

MEMORANDUM



DATE: September 24, 2024
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2024-10

Attached are legislative transfers proposed by the State Budget Office in a letter dated July 23, 2024. Pursuant to section 393 of the Management and Budget Act, a legislative transfer must be approved by a majority of both the House and Senate Appropriations Committees, with identical funding sources and dollar amounts, in order to become effective.

There are two basic types of legislative transfers, which have different effects on the overall level of appropriations in the state budget.

A **standard legislative transfer** shifts existing spending authorization between line items in a particular budget area, with no net change in total appropriations. Generally, such transfers are proposed when expenditures are higher than originally anticipated in one line item and lower than anticipated in another. These transfers can represent a shift of GF/GP funding between two line items, or merely a shift of spending authorization from same broad category of funding (federal, restricted, etc.) between the line items.

A **contingency authorization transfer** increases total line item appropriations in a budget area by moving contingency spending authorization from the boilerplate section of a budget act to a specific line item in order to recognize additional federal, private, local, or state restricted revenue that has become available since the original enactment of the budget. Absent the contingency authorization transfer mechanism, this type of budget adjustment would be made through a supplemental appropriation bill.

If you have questions about the transfers generally, please contact me. If you have questions about an individual transfer, please contact the HFA analyst assigned to that budget area. We can be reached at 373-8080.

Attachment

LEGISLATIVE TRANSFER PACKAGE



Mary Ann Cleary, Director
Viola Bay Wild, Transfer Coordinator
Compiled by Tumai Burris, Budget Assistant

Summary Sheet

SBO LETTER: 2024-10
July 23, 2024

Department	Analyst	Page	Total Transfer
Labor and Economic Opportunity	Marcus Coffin	1	\$120,000,000
Total			\$120,000,000

2024-10 Legislative Transfer

Budget	Year-to-Date Total Approps	Contingency Authorization Transfers (Increases Budget)						% Budget Increased	
		IDG	Federal	Local	Private	Restricted	GF/GP		TOTAL
Labor and Economic Opportunity	3,436,204,200					120,000,000		120,000,000	3.49%
TOTAL*	\$84,744,530,500	\$0	\$0	\$0	\$0	\$120,000,000	\$0	\$120,000,000	0.14%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**
 FISCAL YEAR: **2023-24**
 TRANSFER AMOUNT: **\$120,000,000**

S.B.O. LETTER: **7/23/24**
 S.B.O. REQUEST: **2024-10**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/17/24	BALANCE AVAILABLE AS OF 9/17/24	GOV'S REC. 7/23/24	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 119 OF 2023, ARTICLE 9, SEC. 301(2)						
Contingency authorization	260,000,000	NA	NA	(120,000,000)		
Funding source:						
Total state restricted revenues	260,000,000	NA	NA	(120,000,000)		
TO: SEC. 109. STRATEGIC OUTREACH AND ATTRACTION RESERVE						
Critical industry program	68,000,100	0	68,000,100	120,000,000		
Funding source:						
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	68,000,100	0	68,000,100	120,000,000		

This transfer would provide \$120 million in state restricted contingency authorization to the Critical Industry Program (CIP) pursuant to Article 9, Sec. 301 of 2023 PA 119. Funds would be transferred into the CIP to support a grant to The Dow Chemical Company for modernization of the company's Michigan Operations Industrial Park and Auburn Operations facilities in the City of Midland, Midland County and Williams Charter Township, Bay County, Michigan. Modernization efforts would include infrastructure improvements, building renovations, new building construction, and silicones manufacturing process equipment life extensions and capacity expansion. As it pertains to Dow's silicones manufacturing, the process equipment investments would include expansions to support strategic growth areas, including scaled production of materials for use in electronic vehicle batteries.

The Michigan Strategic Fund (MSF) Board approved performance-based incentives for this project on July 23, 2024. The project is projected to secure at least \$785 million in capital investment in Michigan by The Dow Chemical Company and to retain at least 5,000 full-time positions in Michigan.

Revenue to support this transfer is available from the Strategic Outreach and Attraction Reserve Fund (SOAR). This transfer complies with statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. A separate SOAR transfer of \$50 million, requested on March 26, 2024, is pending with the legislature. In the event both transfers are approved, there would be \$34.1 million remaining from current SOAR revenue deposits to support future transfers.