

FY 2023-24: LICENSING AND REGULATORY AFFAIRS
Summary: Conference Report
Article 10, House Bill 4437 (H-1) CR-1



Analyst: Marcus Coffin

IDG/IDT	FY 2022-23 YTD as of 2/8/23	FY 2023-24 Executive	FY 2023-24 House	FY 2023-24 Senate	FY 2023-24 Conference	Difference: Conference From FY 2022-23 YTD	
						Amount	%
	\$47,026,900	\$46,897,200	\$46,897,200	\$46,897,200	\$46,897,200	(\$129,700)	(0.3)
Federal	29,659,200	30,004,200	30,004,200	30,004,200	50,004,200	20,345,000	68.6
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	249,325,900	256,838,700	258,438,700	256,838,700	259,708,400	10,382,500	4.2
GF/GP	213,822,400	266,731,100	289,731,100	258,075,600	271,331,100	57,508,700	26.9
Gross	\$539,834,400	\$600,471,200	\$625,071,200	\$591,815,700	\$627,940,900	\$88,106,500	16.3
FTEs	1,879.9	1,891.9	1,891.9	1,891.9	1,893.9	14.0	0.7

Notes: (1) FY 2022-23 year-to-date figures include mid-year budget adjustments through February 8, 2023. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Licensing and Regulatory Affairs (LARA) is the state's primary regulatory entity. The department oversees regulation across a variety of sectors, including commercial and occupational activities, construction and fire safety, health care and human services, public utilities, liquor control, and marihuana. Units within LARA also conduct and adjudicate administrative hearings, oversee rules promulgation, provide support for the Michigan Indigent Defense Commission and the Unarmed Combat Commission, and administer multiple grant programs, including Michigan Indigent Defense Commission grants.

Major Budget Changes from FY 2022-23 YTD Appropriations

1. Michigan Indigent Defense Commission (MIDC) Grants

Executive includes \$72.0 million GF/GP to support grant distributions to district and circuit court funding units to fund the state's projected share of FY 2023-24 costs associated with MIDC standards 1, 2, 3, 4, 5, and 8. \$29.8 million is included for compliance with standards 1-5, which pertain to the education and training of defense counsel, timing and location of attorney-client interviews, defense investigations and experts, presence of counsel at first appearance and other critical stages, and the independence of indigent criminal defense services from the judiciary. \$42.2 million is included for costs incurred for compliance with MIDC Standard 8, which pertains to economic disincentives and incentives, including rates of payment for salaried public defenders, compensation and expenses for assigned counsel, contracting for indigent defense services, conflict counsel, reimbursements, and payments. House includes \$57.2 million GF/GP for these purposes. Senate includes \$59.8 million GF/GP for these purposes. Conference concurs with the Executive.

	FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Conference Change
Gross	\$148,917,400	\$72,000,000
Restricted	300,000	0
GF/GP	\$148,617,400	\$72,000,000

		FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Conference Change
Major Budget Changes from FY 2022-23 YTD Appropriations			
2. Renewable Energy and Electrification Infrastructure Enhancement and Development	FTE	NA	2.0
	Gross	NA	\$21,300,000
<u>House</u> includes \$36.2 million GF/GP (\$11.7 million ongoing, \$24.5 million one-time) for grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects. These projects could include electrification programs to allow solar arrays larger than 5 MW to connect to the grid, renewable natural gas facilities, and electric vehicle fast charging infrastructure upgrades within 1,000 feet of a U.S. highway or state trunkline roadway. <u>Senate</u> does not include. <u>Conference</u> includes \$21.3 million Gross (\$20.0 million one-time Coronavirus State Fiscal Recovery Fund; \$1.3 million one-time GF/GP) for this purpose, and allows the grants to be used for renewable natural gas facilities and electric vehicle fast-charging infrastructure within 1 mile of a U.S. highway or state trunkline roadway. From this gross funding, \$500,000 and authorization for 2.0 FTEs would be provided for the Public Service Commission to administer the grant program.	Federal	NA	\$20,000,000
	GF/GP	NA	\$1,300,000
3. Low Carbon Energy Infrastructure Enhancement and Development	Gross	\$25,000,000	(\$25,000,000)
<u>Executive</u> removes \$25.0 million GF/GP that funded grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing low carbon energy facilities, which include natural gas facilities, combined heat and power facilities, and electrification programs. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	\$25,000,000	(\$25,000,000)
4. Michigan Saves Green Bank	Gross	NA	\$5,500,000
<u>Executive</u> includes \$5.0 million GF/GP (one-time) for Michigan Saves, a non-profit green bank. Funding would be used to offer credit enhancement tools intended to incentivize lending to residential and commercial borrowers at lower rates and under better terms for renewable energy and energy efficiency improvement loans. Such credit enhancement tools could include a loan loss reserve fund. <u>House</u> and <u>Senate</u> concur with the Executive. <u>Conference</u> includes \$5.5 million GF/GP (one-time) for this purpose.	GF/GP	NA	\$5,500,000
5. Cannabis Regulatory Agency Reference Laboratory	FTE	NA	5.0
	Gross	NA	\$4,400,000
<u>Executive</u> includes \$4.4 million of state restricted funding authorization (\$1.6 million ongoing, \$2.8 million one-time) from the Marijuana Regulation Fund (adult-use) and authorization for 5.0 FTE positions to establish a reference laboratory for the CRA. The laboratory would perform testing in support of CRA investigations, ongoing proficiency testing, industry audits, and development and optimization of testing methods. The ongoing funding component would support staffing and operations costs, while the one-time funding component would be used for equipment purchases and any necessary construction. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	NA	4,400,000
	GF/GP	NA	\$0
6. Corporations Online Filing Modernization	Gross	NA	\$2,700,000
<u>Executive</u> includes \$2.7 million of state restricted funding authorization from Corporation Fees (one-time) to continue modernization of the Corporations Online Filing System. The modernization project would improve system reliability and security, increase online functionality, and simplify the public portal. The system is used to process and store approximately 2.7 million records, of which 1.0 million are for active entities and 1.6 million are for inactive entities. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	NA	2,700,000
	GF/GP	NA	\$0

		FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Conference Change
<u>Major Budget Changes from FY 2022-23 YTD Appropriations</u>			
7. Child Care Licensing Background Checks	Gross	NA	\$2,200,000
<u>Executive</u> includes \$2.2 million GF/GP (\$2.0 million ongoing, \$200,000 one-time) to support costs associated with background checks in the child care sector. The funding would offset costs associated with federally required criminal background checks for new providers and staff and federally required 5-year rechecks; it would also support staffing to implement statutory background check requirements. Specifically, the funding would support staffing costs and offset costs associated with new provider and staff fingerprinting and existing provider reprinting. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	NA	\$2,200,000
8. Bureau of Fire Services – Smoke Detectors	Gross	NA	\$1,000,000
<u>House</u> includes \$1.6 million GF/GP (one-time) for the Bureau of Fire Services to purchase and distribute sealed-battery smoke detectors to Michigan residents. <u>Senate</u> does not include. <u>Conference</u> includes \$1.0 million GF/GP (one-time) for this purpose.	GF/GP	NA	\$1,000,000
9. Liquor Law Enforcement Grants	Gross	\$8,400,000	\$1,500,000
<u>Executive</u> provides an increase of \$1.5 million of state restricted funding authorization to the amount available for Liquor Law Enforcement Grants. Funding for the grants is supported by retailers' liquor license fees and license renewal fees. Statutorily, 55% of the revenue from these license fees is to be distributed in the jurisdiction in which they were collected for enforcement of the Liquor Control Code and associated administrative rules. Increased license and permit renewals and spirit sales have caused the revenue collected from retailers' liquor license fees and renewal fees to increase, as well. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	8,400,000	1,500,000
	GF/GP	\$0	\$0
10. Bureau of Survey and Certification	Gross	NA	\$1,200,000
<u>Executive</u> includes \$1.2 million GF/GP (one-time) to support the Bureau of Survey and Certification's health care provider survey and investigation activities (done on behalf of the federal government) and compliance with statutory changes to the Michigan Public Health Code. The statutory changes require the implementation of a quality assurance monitoring process and ongoing quality reviews and education. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	GF/GP	NA	\$1,200,000
11. Child Care Licensing Bureau Staffing	FTE	127.0	7.0
<u>Executive</u> includes \$1.1 million GF/GP and authorization for 7.0 FTE positions to onboard additional staff in the Child Care Licensing Bureau. The positions that would be filled include 1 resource development coordinator, 3 departmental analysts, and 3 child day care consultants. Activities that would be performed by the new staff include, but are not limited to, organizing mandated requirements, ensuring compliance with relevant trainings and health and safety requirements, monitoring corrective action plans, coordinating the development of the bureau's informational resources, and conducting special investigations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$20,648,400	\$1,100,000
	IDG/IDT	20,146,700	0
	Restricted	501,700	0
	GF/GP	\$0	\$1,100,000
12. Corporations Online Filing System Ongoing Maintenance	Gross	NA	\$1,000,000
<u>Executive</u> includes \$1.0 million of state restricted funding authorization from Corporation Fees to support ongoing maintenance costs for the Corporations Online Filing System. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
13. Elevator Inspector Pay Rate Increase	Gross	NA	\$900,000
<u>House</u> includes \$900,000 in state restricted funding authorization from the Construction Code Fund to allow LARA to cooperate with the Office of the State Employer and the relevant collective bargaining unit to increase the pay rate for elevator inspectors employed by LARA. <u>Senate</u> does not include. <u>Conference</u> concurs with the House.	Restricted	NA	900,000
	GF/GP	NA	\$0

