

HOUSE BILL NO. 6552

December 07, 2022, Introduced by Rep. Sowerby and referred to the Committee on Appropriations.

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2023; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

PART 1

2

LINE-ITEM APPROPRIATIONS

3

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year

4

1 ending September 30, 2023, from the following funds:

2	APPROPRIATION SUMMARY	
3	GROSS APPROPRIATION	\$ 550,000,000
4	Interdepartmental grant revenues:	
5	Total interdepartmental grants and	
6	intradepartmental transfers	0
7	ADJUSTED GROSS APPROPRIATION	\$ 550,000,000
8	Federal revenues:	
9	Total federal revenues	500,000,000
10	Special revenue funds:	
11	Total local revenues	0
12	Total private revenues	0
13	Total other state restricted revenues	0
14	State general fund/general purpose	\$ 50,000,000
15	Sec. 102. DEPARTMENT OF LABOR AND ECONOMIC	
16	OPPORTUNITY	
17	(1) APPROPRIATION SUMMARY	
18	GROSS APPROPRIATION	\$ 550,000,000
19	Interdepartmental grant revenues:	
20	Total interdepartmental grants and	
21	intradepartmental transfers	0
22	ADJUSTED GROSS APPROPRIATION	\$ 550,000,000
23	Federal revenues:	
24	Total federal revenues	500,000,000
25	Special revenue funds:	
26	Total local revenues	0
27	Total private revenues	0
28	Total other state restricted revenues	0

1	State general fund/general purpose	\$	50,000,000
2	(2) ONE-TIME APPROPRIATIONS		
3	ARP - housing and community development fund	\$	300,000,000
4	ARP - preservation of affordable housing		200,000,000
5	Missing middle gap program		50,000,000
6	GROSS APPROPRIATION	\$	550,000,000
7	Appropriated from:		
8	Federal revenues:		
9	Coronavirus state fiscal recovery fund		500,000,000
10	State general fund/general purpose	\$	50,000,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

15 Sec. 201. Pursuant to section 30 of article IX of the state
16 constitution of 1963, total state spending from state sources under
17 part 1 for the fiscal year ending September 30, 2023 is
18 \$50,000,000.00 and total state spending from state sources to be
19 paid to local units of government is \$0.00.

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

25 Sec. 203. Federal funds appropriated in part 1 must be
26 allocated and expended in a manner consistent with federal rules
27 and regulations.

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

1 must 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. The state budget director must report on the status
 10 of funds appropriated in part 1, and all funds appropriated related
 11 to the coronavirus relief effort, to the senate and house
 12 appropriations committees and the senate and house fiscal agencies
 13 on a monthly basis until all funds are exhausted.

14

15 **DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY**

16 Sec. 301. (1) Funds appropriated in part 1 for ARP - housing
 17 and community development fund must be used to complement existing
 18 federal programs to increase the share of affordable housing in
 19 this state. It is the intent of the legislature that the funding
 20 support building new single-family and multifamily homes for low-
 21 income residents. In allocating funding, the department shall do
 22 all of the following:

23 (a) Give priority to housing development that is infill and in
 24 medium- and high-density areas.

25 (b) Give priority to areas where local governments have
 26 reformed zoning to encourage denser, multiuse neighborhoods.

27 (c) Provide additional funding or incentives to projects that
 28 are 1 or more of the following:

29 (i) Highly energy efficient.

1 (ii) Net-zero.

2 (iii) All electric.

3 (2) Unexpended funds appropriated in part 1 for ARP - housing
4 and community development fund are designated as a work project
5 appropriation. Any unencumbered or unallotted funds shall not lapse
6 at the end of the fiscal year and shall be available for
7 expenditures for the project under this section until the project
8 has been completed. The following is in compliance with section
9 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

10 (a) The purpose of the project is to increase the share of
11 affordable housing in this state.

12 (b) The project will be accomplished by utilizing state
13 employees or contracts with service providers, or both.

14 (c) The total estimated cost of the project is
15 \$300,000,000.00.

