



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



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Throughout this document Senate means Subcommittee.

OVERVIEW

The General Government Appropriations Bill contains appropriations for Attorney General, Civil Rights, Executive, Information Technology, Legislature, Legislative Auditor General, Management and Budget, State, and Treasury. The following pages provide a summary of the changes for FY 2008-09.

Changes from FY 2007-08 Year-to-Date:

1. **Retention of Reports.** Requires departments and agencies receiving appropriations under this Act to receive and retain copies of all reports funded in the Act. Federal and State guidelines for retention of records shall be followed. The Governor and House eliminated this section. The Senate restored it. (Sec. 212)
2. **Communications with Legislators.** Prohibits disciplinary action against department employees for communicating with Legislators or their staff. The Governor eliminated this section. The House and Senate restored it. (Sec. 215)
3. **General Fund Restrictions.** Prohibits use of general fund appropriations in this Act where Federal funds are available for the same expenditures. The Governor eliminated this section, the House and Senate restored it. (Sec. 217)
4. **Information Technology Work Projects.** The Governor included new language providing that information technology funding in Part 1 may be designated as work projects. Funds are not available for expenditure until approved as work projects pursuant to Section 451a of the Management and Budget Act. The House and Senate did not include this section. (Sec. 215)
5. **Political Action Committees.** The Senate included language that prohibits funds to be used to establish, operate, or administer a payroll deduction plan that allows classified employees to make contributions to political action committees or organizations. (Sec. 220)
6. **Specific Policy Changes.** Requires each department to report on each specific policy change made to implement enacted legislation. The section also prohibits the use of funds in Part 1 to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses pursuant to MCL 24.240. The Governor removed this section. The House and Senate restored it. (Sec. 221)
7. **Travel Restrictions.** The Senate included new language prohibiting departments from sending more than one employee to an out-of-state conference or seminar, excluding the Department of Management & Budget. (Sec. 224)
8. **Efficiency Mechanisms.** Requires departments to implement continuous improvements efficiency mechanisms. The Governor removed this section, the House restored it. The Senate concurred with the Governor. (Sec. 225)
9. **Posting of Expenditures.** The Senate included new language requiring departments to post all expenditures on a publicly accessible Internet site. (Sec. 225)



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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FY 2007-08 Year-to-Date Gross Appropriation	\$73,124,200
Changes from FY 2007-08 Year-to-Date:	
1. Revenue Adjustments. The Governor adjusted IDG, Federal, and Restricted revenues to reflect agreements in memorandums of understanding. Federal funding for Medicaid Fraud investigations was increased by \$200,000. The House and Senate concurred with the Governor.	3,005,000
2. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction.	(1,400)
3. Economic Adjustments. The Department's economic adjustments totaled \$411,300 while the economic adjustment for DIT totaled \$5,500. The House and Senate concurred with the Governor.	416,800
4. Items of Difference Adjustment. The Senate adjusted several line items by \$100 to make points of difference from the House.	(100)
5. Comparison to Governor's Recommendation. The Senate is \$100 Gross and \$100 GF/GP under the Governor.	
Total Changes.....	\$3,420,300
FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$76,544,500

Changes from FY 2007-08 Year to Date:

1. **Settlement Funds.** The Governor added a new section requiring the Department of Attorney General to deposit any funds received from debts due or forfeited penalties, or from lawsuit settlements. Funds could not be used until deposited and appropriated. Would disallow the Department to accept the payment of money, goods, services, or benefits to a third party in lieu of a debt or obligation due to the State. Requires the Department to report to the House and Senate Appropriations Subcommittees on General Government on a quarterly basis the case names, file numbers, court docket numbers, and presiding courts for every matter the Attorney General settled during the preceding quarter. Additionally, the Attorney General shall itemize each settlement. The House concurred with the Governor. The Senate did not include this language.
2. **Anti-Trust Enforcement Revenue.** Allows up to \$250,000 of anti-trust enforcement revenue to be carried forward. The Senate and House retained current law while the Governor removed this language. (Sec. 307)
3. **Litigation Expense Reimbursement.** The Governor, House, and Senate added language excluding salaries and support costs from allowable litigation expenses. (Sec. 308)
4. **Child Support Funding.** Requires the Department of Human Services to maintain a cooperative agreement with the Attorney General for Federal IV-D funding to support the child support enforcement activities of the Attorney General. The section also provides that the Attorney General shall, to the extent allowable under Federal law, have access to any information used by the State to locate parents who fail to pay child support. The Governor removed this section. The House concurred with the Governor. The Senate retained current law. (Sec. 310)
5. **Expending of Funds for Legal Services.** The Senate did not concur with the Governor and House to keep current law that allows the Department to receive and expend additional funds for costs for expert witnesses and Court costs.
6. **Medicaid Fraud Awards.** The Senate added new language allowing receipt and expenditure of funds received by the Department for violations against the Medicaid False Claims Act. (Sec. 311)
7. **Settlement Proceeds Advertising Prohibition.** The House included new language that prohibits the Department of Attorney General from using the proceeds of any settlement for advertising or public service messages that refer to or use the image or voice of the Attorney General or any elected State officer or candidate for elective office. The Governor and Senate did not concur with the House.

