



HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS

REP. THOMAS A. ALBERT

CHAIR

COMMITTEE MEETING MINUTES

Wednesday, January 26, 2022 9:00 AM Room 352, House Appropriations, State Capitol Building

The House Committee on Appropriations was called to order by Chair Albert.

The Chair requested attendance be called:

Present: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroch, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton, Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Absent: Rep. Marino.

Excused: Rep. Marino.

Representative Whiteford moved to adopt the meeting minutes from December 14, 2021. There being no objection, the motion prevailed by unanimous consent.

The Chair laid HB 5525 before the committee:

HB 5525 (Rep. Albert)

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2022; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

Representative Allor moved to adopt substitute (H-1) to HB 5525. The motion prevailed 28-0-0:

FAVORABLE ROLL CALL

Yeas: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroch, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton, Tate, Peterson,

Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: None.

Pass: None.

Amanda Fisher, representing the National Federation of Independent Businesses, testified in support of HB 5525. Questions and discussion followed.

Alexi Kramer, representing the Small Business Association of Michigan, testified in support of HB 5525. Questions and discussion followed.

Wendy Block, representing the Michigan Chamber of Commerce, testified in support of HB 5524 and HB 5525.

Representative Sabo offered the following amendments to HB 5525 (H-1):

1. Amend page 2, following line 28, by inserting:

ARP – unemployment benefit enhancement 250,000,000

2. Amend page 3, line 4, after "fund" by striking out "250,000,000" and inserting "500,000,000" and adjusting the subtotals, totals, and section 201 accordingly.

3. Amend page 4, following line 17, by inserting:

"Sec. 302. (1) The funds appropriated in part 1 for ARP – unemployment benefit enhancement shall be used for supplemental grants to individuals receiving unemployment benefits in the state of Michigan. The funds shall support benefit enhancement grants equal to the sum of the following:

(a) 64.0% of the individual's weekly benefit rate.

(b) \$16.00 for each dependent, up to a maximum of 6 dependents, claimed by the individual at the time the individual files a new claim for benefits.

(2) The benefit enhancement grants shall only be paid during weeks the individual is receiving a weekly benefit and shall be paid on a weekly basis.

(3) The unemployment insurance agency must establish program guidelines and rules and a mechanism for distributing grants to eligible taxpayers. If there are insufficient funds to fully fund grants in a given week, the unemployment insurance agency shall prorate payments to all eligible individuals."

Representative Sabo moved to adopt the amendments to HB 5525 (H-1). The motion did not prevail 12-16-0:

UNFAVORABLE ROLL CALL

Yeas: Reps. Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroch, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton.

Pass: None.

Representative O'Neal offered the following amendments to HB 5525 (H-1):

1. Amend page 2, following line 28, by inserting:

ARP - unemployment insurance agency enhancements 100,000,000

2. Amend page 3, line 4, after "fund" by striking out "250,000,000" and inserting "350,000,000" and adjusting the subtotals, totals, and section 201 accordingly.

3. Amend page 4, following line 17, by inserting:

"Sec. 302. The funds appropriated in part 1 for ARP - unemployment insurance agency enhancements must be used by the unemployment insurance agency to enhance information technology systems, increase administrative personnel, and increase the number of applicant advocates.".

Representative O'Neal moved to adopt the amendments to HB 5525 (H-1). The motion did not prevail 12-16-0:

UNFAVORABLE ROLL CALL

Yeas: Reps. Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroach, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton.

Pass: None.

Representative Whiteford moved to report out HB 5525 with recommendation, as substitute (H-1). The motion prevailed 28-0-0:

FAVORABLE ROLL CALL

Yeas: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroach, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton, Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: None.

Pass: None.

The Chair laid HB 5524 before the committee:

HB 5524 (Rep. Albert)

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2022; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

Representative Brann moved to adopt substitute (H-1) to HB 5524. The motion prevailed 28-0-0:

FAVORABLE ROLL CALL

Yeas: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroach, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton, Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: None.

Pass: None.

The Chair invited Representative Fink to testify on HB 4557-HB 4561 and how they relate to

HB 5524.

Scott Ellis, representing the Michigan Licensed Beverage Association, testified in support of HB 5524. Questions and discussion followed.

