

**Summary: Executive Budget Recommendation
for Fiscal Year 2025-26
LICENSING AND REGULATORY AFFAIRS**



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	FY 2024-25	FY 2025-26	Difference: FY 2025-26	
	Year-to-Date as of 2/5/25	Executive	Amount	%
IDG/IDT	\$27,682,800	\$30,192,600	\$2,509,800	9.1
Federal	30,471,300	34,478,800	4,007,500	13.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	281,979,200	284,429,800	2,450,600	0.9
GF/GP	308,605,700	301,539,300	(7,066,400)	(2.3)
Gross	\$648,739,000	\$650,640,500	\$1,901,500	0.3
FTEs	1,821.0	1,857.0	36.0	2.0

Note: Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state’s primary regulatory entity. The department oversees regulation across a variety of sectors, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and cannabis. Units within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
1. Federal Energy and Benchmarking Grants	Gross	NA
Includes \$4.1 million in federal grant funding from the U.S. Department of Energy to support the development of a statewide energy code and energy benchmarking within the Bureau of Construction Codes (BCC). The funding would include support for:	Federal	NA
<ul style="list-style-type: none"> BCC training for local governments relating to energy efficiency standard adoption BCC partnership with labor organizations to train and employ workers in energy auditing and building system optimization A building stock analysis that would categorize buildings by type and identify common energy efficiency upgrades required. 	GF/GP	NA
Supplemental Request 2025-1 reflects awarded federal funding that would be used for the same purpose in FY 2024-25.		
2. Interdepartmental Grant Adjustments	Gross	\$2,234,600
Includes \$2.2 million in IDG funding for the Michigan Office of Administrative Hearings and Rules (MOAHR) to support increased cases and workloads relating to UIA and MIOSHA within the Department of Labor and Economic Opportunity.	IDG	2,234,600
	GF/GP	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations	FY 2024-25 YTD (as of 2/5/25)		Executive Change from YTD
3. Nursing Home Surveys and Investigations	FTE	NA	9.0
Includes \$2.7 million GF/GP and authorization for 9.0 FTEs to support nursing home complaint intake and investigations. Of the total, \$2.4 million and 7.0 FTEs would be allocated to hire health care surveyors to support immediate jeopardy complaint investigations associated with nursing and continuing care facilities. The requested funding would also support the hiring of eleven already authorized health care surveyor positions. The remaining \$316,900 and 2.0 FTEs would support intake of public questions and complaints related to nursing homes. The positions would consist of one departmental analyst and one customer service escalation specialist.	Gross	NA	\$2,716,900
	GF/GP	NA	\$2,716,900
4. Michigan Indigent Defense Commission (MIDC)	FTE	21.0	4.0
Includes \$769,100 GF/GP and authorization for 4.0 FTEs to support increased financial monitoring and planning efforts across local indigent defense systems. One position would be used to hire a senior regional manager responsible specifically for overseeing programming and compliance related to Standard 1 (Attorney Training) and Standard 7 (Attorney Qualifications and Review). The remaining three positions would consist of departmental or financial analysts focused on oversight of the financial and programmatic aspects of compliance.	Gross	\$3,140,200	\$769,100
	GF/GP	\$3,140,200	\$769,100
5. Homes for the Aged Staffing Increase	FTE	NA	3.0
Includes \$700,000 GF/GP and authorization for 3.0 FTEs to support oversight of state-licensed homes for the aged. The positions would consist of three health care surveyors responsible for licensing, inspections, and complaint investigations.	Gross	NA	\$700,000
	GF/GP	NA	\$700,000
6. Compliance and Risk Management Section	FTE	NA	3.0
Includes \$490,000 in state restricted funding and authorization for 3.0 FTEs to support the establishment of a Compliance and Risk Management section within Administrative Services to support regulatory compliance, risk management, and audit activities. The section would be responsible for creating and maintaining a centralized form review process to support consistency across licensure forms. The positions would consist of a state administrative manager, a departmental analyst, and an accountant.	Gross	NA	\$490,000
	Restricted	NA	490,000
	GF/GP	NA	\$0
7. Mortuary Science Staffing Increase	FTE	NA	2.0
Includes \$305,700 in state restricted funding and authorization for 2.0 FTEs within the Corporations, Securities, and Commercial Licensing Bureau to support two new license types in the mortuary science profession created by PA 107 of 2024. The positions would include one regulation agent and one departmental analyst.	Gross	NA	\$305,700
	Restricted	NA	305,700
	GF/GP	NA	\$0
8. Michigan Liquor Control Commission (MLCC)	FTE	31.0	2.0
Includes \$297,300 in state restricted funding and authorization for 2.0 FTEs within the Management Support Services line item to support oversight and management of the MLCC's inventory. The positions would include one accountant and one department technician.	Gross	\$4,921,600	\$297,300
	Restricted	4,921,600	297,300
	GF/GP	\$0	\$0
9. Cannabis Regulatory Agency (CRA) Staffing Increase	FTE	182.0	1.0
Includes \$151,200 in state restricted funding and 1.0 FTE to provide additional human resources support. The position would consist of a departmental analyst whose duties would include interviewing and onboarding employees, monitoring employee time and leave, and compiling information for required reports, among other duties.	Gross	\$33,649,200	\$151,200
	Restricted	33,649,200	151,200
	GF/GP	\$0	\$0