Date Completed: 5-21-08

Fiscal Analyst: Joe Carrasco



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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation	\$14,491,300
Changes from FY 2007-08 Year-to-Date:	
1. Computer Upgrades. The Governor increased funding to purchase new computers for the Department. The House and Senate concurred with the Governor.	75,000
2. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction. The House and Senate concurred with the Governor.	(600)
3. Human Resource Optimization. The HR optimization costs previously contained in the Department's budget were transferred to the Civil Service Commission within the Department of Management and Budget. The House and Senate concurred with the Governor.	(8,700)
4. Human Resource Consolidation. The Department's HR responsibilities, including 2.0 FTEs, were transferred to the Civil Service Commission within the Department of Management and Budget per Executive Order 2007-30. The House and Senate concurred with the Governor.	(201,200)
5. Economic Adjustments. The Department's economic adjustments totaled \$169,800 while the economic adjustment for DIT totaled \$2,800.	172,600
6. Items of Difference Adjustment. The Senate adjusted several line items by \$100 to make points of difference from the House.	0
7. Comparison to Governor's Recommendation. The Senate is \$0 Gross and \$0 GF/GP over the Governor.	
Total Changes	\$37,100
FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$14,528,400

Changes from FY 2007-08 Year to Date:

1. The Governor, House and Senate recommended no changes to the boilerplate sections for the Department of Civil Rights.

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation	\$5,317,300
Changes from FY 2007-08 Year-to-Date:	
1. Economic Adjustments. The Governor, House and Senate did not include any funding adjustments for the Executive Office.	0
2. Items of Difference Adjustment. The Senate adjusted several line items by \$100 to make points of difference from the House.	0
3. Comparison to Governor's Recommendation. The Senate is \$0 Gross and \$0 GF/GP over the Governor.	
Total Changes	0
FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$5,317,300

Changes from FY 2007-08 Year to Date:

1. There are no boilerplate sections for the Executive Office.

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation	\$428,868,100
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Changes from FY 2007-08 Year-to-Date:

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|--|-------------|
| 1. Department of Civil Rights. The Governor, House, and Senate included funding to replace certain agency computers. | 75,000 |
| 2. Department of Community Health. The Governor, House, and Senate included funding for the Certificate of Need application processing system, Vital Records and disaster recovery for Public Health Systems. | 497,700 |
| 3. Department of Corrections. The Governor, House, and Senate included funding for PC and server replacement, desktop maintenance, and removed one-time funding for IT equipment. | 1,577,600 |
| 4. Department of History, Arts and Libraries. The Governor, House, and Senate included funding for PC and server replacement, software support licenses and upgrading networks systems. | 179,500 |
| 5. Department of Human Services. The Governor, House, and Senate transferred in IT costs from the Jobs, Education and Training program, added IT costs for new staff, and included a \$5.3 million reduction, which was part of a broader departmental reduction plan. | (5,035,300) |
| 6. Department of Management and Budget. The Governor, House, and Senate recommended the removal of one-time funding related to retirement, as well as increases for telephone equipment for the retirement call center and IT costs for new retirement employees. | (128,300) |
| 7. Department of Natural Resources. The Governor, House, and Senate recommended a decrease to reflect anticipated revenues in the department. | (25,000) |
| 8. Department of State. The Governor, House, and Senate included funding for server replacement. | 90,000 |
| 9. Department of State Police. The Governor, House, and Senate included funding to reflect additional revenues related to the Automated Fingerprint Identification System and the Traffic Crash Reporting System, added funding for the Criminal Justice Information Center, transferred in MCOLES IT costs, and included funding to cover a structural deficit in the Michigan Public Safety Communications System | 3,382,400 |
| 10. Department of Treasury. The Governor, House, and Senate included funding for server replacement, maintenance for the Tobacco System and the Taxpayer Contact Center. The Senate also included a \$1,000,000 reduction for IT. | (210,000) |
| 11. Administrative Reduction. The Governor, House, and Senate included an overall administrative reduction for the department. | (233,400) |
| 12. Economic Adjustments. | 932,800 |
| 13. Other Changes. The Governor, House, and Senate included several technical adjustments to align agency appropriations with DIT appropriations. | 3,021,800 |
| 14. Comparison to Governor's Recommendation. The Senate is \$1,000,000 Gross and \$0 GF/GP under the Governor. | |

Total Changes.....	\$4,124,800
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FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$432,992,900
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Changes from FY 2007-08 Year to Date:

