed individual, independent
26 contractor, or sole proprietorship with no employees, or the
27 business had employees for which it paid salaries or wages and
28 payroll taxes or paid independent contractors, and the afflicted
29 business was adversely impacted by the COVID-19 pandemic as



1 indicated by a decline in total sales in Michigan of at least 5%
2 for calendar year 2020 when compared to calendar year 2019.

3 (b) The business was not in operation on October 1, 2019, but
4 started operations before June 1, 2020, and was either an eligible
5 self-employed individual, independent contractor, or sole
6 proprietorship with no employees, or had employees for which it
7 paid salaries or wages and payroll taxes or paid independent
8 contractors, and the afflicted business was adversely impacted by
9 the COVID-19 pandemic through a closure or partial closure due to
10 an executive order or epidemic order issued by the Michigan
11 department of health and human services.

12 (c) The business submits any supporting documentation required
13 by the department of treasury to verify financial hardship.

14 (4) Any afflicted business that falsifies certification shall
15 forfeit any payments under this section and shall repay this state
16 all payments it has received under this section.

17 (5) If the amount appropriated under this section is not
18 sufficient to fully pay grant awards under this section, payments
19 shall be prorated on an equal basis among all afflicted businesses
20 that qualified for a grant under this section. The department of
21 treasury may make the proration calculation after April 1, 2022.

22 (6) The department of treasury must develop and post on the
23 department website the application afflicted businesses must use to
24 apply for a grant, including the certification language under
25 subsection (3), and program operation, award, and reporting
26 criteria for the program no later than March 1, 2022. Afflicted
27 businesses shall have until April 1, 2022 to submit program grant
28 applications. The department of treasury shall disburse grant
29 awards no later than July 1, 2022.



1 (7) Not more than 1% of the funds appropriated in this
2 section, or an amount equal to actual costs incurred, whichever is
3 less, may be used by the department for administrative costs
4 related to this section.

5 (8) The department of treasury shall submit a report to the
6 senate and house appropriations committees, the senate and house
7 fiscal agencies, and the state budget office that provides a
8 listing of the grant amounts awarded, the prorated percentage, and
9 the name of the recipient of each grant provided under this
10 section. The department of treasury shall submit a summary of all
11 grants awarded under this section, by industry, by September 30,
12 2022.

13 (9) As used in this section:

14 (a) "Afflicted business" means a business that is not tax
15 exempt under the internal revenue code of 1986, 26 USC 1 to 9834,
16 that is not a government entity, and that is any of the following:

17 (i) An entertainment venue.

18 (ii) An exercise facility.

19 (iii) A food service establishment.

20 (iv) A recreation facility or place of public amusement.

21 (v) A cosmetologist operating as a business, barber operating
22 as a business, cosmetology shop, or barber shop.

23 (vi) A nursery dealer or nursery grower.

24 (vii) An athletic trainer operating as a business.

25 (viii) A body art facility.

26 (ix) A hotel or bed and breakfast.

27 (b) "Bed and breakfast" means that term as defined in section
28 4b of the Stille-DeRossett-Hale single state construction code act,
29 1972 PA 230, MCL 125.1504b.



1 (c) "Entertainment venue" includes an auditorium, arena,
2 banquet hall, cinema, concert hall, conference center, performance
3 venue, sporting venue, stadium, or theater.

4 (d) "Exercise facility" means a facility in which individuals
5 participate in individual or group physical activity, including a
6 gymnasium, fitness center, or exercise studio.

7 (e) "Financial hardship" means an amount equal to an afflicted
8 business's decline in total sales in Michigan capped at an amount
9 equal to the sum of the following:

10 (i) For an afflicted business that pays property taxes
11 directly, an amount equal to the Michigan property taxes paid by
12 the afflicted business for calendar year 2020. Property taxes paid
13 for property classified as residential may not be included in the
14 calculation.

15 (ii) For an afflicted business that is a lessee, an amount
16 equal to 17% of the annual lease cost for business facilities paid
17 by the afflicted business in Michigan for calendar year 2020.