Major Budget Changes from FY 2024-25 Year-to-Date (YTD) Appropriations		FY 2024-25 YTD (as of 2/5/25)	Executive Change from YTD
10. Elevator Inspectors	FTE	NA	8.0
Includes authorization for 8.0 FTEs (no additional funding authorization) to hire additional elevator inspectors within the Bureau of Construction Codes.	Gross	NA	\$0
	GF/GP	NA	\$0
11. Residential Builders	FTE	NA	5.0
Includes authorization for 5.0 FTEs (no additional funding authorization) to hire staff in the Bureau of Construction Codes focused on consumer complaints related to residential builders.	Gross	NA	\$0
	GF/GP	NA	\$0
12. Technical Adjustments	FTE	NA	0.0
Includes internal FTE adjustments, funding adjustments, and transfers throughout the budget, which have no overall impact on Gross, GF/GP, or FTE position authorization. Adjustments are made to reflect employee counts more accurately and to align funding authorization with revenue received and department operations and activities. Includes a shift of funding and FTE authorization out of the MOAHR line item into a new Michigan Tax Tribunal line item. Also includes a shift of funding and FTE authorization out of the Executive Director Programs line item to a new Regulatory Effectiveness Office line item.	Gross	NA	\$0
	Restricted	NA	0
	GF/GP	NA	\$0
13. Removal of FY 2024-25 One-Time Appropriations	FTE	1.0	(1.0)
Removes \$14.3 million Gross (\$12.0 million GF/GP) of one-time funding that was included in the FY 2024-25 budget to support the following:	Gross	\$14,250,000	(\$14,250,000)
<ul style="list-style-type: none"> 5-Year Energy Waste Reduction and Demand Response Statewide Study (\$1.0 million Gross) BFS – Smoke Detectors (\$1.0 million Gross) CRA Social Equity Program (\$1.0 million Gross) Health Professions Implicit Bias Study (\$250,000 Gross) Juvenile Indigent Defense Grants (\$1.0 million Gross) Michigan Saves (\$5.0 million Gross) Renewable Energy and Electrification Infrastructure Enhancement and Development (\$5.0 million Gross). 	Restricted	2,250,000	(2,250,000)
	GF/GP	\$12,000,000	(\$12,000,000)
14. Economic Adjustments	Gross	NA	\$4,377,600
Reflects increased costs of \$4.4 million Gross (\$748,000 GF/GP) for negotiated salary and wage increases (3.0% on October 1, 2025), actuarially required retirement contributions, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG	NA	275,200
	Federal	NA	275,400
	Restricted	NA	3,079,400
	GF/GP	NA	\$747,600

Major Boilerplate Changes from FY 2024-25

Sec. 206. Communication with the Legislature – DELETED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff unless the communication is prohibited by law.

Sec. 212. Restricted Funds Report – DELETED

Requires LARA to work with SBO to report on estimated restricted fund revenues, expenditures, and fund balances for the prior two fiscal years.

Sec. 216. Retention of Reports – DELETED

Requires LARA to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention.

Sec. 217. Report on Policy Changes for Public Act Implementation – DELETED

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year.

Sec. 218. Work Project Usage – DELETED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted.

Major Boilerplate Changes from FY 2024-25

Sec. 221. Private Grant Funded Projects – REVISED

Authorizes appropriation of private grant revenues, subject to a limitation of \$4.0 million; requires report within 10 days of receiving grants from private entities. Executive revises to remove the \$4.0 million appropriation limit.

Sec. 222. Informational, Training, and Special Events Revenues and Expenditures – REVISED

Authorizes LARA to charge registration fees for events sponsored by LARA; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$1.0 million. Executive revises to remove the \$1.0 million appropriation limit.

Sec. 226. Single Recipient Grants – DELETED

Requires grant funding intended for a single recipient organization or local government to be used for a program or project that is for a public purpose; requires department to follow state procurement statutes, including bidding requirements; authorizes SBO to compile and submit reports; lists eligibility requirements to receive grant funding; provides timeframes for receiving and expending grant funding; requires information on grants/projects to be posted on a public website, including receiving entity and grant sponsor; requires reports.

Sec. 227. State Fiscal Recovery Fund (SFRF) – DELETED

Requires state budget director to ensure all SFRF revenue is expended by December 31, 2026; authorizes state budget director to reallocate appropriated funds for the purpose of fully expending funds; requires all guidance, implementation, and reporting provisions of federal law to be followed; requires state budget director to notify appropriations committees of reallocations made; authorizes state budget director and state departments to make accounting transactions necessary to implement reallocation.

