

## MEMORANDUM



**DATE:** December 10, 2024  
**TO:** Members of the House Appropriations Committee  
**FROM:** Mary Ann Cleary, Director *MAC*  
**RE:** Legislative Transfer Package 2025-2

Attached are legislative transfers proposed by the State Budget Office in a letter dated December 3, 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 that 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 a 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 becomes available after the budget is enacted. 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 \$170.0 million, which will increase the FY 2024-25 total year-to-date state budget by 0.21%.*

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  
Compiled by Tumai Burris, Budget Assistant

## Summary Sheet

SBO LETTER: 2025-2  
December 3, 2024

Department	Analyst	Page	Total Transfer
Labor and Economic Opportunity	Marcus Coffin	1-2	\$170,000,000
<b>Total</b>			<b>\$170,000,000</b>

**2025-2 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	2,421,794,500					170,000,000		170,000,000	7.02%
<b>TOTAL*</b>	<b>\$82,641,538,300</b>	\$0	\$0	\$0	\$0	\$170,000,000	\$0	\$170,000,000	0.21%

\*Includes budget areas not affected by transfers

## LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**  
 FISCAL YEAR: **2024-25**  
 TRANSFER AMOUNT: **\$50,000,000**

S.B.O. LETTER: **12/3/24**  
 S.B.O. REQUEST: **2025-2**  
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 12/4/24	BALANCE AVAILABLE AS OF 12/4/24	GOV'S REC. 12/3/24	HOUSE ACTION	SENATE ACTION
<b>FROM: PUBLIC ACT 121 OF 2024, ARTICLE 9, SEC. 210(2)</b>						
Contingency authorization	560,000,000	NA	NA	(50,000,000)		
Funding source:						
Total state restricted revenues	560,000,000	NA	NA	(50,000,000)		
<b>TO: SEC. 109. STRATEGIC OUTREACH AND ATTRACTION RESERVE</b>						
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 million of state restricted contingency authorization to the Michigan Strategic Site Readiness Program (MSSRP), in accordance with Article 9, Sec. 210(2) of 2024 PA 121. 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 million state investment would support infrastructure improvements to directly benefit the site, including but not limited to, transportation access, water and wastewater, water quality analysis (groundwater), and projects to 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 million in tax revenue to the state, including over \$62 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 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). This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. An additional SOAR transfer totaling \$120 million has also been requested. If both transfers are approved, there would be \$534.1 million remaining in the SOAR Fund to support future transfers.

# LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**  
 FISCAL YEAR: **2024-25**  
 TRANSFER AMOUNT: **\$120,000,000**

S.B.O. LETTER: **12/3/24**  
 S.B.O. REQUEST: **2025-2**  
 ANALYST: **Marcus Coffin**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 12/4/24	BALANCE AVAILABLE AS OF 12/4/24	GOV'S REC. 12/3/24	HOUSE ACTION	SENATE ACTION
<b>FROM: PUBLIC ACT 121 OF 2024, ARTICLE 9, SEC. 210(2)</b>						
Contingency authorization	560,000,000	NA	NA	(120,000,000)		
Funding source:						
Total state restricted revenues	560,000,000	NA	NA	(120,000,000)		
<b>TO: SEC. 109. STRATEGIC OUTREACH AND ATTRACTION RESERVE</b>						
Critical industry program	100	0	100	120,000,000		
Funding source:						
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	100	0	100	120,000,000		

This transfer would provide \$120 million of state restricted contingency authorization to the Critical Industry Program (CIP), in accordance with Article 9, Sec. 210(2) of 2024 PA 121. 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. Modernization efforts would include infrastructure improvements, building renovations, new building construction, and silicones manufacturing process equipment life extensions and capacity expansion. As it relates 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 electric vehicle batteries, among other technologies.

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 is in compliance with the statutory requirements for the use and expenditure of the SOAR Fund in its enacting legislation. An additional SOAR transfer totaling \$50 million has also been requested. If both transfers are approved, there would be \$534.1 million remaining in the SOAR Fund to support future transfers.