Major Budget Changes from FY 2022-23 YTD Appropriations		FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Conference Change
14. Michigan Liquor Control Commission SIPS Maintenance and Licensing		Gross	NA
Executive includes \$900,000 in state restricted funding authorization to support maintenance and licensing costs associated with the MLCC's Sales, Inventory, Purchasing, and Licensing system. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Restricted	NA
		GF/GP	NA
			\$900,000
			\$0
15. Michigan Public Service Commission Staff		FTE	190.0
Executive includes \$813,400 Gross (\$0 GF/GP) to support the onboarding of additional staff for the Gas Safety and Operations Division within the MPSC (the authorization for the FTEs is from the internal transfer detailed in item 22). The 5 additional positions would support the gas safety, infrastructure, and damage prevention programs by performing inspections and enforcement activities. Additional inspections have been necessitated by higher levels of infrastructure projects and to achieve compliance with federal regulations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Gross	\$34,168,900
		Federal	2,665,000
		Restricted	31,503,900
		GF/GP	\$0
			\$0
			\$0
16. Premanufactured Unit Plan Review Upgrades		Gross	NA
House includes \$700,000 GF/GP (one-time) to allow the Bureau of Construction Codes to implement changes to decrease the average length of time that it takes to process and review premanufactured unit plan submissions (modular homes). <u>Senate</u> does not include. <u>Conference</u> includes \$350,000 GF/GP (one-time) for this purpose.		GF/GP	NA
			\$350,000
17. Child Care Licensing System Maintenance and Licensing		Gross	NA
Executive includes \$600,000 GF/GP to support ongoing maintenance and licensing costs for the child care licensing system. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		GF/GP	NA
			\$600,000
18. Michigan Liquor Control Commission Staffing		FTE	145.0
Executive includes \$514,600 in state restricted funding authorization to hire a department specialist, a department manager, and a finance position for auditing/product pricing (the authorization for these FTEs is from the internal transfer detailed in item 22). There has been appreciable growth in the number of products that the MLCC oversees and sales volumes. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Gross	\$22,201,500
		Restricted	22,201,500
		GF/GP	\$0
			\$0
			\$0
19. Michigan Indigent Defense Commission Staffing		FTE	16.0
Executive includes \$413,000 GF/GP to onboard 2 staff members for financial oversight of MIDC grants and to satisfy a statutory requirement for the MIDC to serve as a clearinghouse for experts and investigators in indigent defense cases. The authorization for these FTEs is from the internal transfer detailed in item 22. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Gross	\$2,763,000
		GF/GP	\$2,763,000
			\$413,000
			\$413,000
20. Industrial Hemp Processor-Handler Regulation		Gross	NA
Executive includes \$300,000 in state restricted funding authorization from the Industrial Hemp Licensing and Registration Fund to support staffing and ancillary costs for licensing industrial hemp-process handlers, intaking and responding to complaints, and conducting necessary investigations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Restricted	NA
		GF/GP	NA
			\$300,000
			\$0
21. Bureau of Fire Services Aboveground Storage Tank Fees		Gross	NA
Executive includes an additional \$100,000 in state restricted funding authorization from Aboveground Storage Tank Fees. The additional authorization would support Aboveground Storage Tank Program activities, which pertain to the regulation of storage for a variety of flammable liquids. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.		Restricted	NA
		GF/GP	NA
			\$100,000
			\$0

		FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Conference Change
Major Budget Changes from FY 2022-23 YTD Appropriations			
22. MiLogin Rate Increase	Gross	NA	\$100,000
<u>Executive</u> includes \$100,000 in state restricted funding authorization for an increase in the rate that the Department of Technology, Management, and Budget assesses for the MiLogin System, which is the State of Michigan's identity management solution. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Restricted	NA	100,000
	GF/GP	NA	\$0
23. Michigan Public Service Commission Gas Inspections	FTE	190.0	0.0
<u>Executive</u> includes \$73,900 Gross (\$0 GF/GP) to support increased inspection and enforcement activities of the Underground Natural Gas Storage Program within the MPSC. Additional activities have been necessitated by higher levels of infrastructure projects and to achieve compliance with federal regulations. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.	Gross	\$34,168,900	\$73,900
	Federal	2,665,000	69,500
	Restricted	31,503,900	4,400
	GF/GP	\$0	\$0
24. Utility Consumer Representation Grants	Gross	NA	\$1,800,000
<u>Senate</u> includes \$2.5 million GF/GP (one-time) to provide additional funding for grants administered by the Utility Consumer Participation Board (UCPB) and awarded on an application basis to interest groups for advocating on behalf of residential consumers in utility rate cases and other proceedings. <u>Conference</u> includes \$1.8 million GF/GP (one-time) for this purpose.	GF/GP	NA	\$1,800,000
25. Cannabis Regulatory Agency Social Equity Program	Gross	NA	\$1,000,000
<u>Senate</u> includes \$1.0 million GF/GP (one-time) to support the CRA's Social Equity Program, which promotes participation in the cannabis sector by people from communities that have been disproportionately impacted by marijuana prohibition and enforcement. <u>Conference</u> includes \$1.0 million in state restricted funding authorization (one-time) from the Marijuana Regulation Fund (adult-use) for this purpose.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
26. Civil Service Compensation Increases	Gross	NA	\$619,700
<u>Conference</u> includes \$619,700 in state restricted funding authorization to defray costs associated with compensation rate increases for skilled trades workers within the Bureau of Construction Codes. Executive Budget Revision 2024-1 requested the funding increase, since compensation rate increases were approved by the Civil Service Commission in July and December of 2022.	Restricted	NA	619,700
	GF/GP	NA	\$0
27. Removal of FY 2022-23 One-Time Appropriations	Gross	\$8,343,600	(\$8,343,600)
<u>Executive</u> removes \$8.3 million Gross (\$4.5 million GF/GP) of one-time funding that was included in the FY 2022-23 budget to support the following:	Restricted	3,843,600	(3,843,600)
	GF/GP	\$4,500,000	(\$4,500,000)
<ul style="list-style-type: none"> • BFS – Smoke Detectors (\$1.0 million GF/GP) • Cannabis Market Taxation and Regulatory Compliance Analysis Pilot Program (\$500,000 state restricted funding authorization) • Corporations Online Filing Modernization (\$2.3 million state restricted funding authorization) • Michigan Saves (\$2.5 million GF/GP) • Michigan Task Force on Foreign Trained Medical Professional Licensing (\$1.0 million state restricted funding authorization) • Urban Search and Rescue (\$1.0 million GF/GP) <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur.			

