

MEMORANDUM



DATE: June 18, 2024
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2024-6

Attached are legislative transfers proposed by the State Budget Office in a letter dated March 26, 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 some 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.

As shown in the attached table, contingency authorization transfers in this package total \$50.0 million, which will increase the FY 2023-24 year-to-date state budget by 0.06%.

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

 <p>Mary Ann Cleary, Director Viola Bay Wild, Transfer Coordinator Compiled by Tumai Burris, Budget Assistant</p>	<p>Summary Sheet</p> <p>SBO LETTER: 2024-6 March 26, 2024</p>		
Department	Analyst	Page	Total Transfer
Labor and Economic Opportunity	Marcus Coffin	1	\$50,000,000
Total			\$50,000,000

2024-6 Legislative Transfers

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	2,893,044,800					50,000,000		50,000,000	1.73%
TOTAL*	\$81,941,620,800	\$0	\$0	\$0	\$0	\$50,000,000	\$0	\$50,000,000	0.06%

*Includes budget areas not affected by transfers

LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**
 FISCAL YEAR: **2023-24**
 TRANSFER AMOUNT: **\$50,000,000**

S.B.O. LETTER: **3/26/24**
 S.B.O. REQUEST: **2024-6**
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 5/16/24	BALANCE AVAILABLE AS OF 5/16/24	GOV'S REC. 3/26/24	HOUSE ACTION	SENATE ACTION
FROM: PUBLIC ACT 119 OF 2023, ARTICLE 9, SEC. 301(2)						
Contingency authorization	510,000,000	NA	NA	(50,000,000)		
Funding source:						
Total state restricted revenues	510,000,000	NA	NA	(50,000,000)		
TO: SEC. 109. STRATEGIC OUTREACH AND ATTRACTION RESERVE						
Michigan strategic site readiness program	100	0	100	50,000,000		
Funding source:						
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	100	0	100	50,000,000		

This transfer would provide \$50.0 million in state restricted contingency authorization to the Michigan Strategic Site Readiness Program (MSSRP), in accordance with Article 9, Sec. 301(2) of 2023 PA 119. Funds would be transferred into the Michigan Strategic Site Readiness Program to support a grant to Copperwood Resources Inc. for infrastructure improvements to open a copper mine in Wakefield and Ironwood Townships, Gogebic County. The \$50.0 million state investment would support infrastructure improvements that include, but are not limited to, transportation access, water and wastewater, water quality analysis (groundwater), and projects that would increase power reliability and cellular and broadband access for the site and surrounding community. The mining operation, with a projected life of 11 years, is estimated to generate over \$121.0 million in tax revenue to the state including over \$62.0 million generated through the Michigan Severance Tax. This tax is specific to the mining industry and would not be realized by other types of business investments. The Michigan Strategic Fund Board approved the performance-based incentives for this project on March 26, 2024. The project is estimated to secure up to \$425.0 million in capital investment in Michigan by Copperwood Resources Inc. and create up to 380 new jobs.

Revenue to support this transfer is available from the Strategic Outreach and Attraction Reserve Fund (SOAR), in approved FY 2022-23 work projects totaling \$551.1 million. This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. A separate SOAR transfer totaling \$97.0 million was requested on February 27, 2024, and is pending with the Legislature. If both transfers are approved, there would be \$404.1 million remaining in the SOAR fund to support future transfers.