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Senate Bill 2 (Substitute S-2 as reported)
Senate Bill 340 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Alan Sanborn (S.B. 2)
 Senator Patricia L. Birkholz (S.B. 340)
Committee: Economic Development and Regulatory Reform

CONTENT

The bills would create Chapter 7a of the Michigan Strategic Fund Act to establish the Office of Business Ombudsman as an autonomous entity within the Strategic Fund, empowered to investigate and review the actions of Michigan regulatory agencies.

Senate Bill 2 (S-2) would do all of the following:

- Require the Business Ombudsman to be appointed with the advice and consent of the Senate, and allow the Governor to remove the Ombudsman for cause.
- Provide that the individual serving in the capacity of Business Ombudsman on the bill's effective date would have to continue serving in that capacity, subject to the advice and consent of the Senate.
- Require the Office to receive, investigate, and resolve complaints and disputes from businesses against departments and agencies of the State; and specify additional powers and duties of the Office and the Ombudsman.

Senate Bill 340 (S-2) would do all of the following:

- Require all departments, agencies, boards, committees, commissions, or officers of the State or any political subdivision of the State to give any assistance requested by the Office of Business Ombudsman in the performance of its duties.
- Allow the Office to bring an action in circuit court to enforce the proposed chapter.
- Require the Ombudsman, after an investigation, to present any conclusions and recommendations to the department or agency involved.
- Require the department or agency, at the Ombudsman's request, to inform the Ombudsman about the actions taken on the recommendations or the reasons for not complying with them.
- Permit the Ombudsman, after a reasonable period, to submit his or her conclusions or recommendations to the Legislature, the Governor, a grand jury, the public, or any other appropriate authority.
- Require the Ombudsman, if he or she believed that any agency official or employee had acted in a manner warranting criminal or disciplinary proceedings, to refer the matter to the appropriate authorities.
- Require information obtained by the Office from businesses to be held in confidence, to the extent authorized under the Freedom of Information Act.

The two bills are tie-barred to one another.

Proposed MCL 125.2079a-125.2079d (S.B. 2)
Proposed MCL 125.2079e-125.2079g (S.B. 340)

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on State government. The bills would require creation of the Office of Business Ombudsman within the Michigan Strategic Fund (MSF) and establish specific duties for the Office, including the investigation and resolution of complaints from businesses against State agencies. Currently, the Michigan Economic Development Corporation (MEDC), an independent agency created by an interlocal agreement between the MSF and local partners, has a full-time business ombudsman funded from the MEDC's corporate revenue at a salary of \$85,000 plus benefits. Under the bills, the Office of Business Ombudsman would have expanded authority and duties, which would be expected to increase the cost of the Office.

As a comparison, the Office of the Legislative Corrections Ombudsman was created within the Legislative Council at a cost of approximately \$400,000 in FY 2008-09. The bills, however, do not provide any additional appropriation for the proposed Office. The year-to-date appropriations for the MSF total \$148,031,000 in FY 2008-09, of which \$27,741,100 is from General Fund/General Purpose revenue.

Under the bills, all State agencies and offices and political subdivisions of the State would be required to cooperate (to the extent compatible with their duties) with the Office of Business Ombudsman and provide free access to personnel and documents. This would increase the cost of State and local government by an unknown amount.

Date Completed: 9-11-09

Fiscal Analyst: Joe Carrasco
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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.