	FY 2022-23 Year-to-Date (as of 2/8/23)	FY 2023-24 Conference Change
Major Budget Changes from FY 2022-23 YTD Appropriations		
28. Internal FTE Authorization Alignment	FTE	NA
<u>Executive</u> includes an internal net to zero realignment of FTE authorizations for 8 line items to align authorization with current department needs. Line items that would be impacted include the following:	Gross	NA
	GF/GP	NA
		0.0
		\$0
		\$0

- Public Service Commission – increase of 5.0 FTEs
- Liquor Licensing and Enforcement – increase of 3.0 FTEs
- Management Support Services – increase of 2.0 FTEs
- Bureau of Construction Codes – decrease of 10.0 FTEs
- Bureau of Professional Licensing – decrease of 3.0 FTEs
- Child Care Licensing and Regulation – increase of 6.0 FTEs
- Michigan Office of Administrative Hearings and Rules – decrease of 8.0 FTEs
- Michigan Indigent Defense Commission – increase of 5.0 FTEs

House concurs and includes an additional transfer of 1.0 FTE position from the Bureau of Fire Services line item to the Renewable Energy and Electrification Infrastructure Enhancement and Development, Ongoing line item. Senate and Conference concur with the Executive.

29. Technical Adjustments

<u>Executive</u> includes \$1,900 Gross (\$0 GF/GP) to increase state restricted funding authorization from the Marihuana Regulatory Fund (medical marihuana) to align with projected revenues. Additional internal net to zero adjustments include the following:	Gross	NA	\$1,900
	Restricted	NA	351,900
	GF/GP	NA	(\$350,000)

- Creates a new Bureau of Survey and Certification line item with authorization currently in the Bureau of Community and Health Systems Administration and Health Facilities Regulation line items.
- Rolls the Adult Foster Care and Camps Licensing and Regulation, Bureau of Community and Health Systems Administration, Health Facilities Regulation, and Nurse Aide Program line items into a single line item for the Bureau of Community and Health Systems.
- Rolls the Medical Marihuana Facilities Licensing and Tracking, Medical Marihuana Program, and Recreational Marihuana Regulation line items into a single Cannabis Regulatory Agency line item.
- Internally shifts \$375,000 in state restricted funding authorization from the Property Management line item to the Corporations, Securities, and Commercial Licensing Bureau line item.
- Adjusts marihuana state restricted funding authorizations to increase authorization from the Marihuana Regulation Fund (adult-use) by \$2.9 million, decrease authorization from the Marihuana Registry Fund (medical marihuana card program) by \$2.3 million, and decrease authorization from the Marihuana Regulatory Fund (medical marihuana) by \$588,200.
- Replaces \$1.0 million in state restricted funding authorization from the Licensing and Regulation Fund with authorization from the Health Professions Regulatory Fund.
- Replaces \$642,500 in state restricted funding authorization from Restructuring Mechanism Assessments to authorization from Public Utility Assessments, to reflect the elimination of restructuring mechanism assessments in September 2022.

House concurs and includes an additional net to zero adjustment for the Bureau of Professional Licensing line item, replacing \$700,000 GF/GP with state restricted funding authorization from the Health Professions Regulatory Fund. Senate concurs with the Executive. Conference concurs, and includes an additional net to zero adjustment for the Bureau of Professional Licensing line item, replacing \$350,000 GF/GP with state restricted funding authorization from the Health Professions Regulatory Fund.

<u>Major Budget Changes from FY 2022-23 YTD Appropriations</u>	<u>FY 2022-23 Year-to-Date (as of 2/8/23)</u>	<u>FY 2023-24 Conference Change</u>	
30. Economic Adjustments	Gross	NA	(\$936,400)
<u>Executive</u> reflects decreased net costs of \$936,400 Gross (\$104,300	IDG/IDT	NA	(129,700)
GF/GP) for negotiated salary and wage increases (2.0% on October 1,	Federal	NA	(74,400)
2023), overtime, longevity, actuarially required retirement contributions,	Restricted	NA	(628,000)
other employee retirement costs, worker's compensation, building	GF/GP	NA	(\$104,300)
occupancy charges, rent, and other economic adjustments. <u>House</u> ,			
<u>Senate</u> , and <u>Conference</u> concur.			

Major Boilerplate Changes from FY 2022-23

Sec. 205. Standard List of Report Recipients – NEW

Requires submission of all reports to the subcommittees, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office. Executive does not include. House includes new language. Senate does not include. Conference includes new language.

Sec. 207. Communication with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. Executive deletes. House, Senate, and Conference retain.

