

# Legislative Analysis



## COMMUNITY AND WORKER ECONOMIC TRANSITION ACT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5026 as introduced**  
**Sponsor: Rep. Jasper R. Martus**  
**Committee: Labor**  
**Complete to 10-18-23**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5026 would create a new act, the Community and Worker Economic Transition Act, to provide for the creation of state entities to develop a plan regarding, and coordinate efforts addressing, the impact on workers and communities of the societal and economic shift away from fossil fuels and toward renewable energy resources.

#### Community and Worker Economic Transition Office

The bill would create the Community and Worker Economic Transition Office in the Department of Labor and Economic Opportunity (LEO), to be managed by an office director appointed by the director of LEO. The office would have to do all of the following:

- Lead interdepartmental coordination on efforts essential to the office's mission.
- Advance existing initiatives that align with the office's mission, such as the Energy Transition Impact Project (ETIP).<sup>1</sup>
- Partner with workers, local communities, and employers to create advisory committees so those affected by economic transition have input when decisions are being made.
- Reach out to workers, local communities, and employers to do all of the following:
  - Align and target local, state, and federal programming and establish additional programming to support the office's mission.
  - Propose and implement plans for different sectors of the economy that align with the office's mission.
  - Assist in the development of state and federal laws, rules, regulations, and budgets relating to the office's mission and monitor their implementation.
  - Recommend changes in state and federal law, rules, regulations, policies, guidelines, practices, procedures, and budgets relating to the office's mission as issues emerge.
- Work with the public and private sector to hold or participate in conferences, inquiries, meetings, or studies that could support the office's mission.
- Publicize the activities of the office as appropriate.
- Other duties as assigned by the director of the office.

---

<sup>1</sup> Executive Directive 2020-10 required the Department of Treasury to develop and implement the ETIP to “identify the communities that will be impacted by changes to the mix of energy production facilities in Michigan, and minimize those impacts and dislocation, including loss of employment, property tax revenues, and related community services.” The ETIP site: <https://www.michigan.gov/treasury/local/etip> Its 2022 report: [https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/BLGSS-CSD/ETIP-Annual-Report\\_2022FinalDraft.pdf](https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/BLGSS-CSD/ETIP-Annual-Report_2022FinalDraft.pdf)

Community and Worker Economic Transition Advisory Committee

The bill would also create the Community and Worker Economic Transition Advisory Committee in the Department of Labor and Economic Opportunity (LEO). The committee would consist of the following members:

- The director of LEO or their designee.
- The president of the Michigan Strategic Fund or their designee.
- The director of the Department of Environment, Great Lakes, and Energy (EGLE) or their designee.
- Three individuals appointed by the governor as follows:
  - One representing the Office of the Governor.
  - One selected from a list provided by the Senate Majority Leader.
  - One selected from a list provided by the Speaker of the House.
- Twelve individuals appointed by the director of the Community and Worker Economic Transition Office as follows:
  - Three representing *transition workers*.
  - Three representing *transition communities*.
  - Two with professional experience in economic development or workforce retraining.
  - Two representing *disproportionately impacted communities*.
  - Two representing *transition-impacted industries*.

*Transition worker* would mean a Michigan worker who is laid off from employment in a transition-impacted industry.

*Transition community* would mean a city, township, village, county, or region that has been affected in the previous 12 months, or that demonstrates it will be impacted in the next 36 months, by the loss of 50 or more jobs in a transition-impacted industry.

*Disproportionately impacted community* would mean a community of color, a low-to-middle income community, or an indigenous community that is or has been directly impacted by pollution.

*Transition-impacted industry* would mean an industry that transition has had an impact on, including the following:

- Fossil fuel energy workers who have employment tied to the generation, transportation, and refinement of fossil fuel.
- Internal combustion engine vehicle workers and workers in the supply chain for internal combustion engine vehicles.
- Workers in the building and construction trades.
- Any other affected workers.

The first members of the advisory committee would have to be appointed by 90 days after the bill takes effect. Members would serve four-year terms, except initial terms would be staggered so the terms of the group of office director appointees, the pair of appointees nominated by legislative leaders, and the appointee representing the governor would end in three different years. Members would serve without compensation but could be reimbursed for expenses. The director of LEO would call the first meeting, at which the committee would elect a chair and any other necessary officers and after which it would meet at least quarterly. The bill also

addresses such matters as quorum, vacancies, removal of members for cause, and the applicability of the Open Meetings Act and Freedom of Information Act to committee meetings and documents.

#### Draft community and worker economic transition plan

The advisory committee would have to prepare and submit, by July 1, 2025, a draft community and worker economic transition plan to the directors of LEO and the Community and Worker Economic Transition Office. In developing the draft plan, the committee would have to consider the following options:

- Aligning and generating local, state, and federal resources and programming to invest in and support communities and workers subject to significant economic transition.
- Establishing benefits for transition workers, including *wage differential benefits*, and educating workers on how to apply for them.
- Establishing a grant program and other supports for transition communities and for organizations, including *eligible entities*, that support those communities.

*Wage differential benefit* would mean either supplemental income during job retraining or supplemental income to cover all or part of the difference between an individual's previous income in a transition-impacted industry and their new income.

*Eligible entity* would mean any of the following that serves a transition community:

- An economic development district.
- A county, city, village, township, or other political subdivision of the state.
- An Indian tribe.
- An apprenticeship program registered with the U.S. Department of Labor.
- An institution of higher education.
- A public or private nonprofit organization or association.

The advisory committee also would have to identify and consider all of the following:

- The projected short- and long-term costs and benefits to the state of each component of the plan.
- Potential sources for sustainable short- and long-term funding for a plan.
- Potential fiscal, economic, workforce, and other implications of extending components of the plan to other industries affected by similar economic disruptions.
- Which plan components can be implemented by a state department or agency under existing authority and which require additional legislation.

#### Final transition plan

The director of the Community and Worker Economic Transition Office would have to submit a final transition plan to the governor and the legislature by December 31, 2025. The final plan would have to be based on the draft plan, be approved by the director of LEO, and include at least all of the following:

- Benefits, grants, and other components that LEO, the Community and Worker Economic Transition Office, or another state department or agency will coordinate and implement under existing authority.
- Benefits, grants, and other components that require additional legislative authority to implement.

- Sources of funding that may be accessed from federal, state, local, and other sources without additional legislative authority or approval.
- Sources of funding that require legislative or voter approval.

#### Report

The director of the Community and Worker Economic Transition Office would have to submit a written report to the governor and the legislature by January 1, 2029, recommending changes to the new act to better achieve its purposes.

#### **FISCAL IMPACT:**

The bill would increase costs to the Department of Labor and Economic Opportunity by an indeterminate amount. The amount of any increased costs would be related to the creation of the Community and Worker Economic Transition Office and the Community and Worker Economic Transition Advisory Committee within LEO.

The fiscal impact to LEO for the creation of the Community and Worker Economic Transition Office would depend on the number of any additional staff that may be needed and any increased administrative expenses for the office and its responsibilities. LEO would likely have minor administrative cost increases associated with the creation of the new Community and Worker Economic Transition Advisory Committee. The bill requires that members of the committee serve without compensation, but allows reimbursement for members' travel and expenses. The increased costs to the department would be limited to the amount of any reimbursements for travel and expenses for the 18 committee members.

The bill would create additional administrative costs for the Department of Treasury related to the creation and investment of the Community and Worker Economic Transition Fund. An estimate of the increased costs is unknown at this time, but are not expected to be significant.

Legislative Analyst: Rick Yuille  
Fiscal Analyst: Viola Bay Wild

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.