Claude Molinari, representing the Detroit Convention and Business Bureau, testified in support of HB 5524.

Doug Small, representing Experience Grand Rapids, testified in support of HB 5524.

Bryan Rief, Michael Stack, and Alyssa Tushman, representing the Michigan Fitness Club Association, testified in support of HB 5524. Questions and discussion followed.

Corey Jacobsen and Braden Allen, representing Phoenix Theaters, testified in support of HB 5524.

Scott Hammontree and Chris Meyer, representing the Michigan Independent Venue and Promoter Association, testified in support of HB 5524.

The following people submitted a card in support of HB 5524, but did not wish to speak:

Alexia Kramer, representing the Small Business Association of Michigan.

Evie Sweeny, representing Invest Detroit.

Amanda Fisher, representing the National Federation of Independent Businesses.

Jennifer Hayes, representing the State CDFI Coalition.

Haleigh Krombeen, representing the Michigan Credit Union League.

Representative Tate offered the following amendments to HB 5524 (H-1):

1. Amend page 3, following line 1, by inserting:

ARP – Michigan community development financial institution fund grants	25,000,000
--	------------

2. Amend page 3, line 5, after "fund" by striking out "36,500,000" and inserting "61,500,000" and adjusting the subtotals, totals, and section 201 accordingly.

3. Amend page 9, following line 26, by inserting:

"Sec. 304. (1) From the money appropriated in part 1 for Michigan community development financial institution fund grants, \$150,000,000.00 is appropriated and transferred to the Michigan community development financial institutions fund, which is created by this section, for grants to eligible community development financial institutions under this section. The legislature finds and declares that the appropriation described in this section is for a public purpose, including promoting community economic revitalization and community development through community financial institutions.

(2) Within 84 days of the effective date of this act, the Michigan strategic fund shall develop a grant application, approval, agreement, and compliance process consistent with this section adopted by a resolution of the board and published and available on the Michigan strategic fund's website.

(3) The application required under subsection (2), must include all of the following:

(a) The name of the community development financial institution applying for a grant from the CDFI fund.

(b) The location of the principal office of the applicant.

(c) Documentation indicating whether the applicant is a Michigan CDFI or a multistate CDFI.

(d) The amount of the grant sought, not exceeding the maximum eligible amount of the grant under subsections (4) to (6).

(e) If the community development financial institution is a depository institution, the net assets of the depository institution.

(f) If the community development financial institution is not a depository institution, the amount of qualifying commitments made by the community development financial institution during the 3 calendar years preceding the calendar year in which the application is submitted.

(g) A description of the applicant's eligibility for funding under subsections (4) to (6).

(h) A description of the proposed use of the grant award by the applicant for eligible activities consistent with the requirements of this chapter and the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4701 to 12 USC 4719.

(i) Documentation of the applicant's certification as a community development financial institution that meets the eligibility requirements under 12 CFR 1805.201 by the community development financial institutions fund established under section 104 of the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4703. The documentation required by this subsection may include the list of community development financial institutions in good standing maintained and published by the federal fund.

(j) A statement that the applicant is in compliance with all requirements applicable to the applicant under the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4701 to 4719.

(4) A community development financial institution that is a depository institution is eligible for a grant award in the following amount:

(a) Up to \$2,000,000.00 if the depository institution has total net assets of less than \$500,000,000.00.

(b) Up to \$3,000,000.00 if the depository institution has total net assets of \$500,000,000.00 to \$999,999,999.99.

(c) Up to \$4,000,000.00 if the depository institution has total net assets of \$1,000,000,000.00 to \$1,999,999,999.99.

(d) Up to \$5,000,000.00 if the depository institution has total net assets of \$2,000,000,000.00 or more.

(5) Except as otherwise provided in subsection (6), a community development financial institution is eligible for a grant award in the following amount:

(a) Up to \$1,000,000.00 if the community development financial institution made qualifying commitments in an amount that averaged less than \$1,000,000.00 per year during the 3 calendar years preceding the calendar year in which an application for a grant is submitted.

