



Budget Briefing: Licensing and Regulatory Affairs

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Department of Licensing and Regulatory Affairs

The Department of Licensing and Regulatory Affairs (LARA) contains agencies and programs that regulate the following sectors:

- Alcoholic beverage distribution and sales
- Commercial and occupational activities
- Construction and fire safety
- Health care and human services
- Medical and adult-use marijuana and hemp
- Public utilities

Entities within LARA also conduct administrative hearings and rulemaking for state departments, support the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer several grant programs.

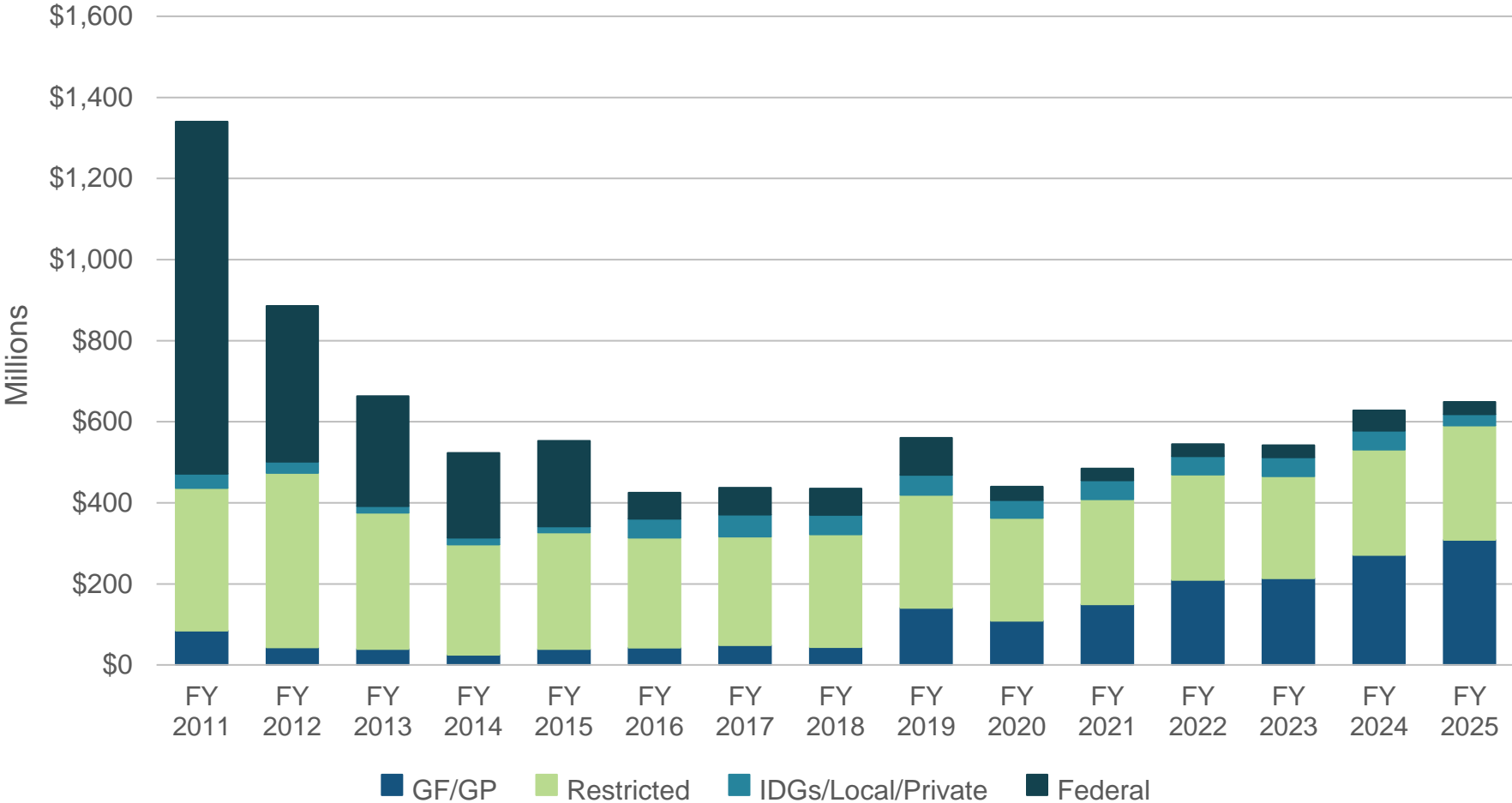
Briefing Topics

- Funding Overview
- Appropriation Areas
- Major Budget Topics

Funding Overview

LARA Funding History

Elevated federal funding in FY 2010-11 was primarily from temporary federal ARRA grants, with subsequent funding fluctuations resulting largely from reorganizations (transferring of state agencies into and out of LARA). Funding increased in FY 2023-24, primarily due to increased MIDC grant amounts.



Historical Enacted Appropriations and FTE Authorizations

From FY 2020-21 to FY 2024-25, gross appropriations increased by about **34%** and FTE authorizations declined by about **2%**.