18 (iii) An amount equal to 50% of the amount of Michigan
19 unemployment insurance taxes paid by the afflicted business for
20 calendar year 2020.

21 (iv) The amount of fees paid by the afflicted business for an
22 on-premise retail liquor license under the Michigan liquor control
23 code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303, during calendar
24 year 2020.

25 (v) The amount of fees paid by the afflicted business for a
26 license or required inspection under the food law, 2000 PA 92, MCL
27 289.1101 to 289.8111, during calendar year 2020.

28 (vi) The amount of fees paid by the afflicted business for a
29 state license or inspection fee during calendar year 2020. This



1 does not include on-premise retail liquor licenses under the
2 Michigan liquor code of 1998, 1998 PA 58, MCL 436.1101 to 436.2303,
3 or a food service establishment license under the food law, 2000 PA
4 92, MCL 289.1101 to 289.8111.

5 (f) "Food service establishment" means that term as defined in
6 section 1107 of the food law, 2000 PA 92, MCL 289.1107.

7 (g) "Hotel" means a building or structure kept, used,
8 maintained as, or held out to the public to be an inn, hotel, or
9 public lodging house. Hotel does not include a bed and breakfast.

10 (h) "Recreation facility or place of public amusement"
11 includes an amusement park, arcade, bingo hall, bowling alley,
12 casino, nightclub, skating rink, water park, or trampoline park.

13 (i) "Total sales in Michigan" means total sales by the
14 afflicted business in this state plus apportioned Paycheck
15 Protection Program receipts plus apportioned Restaurant
16 Revitalization receipts.

17 (j) "Apportioned Paycheck Protection receipts" means forgiven
18 loans received under the Paycheck Protection Program established
19 under the coronavirus aid, relief, and economic security act,
20 Public Law 116-136, the paycheck protection program and healthcare
21 enhancement act, Public Law 116-139, the paycheck protection
22 program flexibility act of 2020, Public Law 116-142, the
23 consolidated appropriations act, 2021, Public Law 116-260, and the
24 PPP extension act of 2021, Public Law 117-6, multiplied by a
25 fraction the numerator of which is total sales of the afflicted
26 business in Michigan in the calendar year and the denominator is
27 total sales of the afflicted business everywhere during the
28 calendar year.

29 (k) "Apportioned Restaurant Revitalization receipts" means



1 funds received under the Restaurant Revitalization Fund program
2 enacted as part of the American rescue plan act of 2021, Public Law
3 117-2, multiplied by a fraction the numerator of which is total
4 sales of the afflicted business in Michigan in the calendar year
5 and the denominator is total sales of the afflicted business
6 everywhere during the calendar year.

7 Sec. 402. (1) The funds appropriated in part 1 for local community
8 stabilization authority reserve account may only be expended to offset
9 reductions in revenue as a result of changes to industrial personal
10 property and commercial personal property exemptions under section 90 of
11 the general property tax act, 1893 PA 206, MCL 211.90, that are enacted on
12 or after December 14, 2021.

13 (2) Funds appropriated under part 1 for the local community
14 stabilization authority reserve account are designated as a work project
15 appropriation. Any unencumbered or unallotted funds shall not lapse at the
16 end of the fiscal year and shall be available for expenditure for the
17 project under this section until the project has been completed. The
18 following is in compliance with section 451a of the management and budget
19 act, 1984 PA 431, MCL 18.1451a:

20 (a) The purpose of the project is to offset reductions in revenue
21 due to changes in industrial and commercial personal property exemptions
22 under section 90 of the general property tax act, 1893 PA 206, MCL 211.90,
23 enacted on or after December 14, 2021.

24 (b) It is anticipated that the project will be accomplished by
25 making payment to the local community stabilization authority and the
26 authority making payments to local entities to offset reductions in
27 revenue as described in this section.

28 (c) The estimated cost of the project is \$75,000,000.00.

29 (d) The tentative completion date for the project is September



1 30, 2023.



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