(b) Up to \$3,000,000.00 if the community development financial institution made qualifying commitments in an amount that averaged from \$1,000,000.00 to \$3,999,999.99 per year during the 3 calendar years preceding the calendar year in which an application for a grant is submitted.

(c) Up to \$5,000,000.00 if the community development financial institution made qualifying commitments in an amount that averaged from \$4,000,000.00 to \$5,999,999.99 per year during the 3 calendar years preceding the calendar year in which an application for a grant is submitted.

(d) Up to \$7,000,000.00 if the community development financial institution made qualifying commitments in an amount that averaged from \$6,000,000.00 to \$9,999,999.00 per year during the 3 calendar years preceding the calendar year in which an application for a grant is submitted.

(e) Up to \$8,000,000.00 if the community development financial institution made qualifying commitments in an amount that averaged at least \$10,000,000.00 per year during the 3 calendar years preceding the calendar year in which an application for a grant is submitted.

(6) A grant to a multistate CDFI under subsection (5) must not exceed \$5,000,000.00.

(7) The Michigan strategic fund shall accept initial applications for a grant under this chapter until April 30, 2022. The Michigan strategic fund shall approve or deny a grant application within 63 days after the receipt of an administratively complete application as determined by the Michigan strategic fund. If the application complies with the requirements of this section, the Michigan strategic fund shall approve the award of the grant in the amount requested by the applicant. The Michigan strategic fund may deny a grant application submitted under this section only for the following reasons:

(a) The applicant does not satisfy all of the requirements described in this section.

(b) Subject to subsection (9), there is insufficient money in the CDFI fund to pay the grant amount requested.

(c) The applicant is not in compliance with applicable requirements under the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4701 to 4719.

(8) If the Michigan strategic fund denies an application under subsection (7), the applicant may provide additional information to the Michigan strategic fund within 7 days of the notice of denial. The Michigan strategic fund shall review and reconsider the application and additional information within 28 days.

(9) If there is an insufficient amount of money in the CDFI fund to pay the grants approved, the amount of each grant shall be reduced proportionately by the Michigan strategic fund based upon the amount of money available in the CDFI fund.

(10) Upon approval of an application, the Michigan strategic fund and the applicant shall sign a written grant agreement providing the terms of the grant agreement. A grant agreement must include all of the following:

(a) A requirement that at least 80% of the grant award be used for financial products and financial services.

(b) A restriction that no more than 10% of the grant award be used for technical assistance activities described in 12 CFR 1805.303.

(c) A restriction that no more than 10% of the grant award be used for administration and operations.

(d) A requirement that a grant award be committed under a loan agreement or funding agreement or disbursed by the recipient within 3 years of the date that the recipient receives the grant award.

(f) A requirement that the entire amount of the grant award be expended within this state.

(g) A requirement that the grant award recipient maintain its certification as a community development financial institution under 12 CFR 1805.201 while the grant agreement is in effect.

(h) A requirement that the grant award recipient comply with all requirements applicable under the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4701 to 4719, while the agreement is in effect.

(i) Provisions authorizing the Michigan strategic fund to enforce the terms of the grant agreement, including a requirement that a noncompliant recipient of a grant award repay the award for deposit in the CDFI Fund.

(j) A requirement for the grant award recipient to report on activities consistent with the requirements of subsection (14).

(11) A grant agreement may provide for the community development financial institution that is the recipient of a grant award to serve as an intermediary lender to another community development financial institution consistent with the purposes of this chapter.

(12) A grant agreement must permit a grant award recipient to assign the award to an affiliate and for the affiliate to assume the obligations of the grant award recipient if the affiliate satisfies all of the following:

(a) Is a community development financial institution.

(b) Is organized in the same manner as the grant award recipient. (c) Is controlled by the grant award recipient in 1 or both of the following ways:

(i) The grant award recipient owns a majority of the stock of the affiliate.

(ii) A majority of the members of the board of the affiliate also are members of the board of the grant award recipient.

(13) Except as otherwise provided in subsection (14), the Michigan strategic fund shall require the recipient of a grant award under this chapter to report annually to the Michigan strategic fund regarding its activities under this section beginning on the May 1 following the calendar year in which the grant award was received by the recipient. The Michigan strategic fund shall publish on its website a standard form for the report. Except as otherwise provided in subsection (14), the report must include all of the following information:

(a) A copy of the recipient's most recent confirmation of recertification as a community development financial institution issued by the community development financial institutions fund under 12 CFR 1805.201, which may include the list of community development financial institutions in good standing maintained and published by the federal fund.