1. **Advertising on State Websites.** The Governor removed language limiting funds that can be received under this section to \$250,000. The House and Senate retained current-year language. (Sec. 573 (1))
2. **Carryforward of Advertising Revenue.** The Governor added language authorizing the carryforward of funds received under this section. The House and Senate did not include this subsection. (Sec. 573 (5))
3. **Reporting Requirement for Expenditures for Spatial Information and Technical Services.** The Governor eliminated a reporting requirement for funds received under this section. The House and Senate retained current-year language. (Sec. 574)
4. **Annual Report.** The Governor removed a section that requires an annual report from the Department that lists the total amount of funding appropriated and corresponding expenditures for information technology services and projects by funding source for all departments and agencies. The House and Senate retained this section. (Sec. 578)
5. **Life-Cycle of Hardware and Software.** The Governor removed a section that requires the Department to provide a report by March 1 that analyzes and makes recommendations on the life-cycle of information technology hardware and software. The House and Senate retained current-year language. (Sec. 579)
6. **Information Technology Study.** The Governor removed a section that requires the Department to assess the State's IT assets and potential benefits and economies. The House and Senate retained current-year language. (Sec. 581)
7. **Website Improvements.** The House added language requiring a report on improvement to the Michigan.gov website. The Senate concurred with the House. (Sec. 582)
8. **Change Orders and Follow-On Contracts.** The Senate added language requiring a report on all change orders and follow-on contracts entered into by the Department since its inception. (Sec. 583)
9. **2-1-1 Study.** The Governor and House removed a section requiring the Department to coordinate a study of information and referral services, identifying costs savings for certain departments that would result from 2-1-1 service. The Senate restored it. (Sec. 584)
10. **MiCSES.** The Governor removed a section that requires a report that calculates the total amount of funds expended for MiCSES since the inception of the program. The House and Senate retained current-year language. (Sec. 585)
11. **Spending Authorization and User Fees.** The Governor, House, and Senate added a subsection allowing the State Budget Director to adjust spending authorization and user fees to ensure that the appropriations in the Department's budget equal the appropriations for IT in the budget for other agencies. (Secs. 579 (1), 586)

Date Completed: 5-21-08

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation	\$114,504,000
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Changes from FY 2007-08 Year-to-Date:

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| 1. Economic Adjustments. The Governor and Senate did not include any funding adjustments for the Legislature. The House added \$330,800 in economic increases. | 0 |
| 2. Legislative Corrections Ombudsman. The House added funding of \$1,250,000 for a Legislative Corrections Ombudsman Office within the Legislative Council. The Senate reduced funding by \$750,000. | 500,000 |
| 3. Sentencing Guidelines Commission. The House added \$500,000 in funding for the Commission within the Legislative Council. The Senate did not include this line item. | 0 |
| 4. Property Management. The House made adjustments to the funding for Legislative Property Management; \$189,100 increase for the Capitol Building and a \$1,500,000 reduction for the Anderson House Office Building. The Senate concurred with the House. | (1,310,900) |
| 5. National Association Dues. The House added funding to pay the annual dues to the National Conference of Commissioners on Uniform State Laws (NCCUSL). The Senate concurred with the House. | 51,000 |
| 6. Items of Difference Adjustment. The Senate adjusted several line items by \$100 to make points of difference from the House. | 0 |
| 7. Comparison to Governor's Recommendation. The Senate is \$759,900 Gross and \$759,900 GF/GP under the Governor. | |

Total Changes.....	(\$759,900)
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FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$113,744,100
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Changes from FY 2007-08 Year to Date:

1. The Governor recommended no changes to the boilerplate sections for the Legislature.
2. **National Association Dues.** The House and Senate added language to require that \$51,000 is paid for annual dues to the NCCUSL. (Sec. 603)

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation	\$15,828,200
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Changes from FY 2007-08 Year-to-Date:

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|---|--------|
| 1. Economic Adjustments. The Governor and Senate recommended no changes to appropriations for the Legislative Auditor General for economics. The House added \$25,000. | 0 |
| 2. Information Technology. The Senate added funding to allow the office to move its IT functions from the Executive branch network to the Legislative branch network. | 63,000 |
| 3. Items of Difference Adjustment. The Senate adjusted several line items by \$100 to make points of difference from the House. | 100 |
| 4. Comparison to Governor's Recommendation. The Senate is \$63,100 Gross and \$63,100 GF/GP over the Governor. | |

Total Changes.....	\$63,100
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FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$15,891,300
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Changes from FY 2007-08 Year to Date:

1. The Governor and House recommended no changes to the boilerplate sections for the Legislative Auditor General.
2. **Information Technology Network.** Senate added language to allow for the expenditure of \$63,000 to transition the office's IT network from the Executive branch to the Legislative branch. (Sec. 624)

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation	\$504,891,400
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Changes from FY 2007-08 Year-to-Date:

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| 1. State Building Authority Rent Adjustments. The Governor, House, and Senate made adjustments to "rent" the State pays for State financed building projects based on projected payments. | 5,000,000 |
| 2. Building Occupancy Charges. The Governor provided for increased rent adjustments for leased buildings. The House and Senate concurred with the Governor. | 446,100 |
| 3. Internal Audit Functions Transferred In. Various State Departments transferred their internal audit functions, including 51.0 FTEs, to DMB per Executive Order 2007-31. | 5,870,400 |
| 4. Administrative Efficiencies. The Governor, House, and Senate reduced several line items due to administrative efficiencies, including: Parking Enforcement (\$300,000 and 5.0 FTEs); DMB Admin. Services (\$274,000 and 3.0 FTEs); and Civil Service Commission (\$300,800). | (874,800) |
| 5. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction. | (40,000) |
| 6. Retirement Services. The Governor eliminated prior-year one-time funding of \$798,000 but increased funding for upgrading interactive voice response hardware and software (\$357,700) and the hiring of 6.0 additional FTEs to maintain current customer service response time (\$440,000). The House and Senate concurred with the Governor. | (300) |
| 7. Property Utilization. The Governor and House included \$150,000 for a one-time property utilization study and \$400,000 for internal relocation expenses for State departments and agencies to better utilize State-owned office space. The Senate did not include the \$150,000 for the study. | 400,000 |
| 8. Human Resource Optimization. The HR optimization costs previously contained in the Department's budget were transferred to the Civil Service Commission within the Department. | (66,000) |
| 9. Human Resource Consolidation. The Department's HR responsibilities, including 14.0 FTEs, were transferred to the Civil Service Commission within the Department per Executive Order 2007-30. | (831,700) |
| 10. Human Resource Functions Transferred In. Various State Departments transferred their human resource functions, including 358.0 FTEs, to DMB per Executive Order 2007-30. | 33,433,200 |
| 11. Supplier Diversity Program. The House added 8.0 FTEs and \$1.0 million for new program to increase the number and types of vendors competing for State contracts. The Senate did not include this funding. | 0 |
| 12. Economic Adjustments. The Department's economic adjustments totaled a negative \$78,100 while the economic adjustment for DIT totaled a positive \$108,100. | 30,000 |
| 13. Other Changes. The Governor, House and Senate included increases for: professional development funds based on collective bargaining (\$71,000); transfer of DMB's internal audit functions from the management side to the budget side (\$31,600); and fully funding the Children's Ombudsman supervisor (\$80,000). | 182,600 |
| 14. Items of Difference Adjustment. The Senate adjusted several line items by \$100 to make points of difference from the House. | 0 |
| 15. Comparison to Governor's Recommendation. The Senate is \$150,000 Gross and \$0 GF/GP under the Governor. | 0 |

Total Changes.....	\$43,549,500
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FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$548,440,900
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Changes from FY 2007-08 Year to Date:

1. **Computer Contract Adjustments.** Requires notification to the House and Senate Appropriation Committee Chairs and General Government Subcommittee Committee Chairs on computer contract revisions that increase or decrease current contracts by more than \$500,000. The Governor removed this section while the House and Senate retained the language. (Sec. 710)
2. **Motor Vehicle Fleet**
 - a. Provides that funds appropriated in Part 1 for the Motor Vehicle Fleet are for the administration and for acquisition, lease, operation, maintenance, repair, replacement, and disposal of State motor vehicles.
 - b. Appropriations in Part 1 shall be funded from rates charged to State departments and agencies for utilizing vehicle travel services. Provides that revenue may be carried forward to the next fiscal year.
 - c. States legislative intent that the Department of Management has the authority to determine the appropriateness of vehicle assignments.
 - d. Requires the Department of Management and Budget to develop a plan that includes the number of vehicles assigned to departments and agencies, efforts to reduce vehicle expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall also include a calculation of the amount of State fuel taxes that would have been incurred by fleet vehicles, description of fleet garage operations, goods and services by the garage, cost to operate the fleet garage, number of fleet garage locations, and number of employees assigned to the fleet garage. Provides that the plan may be adjusted during the fiscal year based on needs and cost savings. Requires report within 60 days after the close of the fiscal year detailing the current plan and changes to the plan.
 - e. Allows the Department to charge State agencies for fuel cost increases that exceed the average retail price of \$2.27 per gallon and requires the Department to give a 30-day notice before a fuel surcharge is implemented.