Sec. 211. Legislative Contingency Transfer Authorization – REVISED

Allows for the legislative transfer process to increase federal authorization by up to \$1.0 million, state restricted authorization by up to \$1.5 million, local authorization by up to \$200,000, and private authorization by up to \$100,000. Executive revises to increase maximum amounts of contingency authorizations to increase federal authorization by up to \$10.0 million, state restricted authorization by up to \$25.0 million, local authorization by up to \$1.0 million, and private authorization by up to \$500,000. House and Senate concur. Conference revises state restricted authorization to \$25.0 million.

Sec. 212. Transparency Website – RETAINED

Requires LARA, in cooperation with DTMB, to maintain a searchable website accessible by the public at no cost that includes information on expenditures, vendor payments, number of active employees, job specifications, and wage rates. Executive deletes. House, Senate, and Conference retain.

Sec. 213. Restricted Fund Report – RETAINED

Requires LARA to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years. Executive deletes. House revises to align report recipients with section 205. Senate and Conference retain.

Sec. 214. Legacy Costs – DELETED

Identifies total funding estimated to be expended on legacy costs in FY 2022-23, \$40.4 million (\$24.5 million on pension-related legacy costs and \$15.9 million on health care legacy costs). Executive deletes. House, Senate, and Conference concur.

Sec. 214. Department Scorecard Website – REVISED

Requires LARA to maintain, on a publicly accessible website, a scorecard that identifies, tracks, and regularly updates key metrics used to monitor and improve department performance. Executive deletes. House and Senate retain. Conference revises to eliminate the scorecard, but requires the information to be posted.

Sec. 216. FTE Vacancies and Remote Work Reports – REVISED

Requires LARA to submit quarterly reports containing FTE volumes and a comparison of actual and authorized FTE position counts; requires an annual report on the number of employees engaged in remote work in 2022, number of employees authorized to work remotely and the actual number working remotely, and estimated net cost savings and reduced use of office space achieved by remote work. Executive revises to delete all reporting requirements except for quarterly comparison of actual and authorized FTEs. House concurs. Senate retains. Conference revises to delete remote work reporting provisions and to align report recipients with section 205.

Sec. 217. Work Project Usage – RETAINED

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. Executive deletes. House, Senate, and Conference retain.

Major Boilerplate Changes from FY 2022-23

Sec. 218. State Administrative Board Transfers – RETAINED

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. Executive deletes. House and Senate concur. Conference retains.

Sec. 219. Retention of Reports – RETAINED

Requires LARA to receive and retain copies of all reports funded by the department's budget, while complying with federal and state guidelines for records retention. Executive deletes. House, Senate, and Conference retain.

Sec. 220. Report on Policy Changes for Public Act Implementation – REVISED

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year. Executive deletes. House revises to align report recipients with section 205. Senate retains. Conference includes House revision.

Sec. 221. Severance Pay Reporting – REVISED

Requires LARA to report any severance pay for a director or other high-ranking official not later than 14 days after a severance agreement is signed; maintain an internet site posting any severance pay in excess of 6 weeks of wages; report the total amount of severance pay remitted and the number of LARA employees receiving severance pay in FY 2021-22. Executive deletes. House revises to align report recipients with section 205, delete the requirement to maintain an internet site posting any severance pay in excess of 6 weeks of wages, and update fiscal year references. Senate retains. Conference includes House revisions.

Sec. 222. COVID-19 Vaccine Stipulations – DELETED

Prohibits requiring proof of having received a COVID-19 vaccine as a condition of accessing any facility or services, except as required by federal law; prohibits producing, developing, issuing, or requiring a COVID-19 vaccine passport; prohibits developing a database or making an existing database publicly available to access an individual's COVID-19 vaccine status; prohibits requiring proof of having received a COVID-19 vaccine as a condition of employment, with exceptions for hospitals and medical facilities; prohibits adverse employment consequences due to an individual's COVID-19 vaccination status; requires that exemptions be created for individuals who medically cannot receive the vaccine or who have religious or consistently held objections to vaccination if a federal mandate requires establishment of a COVID-19 vaccine policy. Executive deletes. House, Senate, and Conference concur.