16 (d) The tentative completion date is September 30, 2027.

17 Sec. 302. (1) Funds appropriated in part 1 for ARP -
18 preservation of affordable housing must be allocated as follows:

19 (a) \$150,000,000.00 to ensure affordable housing that is
20 reaching the end of its low-income home tax credit affordability
21 requirements timeline remains affordable.

22 (b) \$50,000,000.00 to incentivize low-income home tax credit
23 developers to pursue green building certifications.

24 (2) Unexpended funds appropriated in part 1 for ARP -
25 preservation of affordable housing are designated as a work project
26 appropriation. Any unencumbered or unallotted funds shall not lapse
27 at the end of the fiscal year and shall be available for
28 expenditures for the project under this section until the project
29 has been completed. The following is in compliance with section

1 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

2 (a) The purpose of the project is to ensure affordable housing
3 that is reaching the end of its low-income home tax credit
4 affordability requirements timeline remains affordable and to
5 incentivize low-income home tax credit developers to pursue green
6 building certifications.

7 (b) The project will be accomplished by utilizing state
8 employees or contracts with service providers, or both.

9 (c) The total estimated cost of the project is
10 \$200,000,000.00.

11 (d) The tentative completion date is September 30, 2027.

12 Sec. 303. (1) Funds appropriated in part 1 for missing middle
13 gap program must be used to continue the implementation of the
14 missing middle housing gap program as specified in section 353 of
15 2022 PA 53. In addition to the specifications in section 353 of
16 2022 PA 53, in allocating funding, the department shall do all of
17 the following:

18 (a) Give priority to housing development that is infill and in
19 medium- and high-density areas.

20 (b) Give priority to areas where local governments have
21 reformed zoning to encourage denser, multiuse neighborhoods.

22 (c) Provide additional funding or incentives to projects that
23 are 1 or more of the following:

24 (i) Highly energy efficient.

25 (ii) Net-zero.

26 (iii) All electric.

27 (2) Unexpended funds appropriated in part 1 for missing middle
28 gap program are designated as a work project appropriation. Any
29 unencumbered or unallotted funds shall not lapse at the end of the

1 fiscal year and shall be available for expenditures for projects
2 under this section until the projects have been completed. The
3 following is in compliance with section 451a of the management and
4 budget act, 1984 PA 431, MCL 18.1451a:

5 (a) The purpose of the project is to continue the
6 implementation of the missing middle housing gap program as
7 specified in section 353 of 2022 PA 53.

8 (b) The project will be accomplished by utilizing state
9 employees or contracts with service providers, or both.

10 (c) The total estimated cost of the project is \$50,000,000.00.

11 (d) The tentative completion date is September 30, 2027.

12 Sec. 304. (1) From the funds appropriated in part 1, the
13 department shall create and operate a responsible contractor
14 program to ensure that contractors that work on a project funded
15 under sections 301 to 303 meet responsible standards. As part of
16 the responsible contractor program, the department shall establish
17 a detailed application, approval, and compliance process that is
18 also published and available on the department's website. The
19 application must include, but is not limited to, all of the
20 following:

21 (a) Disclosure of any violations of federal, state, or local
22 law by the applicant and, if different than the applicant, the
23 proposed principal contractor for the project, during the 5-year
24 period immediately preceding the date of application, including,
25 but not limited to, violations of any of the following:

26 (i) The Michigan occupational safety and health act, 1974 PA
27 154, MCL 408.1001 to 408.1094.

28 (ii) The occupational safety and health act of 1970, Public Law
29 91-596.