The Governor removed Subsections 3 and 4 (items c and d above). The House and Senate retained Subsections 3 and 4. (Sec. 715)
3. **Contracting.** The Governor removed current year language (Sec. 716, Sec. 717, Sec. 718, Sec. 719) regarding adoption of policies and procedures necessary for compliance with Section 261 of the Management and Budget Act (1984 PA 431); language requiring determination of best interests of the State when dealing with vendors outside of Michigan; language requiring obtaining certain information from vendors; and language requiring disclosure of the location of call/contact centers. The House and Senate retained these sections.
4. **Supplier Diversity Program.** The House added new language allowing DMB to implement a new program to increase the number and types of vendors competing for State contracts. The Senate did not include this language.
5. **State Property.** Requires DMB to make available to the public on the Internet, a list of all parcels of real estate that are available for purchase from the State. The Governor removed this section while the House and Senate retained the language. (Sec. 723)
6. **Retirement Services.** Authorizes \$300,000 of the Retirement appropriation as a work project to implement the amendatory legislation allowing the addition of a new spouse as a pension beneficiary for the Public School Employees Retirement System. The Governor removed this section. The House and Senate concurred.
7. **2-1-1 Capacities.** Requires the Department to assist DIT in determining how existing 2-1-1 capacities are utilized by each State department. The Governor and House removed this section. The Senate retained current law. (Sec. 724a)
8. **Internal Audits.** The Governor added new language that allows internal audit charges to be funded by assessments against State agencies in a manner prescribed by the Department. The House and Senate concurred. (Sec. 723 in Govs. Rec., 720 in House and Senate)
9. **Reference Changes.** The Governor changed all references to the former Department of Civil Service to the current Civil Service Commission. The House and Senate concurred. (Secs. 750, 751, 752, 753)

Date Completed: 5-21-08

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation	\$207,681,400
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Changes from FY 2007-08 Year-to-Date:

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|---|-----------|
| 1. Computer Server Replacement. The Governor added one-time funding for the replacement of an outdated computer server in the contact center that provides automated information regarding branch office services. The House and Senate concurred. | 90,000 |
| 2. Assigned Claims. The Governor increased funding to cover increased attorney costs for claims filed against uninsured drivers. The House and Senate concurred. | 120,000 |
| 3. Federal Funding Reductions. The Governor eliminated two Federal funds: one-time funding of \$350,000 for compliance with the Help America Vote Act and \$101,200 for social security number verifications. The House and Senate concurred. | (451,200) |
| 4. Administrative Reductions. The Governor, House, and Senate reduced funding for several line items: \$237,000 for Department Services Operations; \$222,000 for Regulatory Services Operations; \$76,800 for Central Operations; and \$68,600 for Branch Operations. | (604,400) |
| 5. Enhanced Driver License Revenue. The Senate added additional restricted revenue to allow expenditure of anticipated new revenue from fees for the new enhanced driver license and personal ID cards. | 4,150,000 |
| 6. Department of Information Technology (DIT) Reduction. This represents the Department's share of a DIT administrative reduction. | (17,100) |
| 7. Economic Adjustments. The Department's economic adjustments totaled \$700 while the economic adjustment for DIT totaled a positive \$52,500. | 53,200 |
| 8. Items of Difference Adjustment. The Senate adjusted several line items by \$100 to make points of difference from the House | (100) |
| 9. Comparison to Governor's Recommendation. The Senate is \$4,149,900 over Gross and \$100 GF/GP under the Governor. | |

Total Changes.....	\$3,340,400
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FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$211,021,800
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Changes from FY 2007-08 Year to Date:

1. **Contingency Funds.** The Governor, House, and Senate increased limit for Federal contingency funds to \$2.0 million. (Sec. 801)
2. **Transportation Funds Cost Study.** The Senate added language that requires the Department to conduct a cost study identifying costs of work performed by the Department from State restricted funds. (Sec. 803a)
3. **Branch Office Closings.** (1) At least 180 days prior to the announcement of Secretary of State branch office closings or consolidations, or 60 days prior to relocating a branch office, the Department of State shall inform members of the Senate and House of Representatives Standing Committees on appropriations and Legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analysis done regarding criteria for changes in the location of branch offices, including but not limited to branch transactions, revenue, and the impact on citizens of the affected area. The notice shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure. The Governor eliminated this section while the House and Senate retained current law. (Sec. 815).
4. **Transaction Report.** Requires the Department to report to the House and Senate General Government Subcommittees and the respective fiscal agencies, by December 15th, the number of branch office transactions completed online. The Governor removed this section. The House and Senate retained current law. (Sec. 815a)
5. **Motorcycle Safety Program.** Language continues the Motorcycle Safety Program in the same manner as was provided by the Department of Education. Lists revenue sources for the program, criteria for grants, and details appropriate charges for Department of State administrative costs. The Governor removed this section. The House and Senate retained current law. (Sec. 818)
6. **Department of State Business Application Modernization Project.** Provides criteria for expenditure of funds and designates as a work project. The Governor removed this section. The House and Senate retained current law. (Sec. 819)
7. **Buena Vista Branch Office.** Requires the Department to maintain a full service branch office in Buena Vista Township. The Governor and House removed this section. The Senate retained current law. (Sec.824)
8. **Ann Arbor Branch Office.** Requires the Department to maintain a full service branch office in Ann Arbor. The Governor and House removed this section. The Senate retained language but changed branch location to Ann Arbor. (Sec. 825).
9. **Branch Offices.** Requires the Department to maintain branch offices in each location that existed on August 1, 2007. The Governor, House, and Senate removed this section.
10. **Guidelines for Branch Office Placement.** Provides guidelines for the placement of future branch offices. The Governor removed this section. The House and Senate retained current law. (Sec. 827)

