

SFA

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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Senate Bill 975**Sponsor: Senator Dick Posthumus****Committee: Commerce and Technology****Date Completed: 5-23-90**

JUN 26 1990

SUMMARY OF SENATE BILL 975 as introduced 5-23-90:

The bill would extend the expiration date for the Economic Development Organization Act from October 1, 1990, to October 1, 1995. The Act:

- Provides for the creation of economic development organizations, upon approval of the Department of Commerce, for the coordination of State and local economic development efforts and the promotion of economic development within an area in the State.
- Requires that the business of an economic development organization be conducted by a board of directors, who represent specific interests.
- Outlines the duties of the economic development organization, including, researching an area's economic base, designing and implementing an economic development program, assisting businesses, conducting an area-wide business retention program, and establishing programs to serve small business needs.
- Prescribes the duties of the Department, including requiring reports from each economic development organization that received State funds, annually reviewing each organization's performance, establishing financial accountability procedures, requiring each economic development organization to indemnify the State against any civil liability arising from the organization's actions, requiring each economic development organization to submit annual program budgets and work plans, and making annual grants of State funds to economic development organizations.
- Requires the Department to enter into written agreements with each economic development organization that prescribed the organization's and Department's duties as to project performance, accountability, use of State funds, budgeting, and other matters determined by the Department.
- Requires the Department to report annually to the Legislature on the amount of the grants awarded, the identity of the recipients, and the use of the grant funds.

MCL 125.2411

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. The initial legislation (Public Act 409 of 1988) put the existing Department of Commerce-Community Growth Alliances program into statute; it did not start a new program. The extension of the expiration date for the Economic Level of the Act should not have an impact on the program. For FY 1989-90, the Regulatory Appropriations Bill (Public Act 198 of 1989) includes \$5,000,000 from corporation and securities fees for the communities growth alliances program.

Fiscal Analyst: J. Schultz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

S.B. 975 (5-23-90)