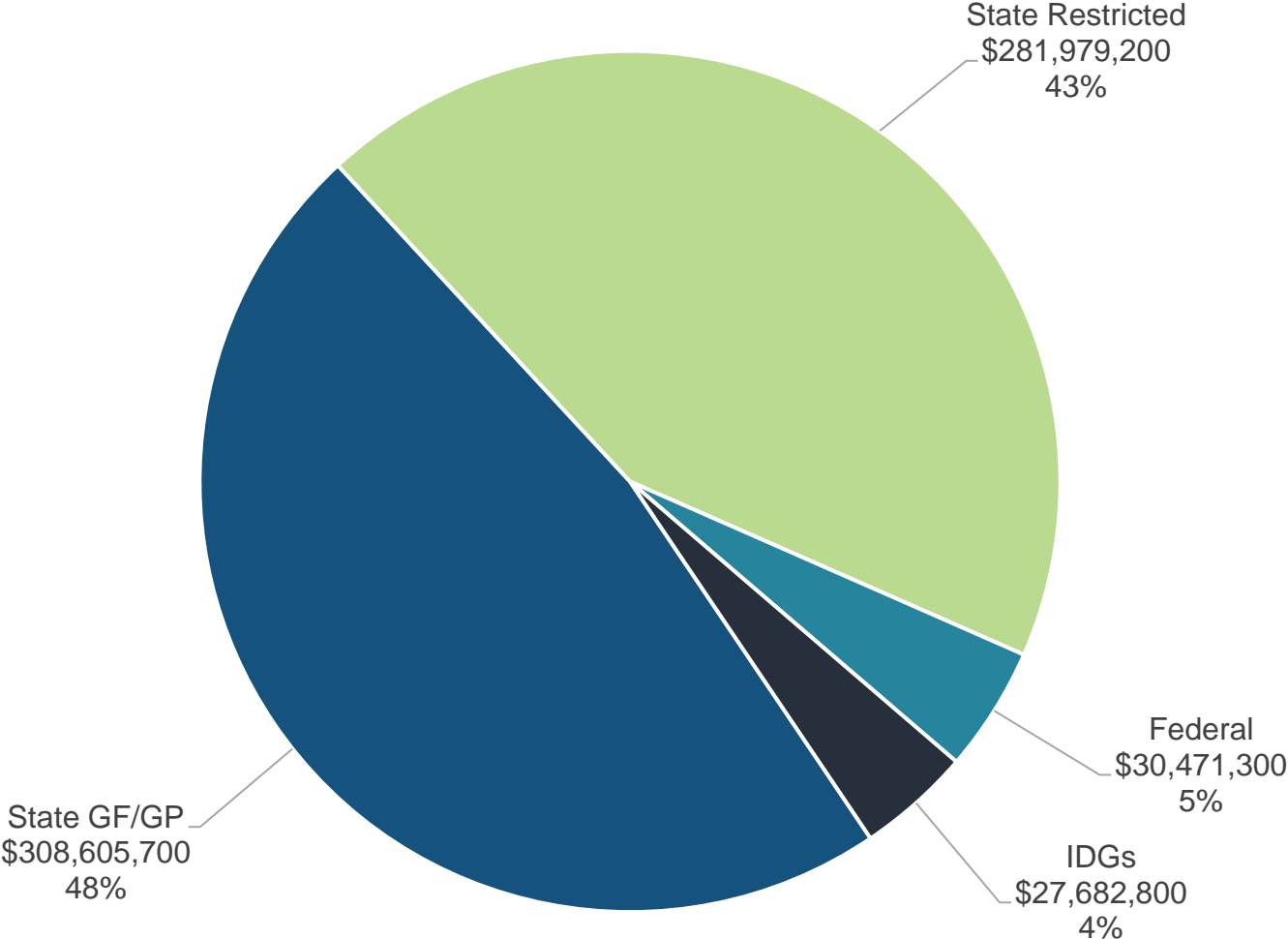
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
FTE	1,857.9	1,857.9	1,879.9	1,893.9	1,821.0
Gross	\$484,389,600	\$517,236,400	\$539,834,400	\$627,940,900	\$648,739,000
IDG	\$46,664,600	\$45,079,800	\$47,026,900	\$46,897,200	\$27,682,800
Federal	\$28,823,700	\$29,030,900	\$29,659,200	\$50,004,200	\$30,471,300
Local	\$0	\$0	\$0	\$0	\$0
Private	\$0	\$0	\$0	\$0	\$0
Restricted	\$259,295,700	\$258,929,800	\$249,325,900	\$259,708,400	\$281,979,200
GF/GP	\$149,605,600	\$184,195,900	\$213,822,400	\$271,331,100	\$308,605,700

FY 2024-25 LARA Budget

Fund Source	Funding	Description
Gross Appropriations	\$648,739,000	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	27,682,800	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$621,056,200	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	30,471,300	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	0	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	281,979,200	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	\$308,605,700	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the legislature