Date Completed: 5-21-08

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

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FY 2007-08 Year-to-Date Gross Appropriation \$1,748,104,000

Changes from FY 2007-08 Year-to-Date:

1. **Michigan Business Tax Implementation.** The Governor, House, and Senate included a scheduled increase for MBT implementation. 3,400,000
2. **Renaissance Zone Reimbursement.** The Governor, House, and Senate included an increase to reflect program requirements. 705,000
3. **Pension Plan Consultant.** The Governor, House, and Senate included funding for a consultant to evaluate pension funds. 1,000,000
4. **Casino Gaming.** The Governor, House, and Senate included an increase to monitor the larger permanent casinos. One-time funding to move Gaming Control Board to Detroit was eliminated. (4,816,000)
5. **Senior Citizen Cooperative Housing Tax Exemption.** The Governor, House, and Senate included a reduction to reflect actual program expenditures. (498,400)
6. **Commercial Mobile Radio Service Fees.** This fee is scheduled to sunset 2/28/09. (6,800,000)
7. **Michigan Transportation Fund (MTF).** The Gov., House, & Senate included a reduction in MTF funding. (750,900)
8. **Property Tax Appeal Program.** The Senate included funding to assist local unit of government and school districts in defending appeals of property, utility and personal tax assessments. 1,000,000
9. **Administrative Reductions.** The Governor, House, and Senate included reductions of: Revenue Enhancement Program (\$336,400), Neighborhood Enterprise Zone (\$150,000), Student Financial Services (\$75,200), and Supervision of the General Property Tax Law (\$50,000). (611,600)
10. **Human Resources Changes.** The Department's HR responsibilities, including 17.0 FTEs and HR optimization costs, were transferred to the Civil Service Commission. (2,057,300)
11. **Information Technology Adjustments.** The Governor, House, and Senate included increases for software, server replacement, and maintenance for the tobacco system, and an administrative reduction for DIT. The Senate also included a \$1.0 million reduction for IT. (246,900)
12. **Debt Service.** Changes included \$15.7 million for new issues and a decrease of \$12,563,400 for current debt service. The Governor, House, and Senate also included a \$40 million GF/GP reduction from the restructuring of the Quality of Life bond and the Clean Michigan Initiative. (6,863,400)
13. **Payments in Lieu of Taxes.** The Senate transferred this from the Department of Natural Resources. 14,189,100
14. **Revenue Sharing.** Governor and House included 4% increase in statutory revenue sharing. The Senate did not. The Senate included \$102,000 grant for Shiawassee County. 2,383,000
15. **City-University Partnership Grants.** The House included funding for a new collaboration effort between MSU, U of M, WSU, and urban core mayors. The Senate did not include it. 0
16. **Public Private Partnership Investment.** The Senate included a \$100 placeholder for this item. 100
17. **Michigan Strategic Fund (MSF).** Please see the MSF highlight sheet for more detail. (8,408,100)
18. **Economic Adjustments.** These include \$77,400 in DIT Economics. 571,600
19. **Other Changes.** Included are adjustment for Attorney General charges of \$700,000, increase for Lottery Commissioner of \$17,000, increase of \$400,000 in Federal home heating assistance, increase of \$250,000 for out-of-state lien filings, removal of one-time funding for presidential primary, removal of \$520,000 for the implementation of repealed tax on services and increase in the individual income tax, and several \$100 changes to various line items. (9,153,300)
20. **Comparison to Governor's Recommendation.** The Senate is \$3,286,400 Gross under and \$11,941,100 GF/GP over the Governor.

Total Changes..... (\$16,957,100)

FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation \$1,731,146,900

Changes from FY 2007-08 Year to Date:

1. **Debt Service Costs.** The Governor, House, and Senate modified this section to include amounts needed for mandatory and optional redemptions in what is appropriated for debt service costs. (Sec. 902(1))
2. **School Bond Loans.** The Governor, House, and Senate added a subsection that appropriates all repayments received by the State on loans made from the school bond loan fund not required to be deposited in the school loan revolving fund for the payment of debt service costs. (Sec. 902(3))
3. **Tax Manuals.** The Governor, House, and Senate modified this section to require the Department to provide copies of the State Tax Manual on their website, or sell copies in other electronic formats. (Sec. 905)
4. **City-University Partnership Grants.** The House included language specifying the activities to be part of the City-University partnership plan. The Senate did not include it. (Sec. 923)
5. **Secondary Collections.** The Governor deleted language requiring a contract for secondary collection activities. The House and Senate modified the section to remove request for proposal language. (Sec. 930a)
6. **Treasury Fees.** The Governor, House, and Senate modified this section to include other investment income in addition to common cash earnings for the assessment of treasury fees. (Sec. 931(1))
7. **Michigan Tobacco Settlement Finance Authority.** The Governor, House, and Senate added a section that authorizes the Department to expend revenues received for this Authority for administrative costs. (Sec. 940)
8. **Standardized Audit Schedules.** The Governor, House, and Senate removed this section. (Sec. 941)
9. **Medical Pension Liability for State Employees.** The Senate added language requiring the Department to explore new products to address the medical pension liability for State employee retirees. (Sec. 941)
10. **Property Tax Appeal Program.** The Senate added language requiring that funds for this program be used to assist local units of government to defend appeals of utility personal property tax assessments. (Sec. 942)
11. **Social Security Numbers.** The Governor removed the section prohibiting the inclusion of SSNs on Form 1099-G mailings. The House and Senate retained current year language. (Sec. 943)
12. **Pension Plan Consultant.** The Senate added language requiring any report from a pension plan consultant be shared with the Legislature. (Sec. 944)
13. **Assessment Administration.** The Governor removed the section that provides that the Department may review local unit assessment administration. The House and Senate retained current year language. (Sec. 945)
14. **Regional Training.** The Governor removed the section that allows for the coordination of regional assessment, training and recertification activities. The House and Senate retained current year language. (Sec. 946)
15. **Revenue Enhancement Program.** The Governor removed the section specifying the use of funding for the Revenue Enhancement Program. The House and Senate retained current year language. (Sec. 947)
16. **Online Tax Filings.** The Governor eliminated a reporting requirement for tax returns filed online in the preceding fiscal year. The House and Senate modified this section to include Michigan Business Tax returns. (Sec. 948)
17. **Tobacco Stamp Technology.** The Governor, House, and Senate removed the section that requires the Department and DMB to conduct a competitive bid for new tobacco stamp technology. (Sec. 949)
18. **Transportation Funds Cost Study.** The Senate added language requiring the Department to conduct a cost study to identify costs to collect fuel taxes and sales & use taxes. (Sec. 949)
19. **Revenue Sharing.** The Governor and House modified this section to guarantee that each city, village and township receive a combined total payment equal to that received in 2008, as well as a 4% increase in the statutory payment. The Senate did not include the 4% increase. (Sec. 950)
20. **Grant to Shiawassee.** The Senate added language requiring a \$102,000 special grant to Shiawassee County. (Sec. 952(2))
21. **DHS Bridge Cards.** The Governor removed the section that requires the State Lottery to inform retailers that DHS bridge cards cannot be used to buy lottery tickets. The House & Senate retained current year language. (Sec. 963)
22. **Michigan Strategic Fund.** See MSF highlight sheet for detailed information.

Date Completed: 5-21-08

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

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House Bill 5816 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate means Subcommittee.

FY 2007-08 Year-to-Date Gross Appropriation	219,922,500
Changes from FY 2007-08 Year-to-Date:	
1. Michigan Promotion Program. The Governor eliminated one-time funding from the Jobs for Michigan Fund>Returns to Fund, reducing funding from \$11,417,500 to \$5,717,500. The House concurred. The Senate increased by \$100 GF/GP. The Senate recommendation also reflected the removal of \$50,000,000 of supplemental funding for FY 2007-08 recently appropriated in P.A. 98 of 2008 for two years of additional tourism and business promotion spending.	(55,699,900)
2. 21st Century Jobs Trust Fund. The Governor continued funding at \$75.0 million as specified in statute. The House concurred. The Senate reduced by \$100.	(100)
3. Economic Development and Cultural Institutions Earmarks. The Governor eliminated one-time earmarks of \$100 for the following line items: Business Incubator Program; Berrien County Brownfield Redevelopment Authority; Detroit Institute of Arts; McBain Township, Missaukee County; Detroit Historical Museum; Detroit Zoological Institute; and the Michigan State University Bio-Energy Research Center. The House concurred. The Senate added line items of \$100 GF/GP each for business incubators in Macomb and Washtenaw Counties.	(500)
4. Community Development Block Grant (CDBG) Technical Assistance. The House created a new line item to provide \$66,000 GF/GP in grants to local planning agencies that received grants in 2008. The Senate did not include.	0
5. Energy Efficiency Grants. The House created a \$600,000 GF/GP line item to provide grants of \$200,000 each to pilot residential energy efficiency programs in Ann Arbor, Grand Rapids, and Lansing. The Senate did not include.	0
6. Detroit Festival of Arts. The House provided a \$75,000 GF/GP grant. The Senate did not include.	0
7. Film Office. The Governor's revised recommendation transferred the Film Office to the MSF consistent with the recently passed film package, adding 6.0 FTEs. The Senate concurred.	731,600
8. Michigan State University Bio-energy Research Center. The Senate did not continue in FY 2008-09 the FY 2007-08 supplemental funding for this program that was provided in P.A. 113 of 2008.	(3,500,000)
9. Economic Adjustments. The Governor, House, and Senate concurred.	78,600
10. Other Changes. The Governor eliminated the Human Resources Optimization charges. The House and Senate concurred. The Senate reduced Administration, Job Creation Services, and Economic Development Job Training Grants by \$100 GF/GP each.	(18,100)
11. Comparison to Governor's Recommendation. The Senate is \$100 Gross and \$0 GF/GP under the Revised Governor.	
Total Changes.....	(58,408,400)
FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation	\$161,514,100