(b) A list of financial products and services provided during the prior calendar year that includes all of the following:

(i) The name of each transaction.

(ii) A transition tracking number for each transaction.

(iii) The date of each transaction.

(iv) The amount of each transaction.

(v) The total project cost for each transaction if other funding was involved.

(vi) The physical address of the borrower or customer for each transaction.

(vii) The census tract of the borrower or customer for each transaction.

(viii) An indication of whether the census tract in which the transaction located is an eligible investment area.

(ix) A description of the projected economic impact of the transaction.

(x) A description of any financial products or financial services provided.

(c) A description of technical assistance provided during the prior calendar year.

(d) A summary of expenditures for administration and operations provided during the prior calendar year that includes all of the following:

(i) A description of administration and operations costs incurred.

(ii) Professional fees and expenses incurred.

(iii) A summary of any other eligible expenses for administration and operation.

(14) A grant award recipient is not required to provide a report under this section for any calendar year in which it did not loan or otherwise commit or disburse grant award money. The Michigan strategic fund shall not include information in the report required under subsection (13) if information that otherwise would be included in a report under subsection (13) is either of the following:

(a) Exempt from disclosure or confidential as proprietary business or financial information under the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4702.

(b) Exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(15) Except as otherwise provided in subsection (3), not more than 4% of the appropriation provided from the CDFI fund may be used for the administering the programs and activities incurred in administering this section.

(16) The unexpended portion of money in the CDFI fund provided for grants under this section is considered a work project appropriation in accordance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a. The following apply to the project:

(a) The purpose of the project is to provide grants to eligible community development financial institutions under this section.

(b) All grants will be distributed in accordance with this section and the grant guidelines as part of the application process and grant agreements between the Michigan strategic fund and grant recipients.

(c) The estimated cost of the work project is identified in the appropriation line item.

(d) The tentative completion date for the work project is September 30, 2025.

(17) As used in this section:

(a) "CDFI fund" means the Michigan community development financial institutions fund created in subsection (1).

(b) "Community development financial institution" means that term as defined in section 103 of the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4702, but is limited to a community development financial institution that satisfies all of the following:

(i) Is an entity that meets the eligibility requirements described in 12 CFR 1805.200.

(ii) Is certified as a community development financial institution that meets the eligibility requirements under 12 CFR 1805.201 by the community development financial institutions fund established under section 104 of the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4703.

(iii) Maintains 1 or more physical offices within this state.

(iv) Employs 2 or more individuals at a physical office within this state, including employees of an affiliate of the community development financial institution that provides services to the community development financial institution.

(v) Is a Michigan CDFI or a multistate CDFI.

(c) "Depository institution" means any of the following:

(i) A bank as that term is defined in section 3(a) of the federal deposit insurance act, 12 USC 1813(a).

(ii) A savings association as that term is defined in section 3(b) of the federal deposit insurance act, 12 USC 1813(b).

(iii) A credit union as that term is defined in section 102 of the credit union act, 2003 PA 215, MCL 490.102.

(iv) A depository institution holding company as that term is defined in 12 CFR 1805.104.

(d) "Eligible activities" means activities described in 12 CFR 1805.301, and includes credit enhancements, loan loss reserves, and equity investments.

(e) "Federal fund" means the federal community development financial institutions fund within the United States department of treasury.

(f) "Financial products" means that term as defined in 12 CFR 1805.104.

(g) "Financial services" means that term as defined in 12 CFR 1805.104.

(h) "Michigan CDFI" means a community development financial institution that satisfies all of the following:

(i) Is certified as a community development financial institution that meets the eligibility requirements under 12 CFR 1805.201 by the community development financial institutions fund established under section 104 of the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4703.

(ii) Is headquartered at an address in this state, as recognized by the federal fund.

(iii) Has a target market that includes this state, as recognized by the federal fund.

(iv) Serves 1 or more targeted populations located within this state.