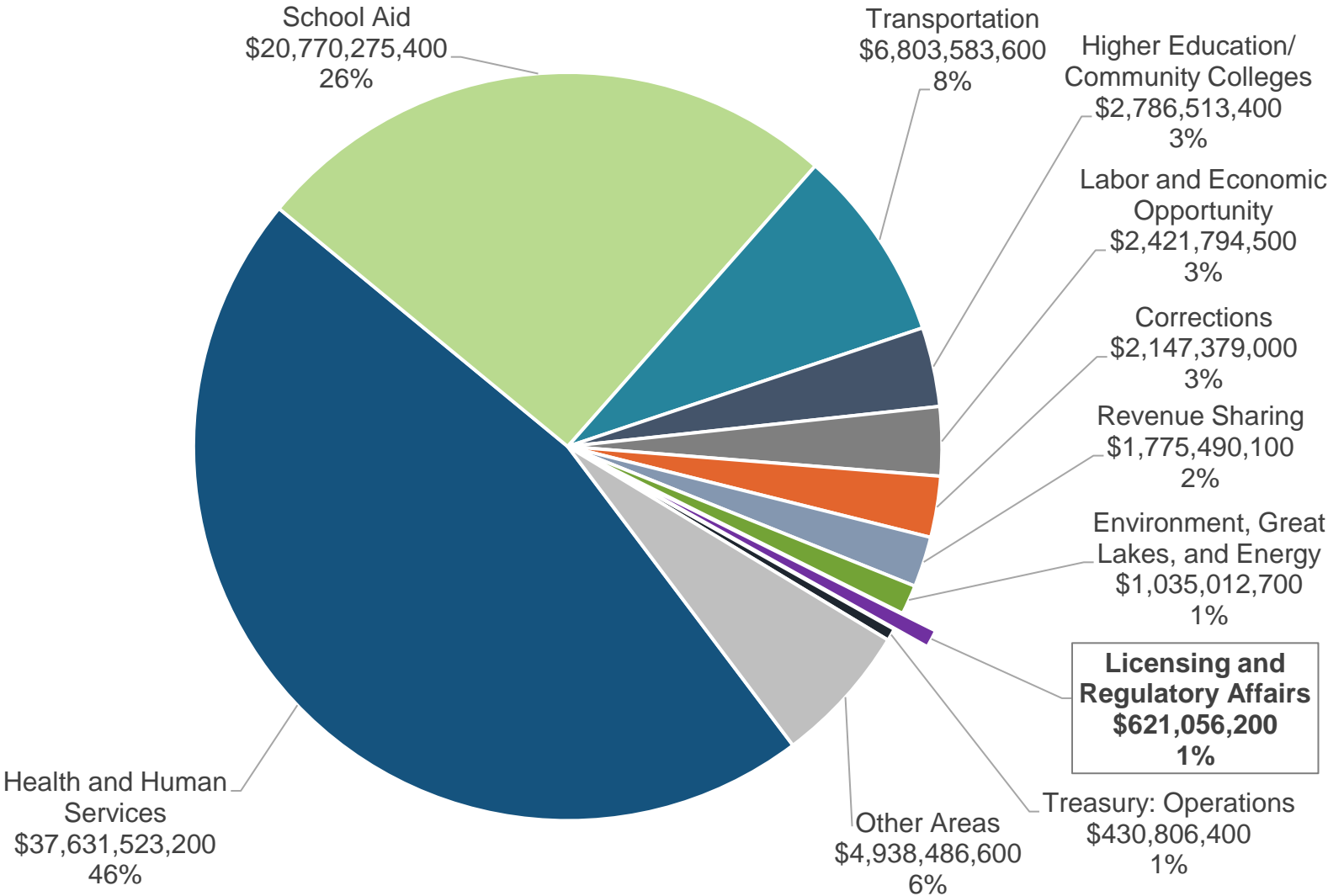
FY 2024-25 Fund Sources

Approximately 43% of the \$648.7 million LARA budget is funded by state restricted revenue generated from fees and fines levied on individuals, entities, and activities regulated by LARA.



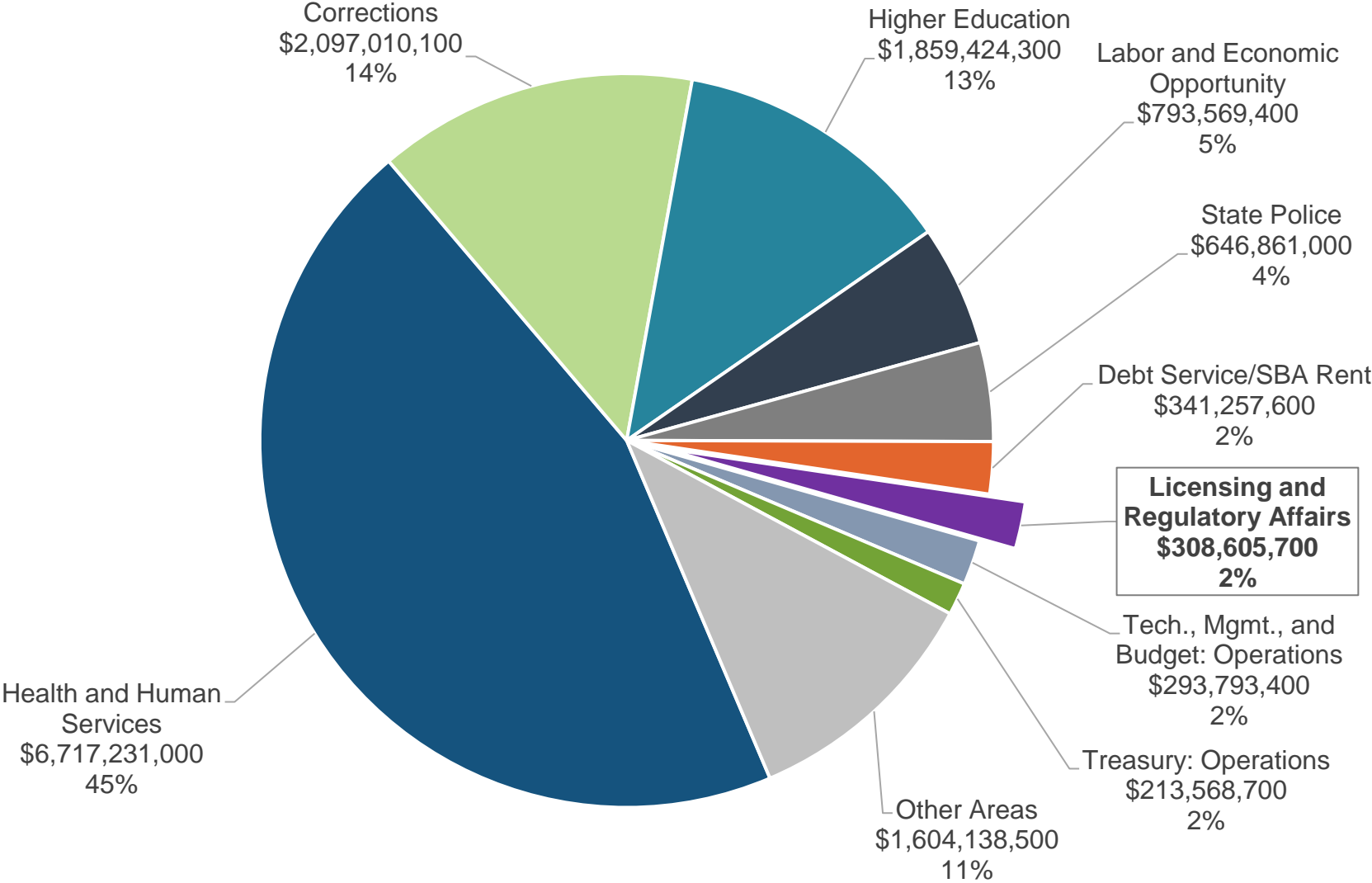
LARA Share of Total State Budget

The LARA budget represents approximately 1% of the \$81.4 billion state budget (adjusted gross) for FY 2024-25.