Changes from FY 2007-08 Year to Date:

1. **Deletions.** The Governor eliminated a number of sections including:
 - **Audits.** Permissive language concerning the implementation of audit procedures that allow for the auditing of job claims at companies receiving financial incentives. House revised specifying which credits and incentives may be audited. Senate changed current year language to require audits. (Sec. 1016)
 - **Promotion Work Project.** Provided work project authorization for \$5.7 million appropriated for Michigan Promotion and Business Development activities. House concurred. Senate changed the language stating availability of other funds for promotion from the bonding package. (Sec. 1021)
 - **Job Creation Reporting.** Required the Fund to report separately the number of actual and indirect jobs created as a result of financial or tax incentive packages awarded to a company in all published or marketing material. House concurred. The Senate maintained current language. (Sec. 1025)
 - **Lakeshore Advantage.** Required the Fund to amend a previously approved contract with Lakeshore Advantage to ensure that \$3.0 million of the \$3.4 million award be allocated by March 31, 2007. Also required an earmark for an equal amount from the 21st Century Jobs Fund if the amended contract is not completed by above-mentioned date. House concurred. The Senate deleted FY 2007-08 language and added a \$3.0 million allocation to Lakeshore Advantage from the \$75.0 million appropriated from the 21st Century Jobs Trust Fund. (Sec. 1027)
 - **Intent on Incentives.** Intent language regarding preference for economic development incentives to be given to Michigan businesses. The House and Senate maintained current year language. (Sec. 1029)
 - **Salary Report.** Required a report for employees with an annual salary of \$80,000 or greater. The House concurred. The Senate retained the report with a wage threshold of \$79,499. (Sec. 1017)
2. **Economic Development Job Training Grants (EDJT).** The Governor added the assistance of Michigan residents and companies as a purpose for this grant program; deleted the earmark for community colleges; added businesses with less than 50 employees and an award less than \$20,000 to the list of eligible applicants; changed the repayment provision to allow for a prorated amount based on the number of actual jobs created or trained compared with the number originally identified in the application; increased the match rate for businesses training incumbent workers from a minimum of 30.0% up to 50.0% of the program costs; and deleted the earmark for the aerospace certification grants. House concurred. The Senate maintained the current year match requirement and the earmark for Michigan Aerospace Manufacturing Association and concurred in the remaining changes. (Sec. 1002)
3. **MEDC Annual Report.** The Senate expanded the MEDC annual report to include detailed reporting on tourism promotion and business marketing, revenues by source, and information on the number of jobs projected to be created and actually created by projects using financial incentives. (Sec. 1007)
4. **CDBG Technical Assistance Grants.** The House added new language allocating these grants to local planning agencies that received grants in 2008 and required each agency to receive an amount equal to previous year. The Senate required that contracts for CDBG technical assistance be awarded to regional planning commissions in the same amounts as in FY 2007-08. (Sec. 1015)
5. **Energy Efficiency Pilot.** The House added language specifying the allocation of these funds as \$200,000 each for three cities: Ann Arbor, Grand Rapids, and Lansing. The Senate did not include. (Sec. 1018)
6. **Agricultural Promotion.** The Senate added intent language that MSF and its contractors work with the Department of Agriculture to promote business development of Michigan agricultural products. (Sec. 1019)
7. **SBIR/STTR Program and Business Incubator Boilerplate.** The Governor and House deleted the set aside for SBIR/STTR programs. The Senate maintained the \$1.4 million allocation in FY 2008-09. The House specified the use of unaccepted awards for a \$1.5 million business incubator program. The Senate did not include. (Sec. 1024)
8. **Tourism Promotion.** The Senate specified that tourism promotion includes Mackinac Island State Park and the Michigan State historic parks, in addition to other activities that are promoted. (Sec. 1024)
9. **Film Office Minutes.** The Senate required that the proposed minutes of the Michigan Film Office Advisory Council be posted on the Internet within 8 business days of the meeting. (Sec. 1033)