- 1 (iii) 40 USC chapter 31, subchapter IV.
- 2 (iv) The worker's disability compensation act of 1969, 1969 PA
3 317, MCL 418.101 to 418.941.
- 4 (v) The Michigan employment security act, 1936 (Ex Sess) PA 1,
5 MCL 421.1 to 421.75.
- 6 (vi) The federal unemployment tax act, 26 USC chapter 23.
- 7 (vii) The improved workforce opportunity wage act, 2018 PA 337,
8 MCL 408.931 to 408.945.
- 9 (viii) The fair labor standards act of 1938, 29 USC chapter 8.
- 10 (ix) Any other occupational safety, prevailing wage, wage and
11 hour, worker's compensation, or unemployment compensation laws.
- 12 (b) A statement affirming that all contractors,
13 subcontractors, employees, and other individuals working on the
14 construction project will maintain all applicable occupational and
15 professional licenses and registrations required by law.
- 16 (c) Verification that the applicant and, if different than the
17 applicant, the proposed principal contractor for the project are in
18 compliance with all applicable state and federal laws and visa
19 requirements regarding the hiring of individuals who are not
20 citizens of the United States, and disclosure of any work visas
21 sought or obtained by the applicant, the principal contractor if
22 different from the applicant, any subcontractor, or an employee or
23 independent contractor of the applicant, the principal contractor,
24 or any subcontractor, in order to perform any portion of the
25 project.
- 26 (d) Disclosure of all litigation and arbitrations currently
27 pending or conducted within the past 5 years involving the
28 applicant and, if different than the applicant, the proposed
29 principal contractor for the project, including for each proceeding

1 a description of the parties, court or other forum, legal claims
2 raised, damages sought, and resolution.

3 (e) Proof of insurance, including certificates of insurance,
4 confirming existence and amount of coverage for liability, property
5 damage, worker's compensation, and any other insurances required
6 for the project.

7 (f) A statement affirming that the applicant and, if different
8 than the applicant, the proposed principal contractor for the
9 project will pay all craft employees working on the project the
10 current wage rates and fringe benefits required under applicable
11 federal, state, and local wage laws.

12 (g) A statement regarding the staffing capabilities and labor
13 sources, including subcontractors, of the applicant and, if
14 different than the applicant, the proposed principal contractor for
15 the project.

16 (h) Verification that construction workers will not be
17 misclassified as independent contractors in violation of state or
18 federal law.

19 (i) A description of the project for which the funds will be
20 expended, including tentative timelines and the estimated budget,
21 and a statement identifying possible change orders that may be
22 necessary and their approximate total costs.

23 (j) Evidence of equal employment opportunity programs for
24 minorities, women, veterans, returning citizens, and small
25 businesses maintained by the applicant and, if different than the
26 applicant, the proposed principal contractor for the project.

27 (2) The department shall execute a responsible contractor
28 agreement with each recipient of funding. The responsible
29 contractor agreement must include, but is not limited to, all of

1 the following:

2 (a) All necessary identifying information for the recipient,
3 including any necessary tax identification information.

4 (b) A description of the project for which the funds will be
5 expended, including tentative timelines and the estimated budget,
6 and a statement identifying possible change orders that may be
7 necessary and their approximate total costs.

8 (c) A requirement that the recipient update the information
9 provided under subsection (1) if new information becomes available.

10 (d) A requirement that the recipient comply with all
11 affirmations, verifications, and other representations made under
12 subsection (1).

13 (e) If the proposed principal contractor for the project is
14 different than the recipient, a requirement that the recipient
15 ensure that the principal contractor will do all of the following:

16 (i) Update the information provided under subsection (1) if new
17 information becomes available.

18 (ii) Comply with all affirmations, verifications, and other
19 representations made under subsection (1).

20 (iii) Provide the recipient with all information necessary for
21 the recipient to comply with the recipient's duties under the
22 responsible contractor agreement and this act.

23 (iv) Allow audit and site visits of the project by the
24 department under subsection (3).

25 (f) A requirement for quarterly reports from the recipient to
26 the department that provide the status of the project and an
27 accounting of all funds expended by the recipient.

28 (g) A requirement that the recipient comply with subsection
29 (3).

1 (h) A clawback provision if the recipient fails to comply with
2 the agreement or otherwise misuses the funds.

3 (3) The recipient of funding shall respond to all reasonable
4 information requests from the department related to expenditures of
5 the funding and the status of the project and retain records
6 regarding these items for a period of not less than 3 years. The
7 project may be subject to audit and site visits as determined by
8 the department.