LARA Share of Total GF/GP Budget

The LARA budget represents approximately 2% of the state's \$14.9 billion GF/GP budget for FY 2024-25.



Appropriation Areas

LARA Appropriation Areas

Departmental Administration and Support: Various administrative functions (executive direction, lease obligations and property costs, etc.)

Public Service Commission: Regulation of electricity, natural gas, and telecommunications

Liquor Control Commission: Regulation of alcoholic beverages and oversight of the state's wholesale liquor operations

Occupational Regulation: Regulation of commercial, occupational, construction, fire safety, and health care and human service activities, entities, and facilities

Cannabis Regulatory Agency: Oversight of medical and adult-use marijuana activities and facilities and hemp licensing

Michigan Office of Administrative Hearings and Rules: Provision of administrative hearing functions and rulemaking

Commissions: Staffing and administrative costs for the Michigan Indigent Defense Commission and the Michigan Unarmed Combat Commission

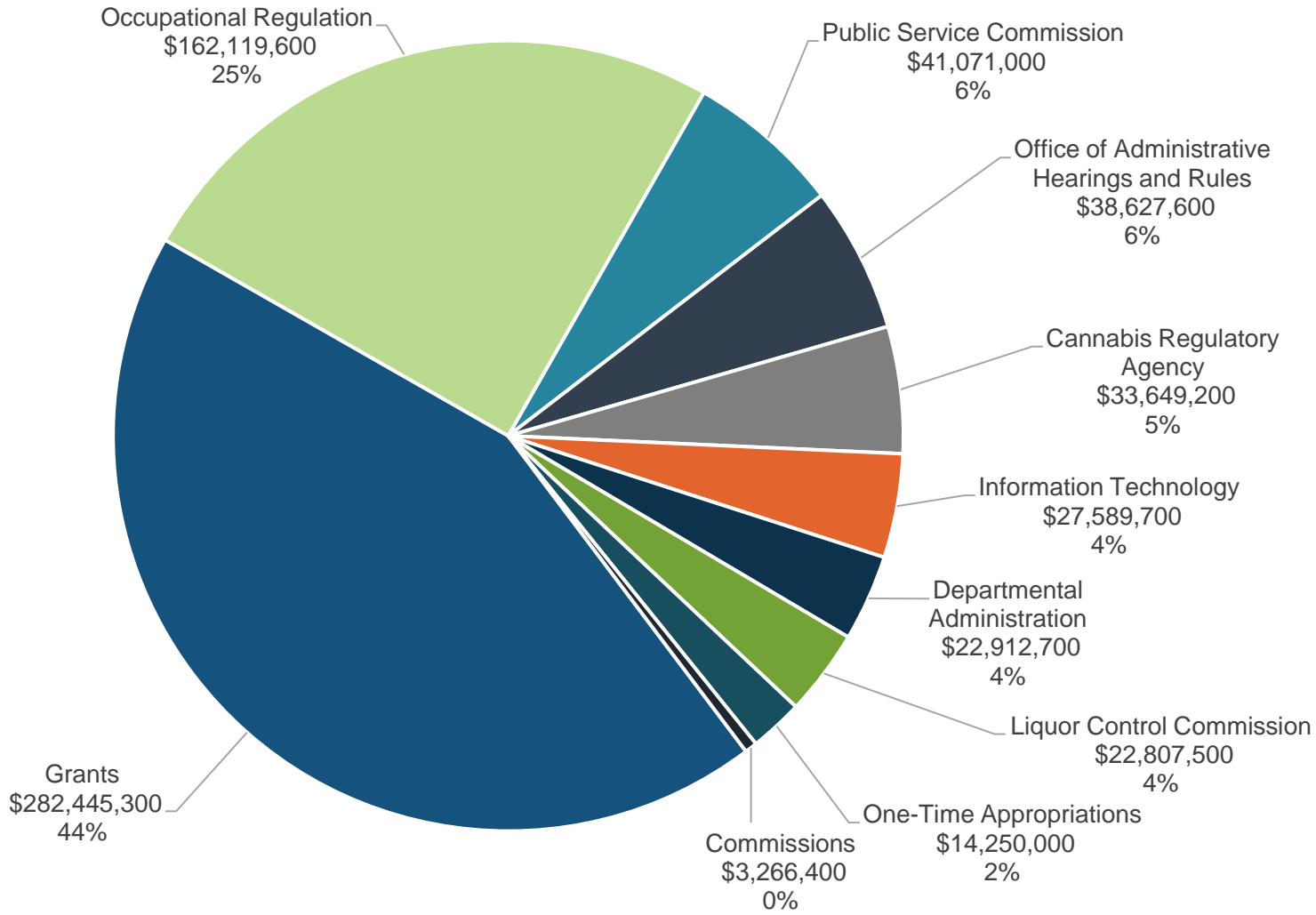
Grants: Various state grant programs, largely financing specified functions of local units of government

