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Senate Bill 576 (as discharged)
Sponsor: Senator Sam Singh
Committee: Appropriations (discharged)

CONTENT

The bill would amend the Management and Budget Act to establish the Energy Efficiency Revolving Fund. The State Treasurer would administer the Fund while the Department of Technology, Management, and Budget (DTMB) would manage the Fund and direct awards to qualifying programs. The primary purpose of the Fund would be to support State projects that would reduce Michigan's carbon footprint. Under the bill, the DTMB also could support technical assistance to State and local entities. The Department would be responsible for reporting data on the projects to the Legislature.

The bill would create the Energy Efficiency Revolving Fund in State Treasury. The State Treasurer could receive money from any source for deposit into the Fund and would be required to direct its investment and credit any interests and earnings directly to the Fund. Any money remaining in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The Department of Technology, Management, and Budget (DTMB) would oversee the Energy Efficiency Revolving Fund and coordinate the solicitation of proposals for State projects that would reduce Michigan's carbon footprint. The Department would have the discretion to award funds to selected projects. The DTMB also would be permitted to provide support for technical assistance to State and local entities seeking to leverage Federal or other revenue.

The DTMB would establish terms with a State department or agency participating in a program receiving money from the Fund. The Department also would be permitted to enter into a memorandum of understanding with an entity to further establish these terms. The terms would include the following information:

- Project scope.
- Funding commitments.
- Data collection.
- Reporting requirements.
- Other financial terms associated with energy savings resulting from the project.

The DTMB would have to apply to the Federal government on behalf of the State of Michigan for projects that were eligible for elective payments under Federal law. State agencies that previously received elective payments for completed projects would receive preference in the awarding of projects associated with the Fund.

Any payments received would be deposited into the Energy Efficiency Revolving Fund. Payments received for projects financed entirely or in part by the State Building Authority would be deposited into the General Fund.

The DTMB would be required to submit a report by February 1 of each year to the Senate and House Appropriations subcommittees with jurisdiction over the departments that received Energy Efficiency Revolving Fund projects in the immediately preceding fiscal year. The report would have to include the amount of money provided from the Fund, the State agency that was awarded the project, the annual energy savings expected to result from the project, and the anticipated revenue from savings that would be expected for deposit into the Fund.

Proposed MCL 18.1475

FISCAL IMPACT

The bill would not have a significant fiscal impact on State and local government. The bill would not deposit or direct any existing revenue to be deposited into the Energy Efficiency Revolving Fund. The cost to DTMB of coordinating and administering the Energy Efficiency Revolving Fund program and associated projects would depend on the number of proposed and awarded projects as well as the amount of Federal or other revenue secured for deposit into the Fund.

The bill specifies that no more than 10% of total project costs could be spent on State administrative costs. State agencies could experience a share of these costs if they were awarded funding for a project, depending on the terms established with the DTMB. Similarly, the fiscal impact on local units of government cannot be anticipated at this time.

It is possible that, following receipt of revenue and completion of associated projects, the State and/or local units of government could experience cost savings resulting from improved energy efficiency or associated standards. As described in the bill, some amount of revenue from such savings would be deposited into the Energy Efficiency Revolving Fund.

The Energy Efficiency Revolving Fund has been established under the annual appropriations bills for fiscal years 2023-24 and 2024-25. However, no funds were deposited into the Fund.

The Department of Treasury would be able to create and administer the Fund using existing appropriations.

Date Completed: 9-25-25

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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.