Sec. 302. Public Service Commission Hearings – DELETED

Requires the MPSC to conduct at least 4 public hearings in the state; requires a hearing to be held in Detroit and Grand Rapids; requires PSC to submit report that summarizes outcomes and public comments.

Sec. 401. MLCC Investigation of Direct Shipments of Wine and Report – REVISED

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund – as required under Section 203(11) of Michigan Liquor Control Code, 1998 PA 58 – to investigate illegal direct shipments of wine and that notice be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Executive revises to delete an item in the required report and delete language requiring notice to unlicensed out-of-state entities that illegally shipped wine into Michigan.

Sec. 501. Fire Safety Fees – REVISED

Establishes fee schedule for inspections of hospitals and plan reviews of hospitals and schools by Bureau of Fire Services, in accordance with Section 2c of 1941 PA 207. Executive revises to include fees for nursing homes, homes for the aged, and adult foster care facilities. Implementation legislation is requested to effectuate these fee changes.

Sec. 507. Carnival-Amusement and Ski Area Inspections – REVISED

Stipulates that at least \$900,000 of the BCC appropriation must be allocated for additional inspections and enforcement activities for the Carnival-Amusement Safety Act of 1966 and the Ski Area Safety Act of 1962; requires LARA to submit a report to the standard report recipients detailing fund allocation. Executive revises to remove the \$900,000 allocation requirement.

Sec. 511. Report on Premanufactured Unit Plans – DELETED

Requires BCC to report on changes made to decrease processing time of premanufactured unit plan submissions, the processing times in the current and previous fiscal year, and the number of plans submitted in the current and previous fiscal year.

Sec. 802. Michigan Indigent Defense Commission Report on Incremental Costs – DELETED

Requires MIDC to submit report on incremental costs associated with standard development process, compliance plan process, and collection of data from all indigent defense systems and attorneys providing indigent defense.

Sec. 1001. Bureau of Fire Services – DELETED

Requires BFS to purchase and distribute sealed-battery smoke detectors to Michigan residents and allows BFS to purchase smoke detectors with additional capabilities for individuals with physical or psychological conditions that require an accommodative technology; requires report on number of smoke detectors purchased, per-unit price, listing of all local units that received smoke detectors, and number distributed.

Major Boilerplate Changes from FY 2024-25

Sec. 1002. Cannabis Regulatory Agency Social Equity Program – DELETED

Lists the following goals that are to be pursued using social equity program one-time funds: encourage and increase participation in the social equity program, with particular focus on individuals from communities that have been disproportionately impacted by marihuana prohibition and enforcement; establish a minimum number of licensees that are participating in the program; consider the median income in designating disproportionately impacted communities.

Sec. 1003. UM Law School Juvenile Indigent Defense Grants – DELETED

Requires LARA to provide grants to the University of Michigan Law School to provide financial assistance to unrepresented juvenile defendants or their guardians; designates unexpended funds as a work project appropriation.

Sec. 1004. Michigan Saves Appropriation Use – DELETED

Allows PSC to award a \$5.0 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument.

Sec. 1005. Renewable Energy and Electrification Infrastructure Enhancement and Development – DELETED

(1) Requires funding to be expended, aside from administration, only for grants to businesses, nonprofit organizations, and local or state government units for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects; (2) establishes goal of distributing 50% of the total amount of funding for grants awarded for electric vehicle fast-charging infrastructure for charging ports that provide a power level of at least 200 kW and 50% of the total for charging ports that provide a power level of at least 350 kW; (3) requires MPSC to develop guidelines and implement a grant application process within 6 months and requires prioritization for grants that meet the goals of the MI Healthy Climate Plan; (4) requires grant applicants to perform an impact study that provides sufficient detail to allow the proposed project to be evaluated; (5) establishes further requirements for grant applicants for renewable natural gas infrastructure projects; (6) provides a 45-day review period for affected entities to review and comment on an application and a 15-day period for an applicant to modify their initial proposal; (7) requires MPSC to award grants to applicants who have met the grant criteria, with priority given to applicants in distressed areas; (8) requires grant recipients to report to MPSC on how the money was used within 30 days after a project's completion; (9) prohibits grant funding from being used to expand the use of conventional natural gas; (10) allows the MPSC to expend up to \$125,000 for administration expenses; (11) defines "renewable energy and electrification infrastructure projects" and "renewable natural gas."

Supplemental Recommendations for FY 2024-25 Appropriations

**FY 2024-25
Recommendation**

1. Federal Energy and Benchmarking Grants

Includes \$3.1 million in awarded federal grant funding from the U.S. Department of Energy to support the development of a statewide energy code and energy benchmarking within the Bureau of Construction Codes (BCC). The FY 2025-26 executive recommendation includes anticipated federal funding that would be used for the same purpose.

Gross	\$3,053,600
Federal	3,053,600
GF/GP	\$0