Information Technology: Supports IT services and projects

One-Time Appropriations: Various projects and programs intended as one-time allocations

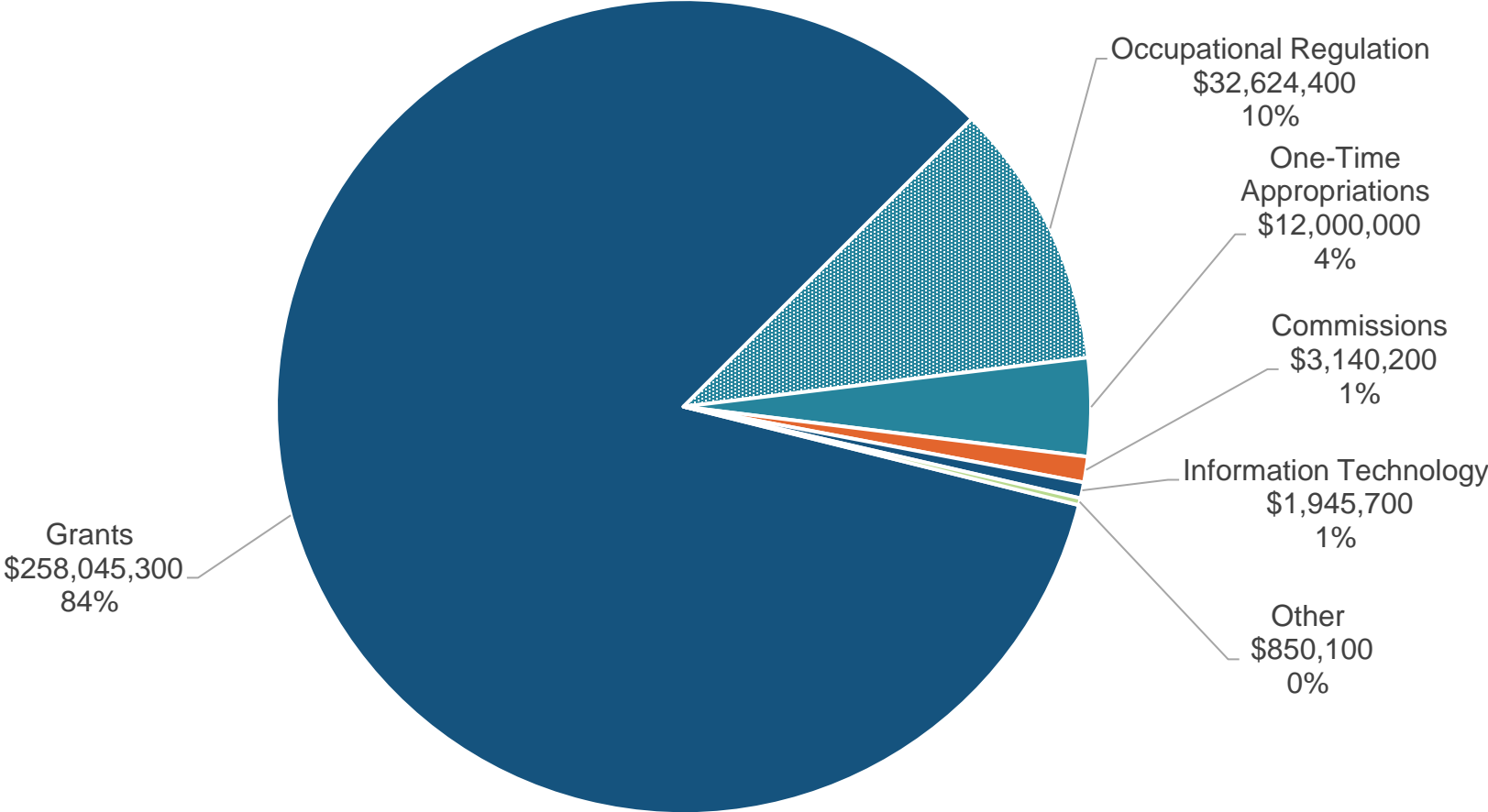
FY 2024-25 Gross Appropriations

Of the total \$648.7 million LARA budget, 44% supports grants, primarily funded by GF/GP, and 25% supports occupational regulation, primarily funded with state restricted revenues.