(i) "Multistate CDFI" means a community development financial institution that is not a Michigan CDFI but is a community development financial institution that committed under a loan agreement or other funding agreement of at least \$10,000,000.00 in financial products and financial services to a target market within this state under the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4701 to 12 USC 4719, during the 5 calendar years preceding the calendar year in which an application for a grant is submitted.

(j) "Qualifying commitment" means funding committed by a community development financial institution under a loan agreement

or other funding agreement in target markets or targeted populations in this state that is either of the following:

(i) Financial products or financial services committed under the Riegle community development and regulatory improvement act of 1994, Public Law 103-325, 12 USC 4701 to 12 USC 4719.

(ii) An additional credit enhancement, loan loss reserve, or equity investment committed by the community development financial institution or an affiliate of the community development financial institution.

(k) "Target market" means that term as defined in 12 CFR 1805.14.

(l) "Targeted population" means that term as defined in 12 CFR 1805.14."

Representative Tate moved to adopt the amendments to HB 5524 (H-1). The motion prevailed 28-0-0:

FAVORABLE ROLL CALL

Yeas: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroch, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton, Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: None.

Pass: None.

Representative Hood offered the following amendments to HB 5524 (H-1):

1. Amend page 3, following line 1, by inserting:

ARP – Michigan housing and community development fund	150,000,000
---	-------------

2. Amend page 3, line 5, after "fund" by striking out "36,500,000" and inserting "186,500,000" and adjusting the subtotals, totals, and section 201 accordingly.

3. Amend page 9, following line 26, by inserting:

"Sec. 304. The funds appropriated in part 1 for ARP – Michigan housing and community development fund shall be deposited into the Michigan housing and community development fund created in section 58a of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1458a."

Representative Hood moved to adopt the amendments to HB 5524 (H-1). The motion did not prevail 12-16-0:

UNFAVORABLE ROLL CALL

Yeas: Reps. Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroch, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton.

Pass: None.

Representative Rogers offered the following amendment to HB 5524 (H-1):

1. Amend page 3, following line 1, by inserting:

ARP – artist relief grants	5,000,000
ARP – museum relief grants	10,000,000

2. Amend page 3, line 5, after "fund" by striking out "36,500,000" and inserting "51,500,000" and adjusting the subtotals, totals, and section 201 accordingly.

3. Amend page 9, following line 26, by inserting:

"Sec. 304. The funds appropriated in part 1 for ARP – artist relief grants must be used for grants to artists throughout the state of Michigan who can document a negative economic impact due to the COVID-19 pandemic. Program and award guidelines and rules for administering the program and awarding grants must be developed by the Michigan strategic fund and be made available on a publicly accessible internet site.

Sec. 305. The funds appropriated in part 1 for ARP – museum relief grants must be used for grants to museums throughout the state of Michigan that can document a negative economic impact due to the COVID-19 pandemic. Program and award guidelines and rules for administering the program and awarding grants must be developed by the Michigan strategic fund and be made available on a publicly accessible internet site."

Representative Rogers moved to adopt the amendments to HB 5524. The motion did not prevail 12-16-0:

UNFAVORABLE ROLL CALL

Yeas: Reps. Tate, Peterson, Sabo, Tyrone Carter, Hood, Cynthia Johnson, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroch, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton.

Pass: None.

Representative Brann moved to report HB 5524 as amended, as substitute (H-2). The motion prevailed 27-1-0:

FAVORABLE ROLL CALL

Yeas: Reps. Albert, Whiteford, Allor, Brann, Frederick, Hornberger, VanSingel, Yaroch, Bollin, Glenn, Lightner, Maddock, Slagh, VanWoerkom, Beson, Borton, Tate, Peterson, Sabo, Tyrone Carter, Hood, Brabec, O'Neal, Rogers, Steckloff, Thanedar, Weiss.

Nays: Rep. Cynthia Johnson.

Pass: None.

Representative Whiteford moved to excuse Representative Marino from the meeting. There being no objection the motion prevailed by unanimous consent.

There being no further business before the committee, Chair Albert adjourned the meeting at 10:13 AM.

Representative Thomas Albert, Chair

Matt Carnagie
Committee Clerk
mcarnagie@house.mi.gov