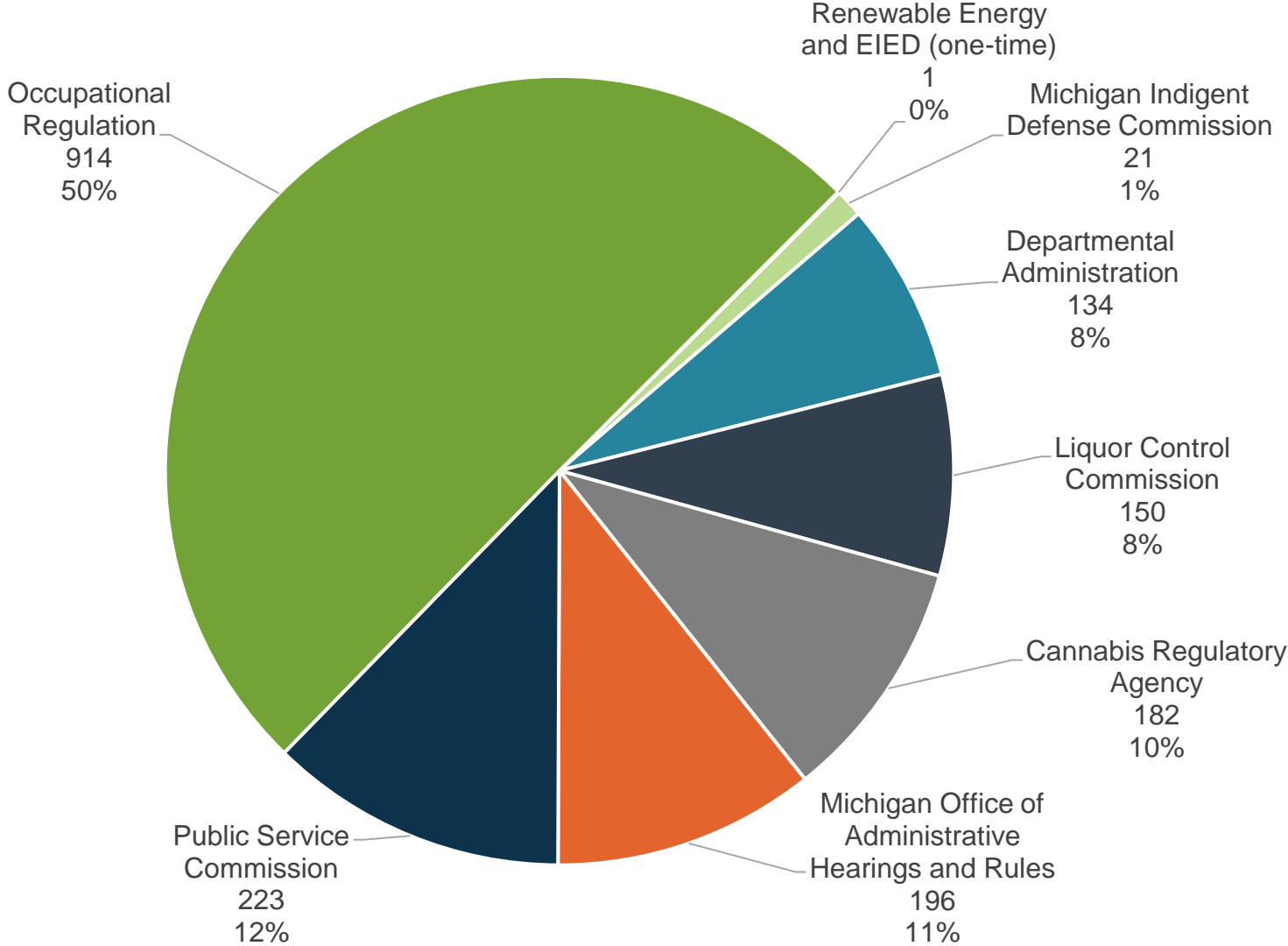
FY 2024-25 GF/GP Appropriations

Approximately **94%** of the total **\$308.6 million** in GF/GP funds are contained in the Grants (for MIDC grants) and Occupational Regulation (primarily for regulating health and human services facilities) appropriation units.



FY 2024-25 FTE Authorizations

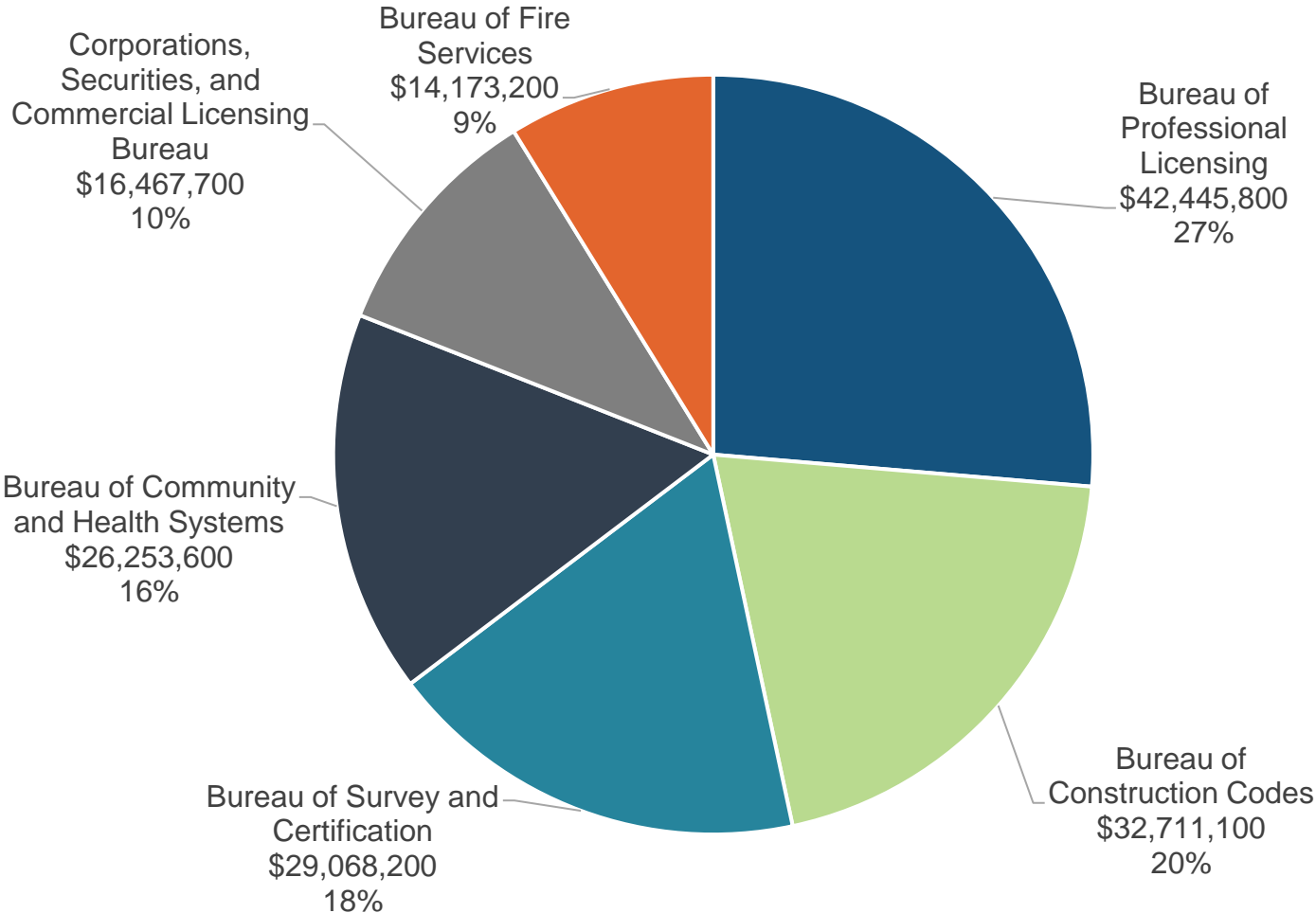
Of the total 1,821.0 FTEs authorized in FY25, about 50% are allocated to the six bureaus within the Occupational Regulation unit.



Major Budget Topics

Occupational Regulation

Of the total **\$161.1 million** appropriated for the six bureaus displayed below, about **64%** comes from restricted sources, **20%** from the general fund, and **16%** from federal funds. *Note: urban search and rescue (\$1.0 million GF/GP) is appropriated under the occupational regulation unit but is discussed under grants on slide 24.*



Michigan Indigent Defense Commission

- Since FY 2018-19, grants have been distributed to funding units of district and circuit courts for implementation of MIDC-approved compliance plans to bring systems into compliance with indigent defense standards
- Approved standards pertain to:
 - Education and training of defense counsel
 - Timing and location of attorney-client interviews
 - Defense investigations and experts in indigent cases
 - Presence of counsel at first appearance and other trial stages
 - Ensuring independence of indigent defense systems from the judiciary
 - Indigent defense workloads
 - Attorney qualifications to handle different case types
 - Economic incentives and disincentives, including attorney compensation
- **\$3.1 million GF/GP** is appropriated to cover administrative costs of the commission in FY 2024-25
- **\$258.3 million Gross** is appropriated for grants in FY 2024-25

MIDC Appropriations

Fiscal Year	MIDC Administration Funding	MIDC Grant Funding
FY 2020-21	\$2,714,000 GF/GP	\$117,267,400 GF/GP \$200,000 Restricted
FY 2021-22	\$2,699,400 GF/GP	\$148,617,400 GF/GP \$300,000 Restricted
FY 2022-23	\$2,763,000 GF/GP	\$148,617,400 GF/GP \$300,000 Restricted
FY 2023-24	\$3,167,400 GF/GP	\$220,617,400 GF/GP \$300,000 Restricted
FY 2024-25	\$3,140,200 GF/GP	\$258,045,300 GF/GP \$300,000 Restricted

Michigan Public Service Commission

- The Michigan Public Service Commission (MPSC) consists of a three-member body of commissioners appointed by the governor along with a professional staff
- Responsibilities of the Commission include:
 - Enforcing state laws governing the energy and telecommunications industries
 - Regulating the rates and services of privately owned natural gas and electric utility companies
 - Regulating and inspecting natural gas pipeline infrastructure
- MPSC appropriations for FY 2024-25 total **\$41.0 million** from the following funding sources:
 - **\$3.0 million** from the U.S. Department of Transportation (gas pipeline safety)
 - **\$38.0 million** from Public Utility Assessments

Michigan Liquor Control Commission

- The responsibilities of the Michigan Liquor Control Commission (MLCC) include:
 - Serving as the wholesaler of all spirits in Michigan
 - Issuing licenses to alcohol suppliers, wholesalers, and retailers
 - Enforcing the state's liquor laws and conducting surveillance operations
- The Liquor Control Code requires the MLCC to set minimum liquor prices to ensure the commission and retailers earn profits specified in the code (commission adds a markup and licensees receive a discount)
 - All excess revenue generated by the commission from the sale of liquor is deposited into the state's general fund
- MLCC appropriations for FY 2024-25 total **\$22.8 million** from the following restricted funding sources:
 - **\$13.9 million** from the Liquor Purchase Revolving Fund
 - **\$8.9 million** from licensure and permit fees

Cannabis Regulatory Agency

- The Cannabis Regulatory Agency (CRA) is responsible for oversight of the following areas/programs:
 - Michigan Medical Marijuana Program – state registry cards and caregivers
 - Medical marijuana facilities and licensees
 - Adult-use marijuana establishments and licensees
 - Hemp processor-handlers

- CRA appropriations for FY 2024-25 total **\$33.6 million** from the following restricted funding sources:
 - **\$300,000** from the Industrial Hemp Licensing and Registration Fund
 - **\$3.2 million** from the Marijuana Registry Fund (registry card program)
 - **\$22.0 million** from the Marijuana Regulation Fund (adult-use)
 - **\$8.1 million** from the Marijuana Regulatory Fund (medical marijuana facilities)

Department Grant Programs

Firefighter Training (\$2.3 million Gross): Awarded to counties, determined via population and land area subject to a \$5,000 minimum, to reimburse organized fire departments for firefighter training and other activities required under the Firefighter Training Council Act of 1966

Liquor Law Enforcement (\$9.9 million Gross): Awarded to local law enforcement agencies, approximately equivalent to 55% of revenue generated by retail liquor licensure fees collected within each jurisdiction. Grants are used for enforcement of the Liquor Control Code of 1998 and rules promulgated under the code

Marihuana Operation & Oversight (\$3.0 million Gross): Awarded to counties, upon application and proportional to the number of medical marihuana registration cards issued or renewed in each county, for education and outreach relating to the Michigan Medical Marihuana Act and the Michigan Regulation and Taxation of Marihuana Act

Remonumentation (\$6.8 million Gross): Awarded to counties, upon application and subject to minimum allocations of recording fees collected by Register of Deeds for each county, for implementation of plans to survey, remonument, and maintain the original national Public Land Survey System corners

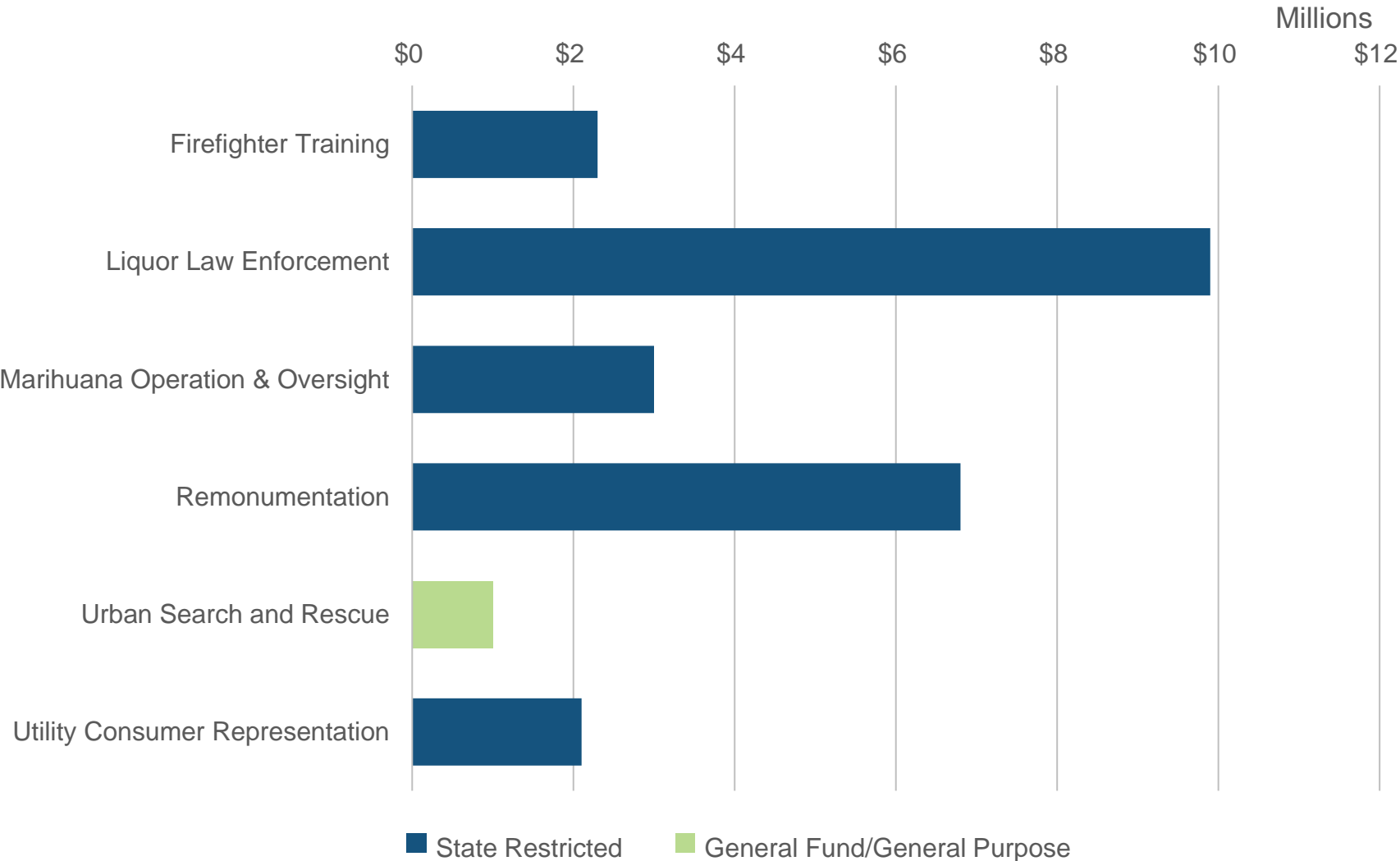
Department Grant Programs (Continued)

Urban Search and Rescue (\$1.0 million GF/GP): Awarded to the Michigan Mutual Aid Box Alarm System for costs associated with supervisory and essential functions at incidents where technical rescue expertise and equipment are required for effective rescue operations

Utility Consumer Representation (\$2.1 million Gross): Administered by the Utility Consumer Participation Board (UCPB) and awarded to nonprofit organizations and local units of government for representation and advancement of the interests of residential utility customers in administrative and judicial proceedings pertaining to utility rates

It should be noted that the FY 2024-25 budget also contains three one-time appropriations for grants.

Department Grant Appropriations



Other Appropriations

- **Departmental Administration (\$22.9 million Gross):** Includes executive and administrative functions and overhead expenses
- **Information Technology (\$27.6 million Gross):** Supports IT services and projects provided by DTMB and other IT-related expenses
- **Michigan Office of Administrative Hearings and Rules (\$38.6 million Gross):** Supports MOAHR staff and operations; MOAHR is responsible for conducting hearings and adjudications of cases and appeals related to regulations and programs of various state departments and agencies; MOAHR oversees administrative rulemaking; the Tax Tribunal is also supported by this section
- **Michigan Unarmed Combat Commission (\$126,200 Gross):** Supports regulation of professional boxing and mixed martial arts
- **FY 2024-25 One-Time Appropriations (\$14.3 million Gross):** Total of seven appropriations, including funding for a 5-year energy waste reduction study, smoke detector distributions, renewable energy project grants, and juvenile indigent defense grants

For more information about the Licensing and Regulatory Affairs budget:

HFA Resources

<http://www.house.mi.gov/hfa/Licensing.asp>

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