Sec. 222. In-Person Work – REVISED

Expresses legislative intent that LARA maximize the efficiency of the state workforce and prioritize in-person work where possible; requires LARA to post its in-person, remote, or hybrid work policy on its website. Executive deletes. House retains. Executive deletes. House and Senate retain. Conference revises to include posting as an item of legislative intent, rather than as a requirement.

Sec. 223. Access to State and Local Services – NEW

Prohibits appropriations from being used to restrict or interfere with actions related to diversity, equity, and inclusion; to restrict or impede community access to government programs; or restrict an individual's ability to exercise the right to reproductive freedom; requires local governments to report on actions that attempt to restrict duties of local health officers. Executive includes new language. House and Senate concur. Conference includes new language but does not include provisions related to diversity, equity, and inclusion or reproductive freedom.

Sec. 226. Private Grant Funded Projects – REVISED

Authorizes appropriation of private grant revenues, subject to a limitation of \$1.5 million; requires report to subcommittees chairs within 10 days of receiving grants from private entities. Executive revises to eliminate the \$1.5 million cap. House revises to increase the cap to \$2.0 million. Senate concurs with Executive. Conference revises to increase the cap to \$4.0 million.

Sec. 227. Informational, Training, and Special Events Revenue and Expenditures – REVISED

Authorizes LARA to charge registration fees for events sponsored by LARA; requires fees to reflect costs of sponsoring events; appropriates revenue generated by fees for sponsorship costs; authorizes excess revenue to be carried forward; limits appropriation to \$500,000. Executive revises to eliminate the \$500,000 cap. House retains. Senate concurs with Executive. Conference revises to increase the cap to \$1.0 million.

Sec. 230. Regulatory Statistical Report – REVISED

Requires LARA to submit an annual report specifying and summarizing statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for regulatory products administered by specified agencies within LARA. Executive deletes. House revises to align report recipients with section 205 and to eliminate a requirement for the data to include the 3 previous fiscal years. Senate deletes. Conference revises to align report recipients with section 205, to eliminate a requirement for the data to include the 3 previous fiscal years, and to remove the Bureau of Construction Codes and the Bureau of Community and Health Systems as reporting entities.

Major Boilerplate Changes from FY 2022-23

Sec. 231. Employee Performance Monitoring Process – REVISED

Expresses legislative intent that LARA establish a consistent employee performance monitoring process and requires quarterly reports on planned or implemented changes to that process and the number of evaluations performed. Executive deletes. House revises to align report recipients with section 205 and to reduce reporting frequency from quarterly to annually. Senate deletes. Conference includes House revisions.

Sec. 232. Television and Radio Production Expenditure Report – RETAINED

Requires LARA to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included. Executive deletes. House deletes. Senate and Conference retain.

Sec. 233. Pending Litigation – DELETED

Stipulates that pending litigation related to a licensee must not delay LARA investigations and licensing actions, unless prohibited by law. Executive deletes. House, Senate, and Conference concur.

Sec. 234. Training Materials Reporting – DELETED

Requires LARA to report on materials that employees and contractors are required to review or complete for mandatory training; requires materials be made available to subcommittee members or their designees for review. Executive deletes. House, Senate, and Conference concur.

Sec. 235. Customer Service and Business Ethics Training – DELETED

Requires all LARA employees to participate in 2 hours of customer service and business ethics training; stipulates topics that must be included in the training; requires a report on the training. Executive deletes. House, Senate, and Conference concur.

Sec. 302. Low Carbon Energy Infrastructure Enhancement and Development – DELETED

(1) Requires funding to be used only for grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing low carbon energy facilities, which may include natural gas and combined heat and power facilities and electrification programs; (2) requires PSC to develop and implement a grant application process within 6 months and establishes prioritization criteria for grant approvals; (3) establishes requirements for grant applicants, including submission of an impact study and proposal with a cost-benefit analysis and emissions details; (4) establishes further requirements for grant applicants for renewable natural gas infrastructure projects; (5) provides a 45-day review period for affected entities to review and comment on an application and a 15-day period for an applicant to modify their initial proposal; (6) requires PSC award grants to applicants who have met the grant criteria; (7) requires grant recipients to report to PSC on how the money was used within 30 days after a project's completion; (8) defines "renewable natural gas"; (9) designates unexpended funding as a work project appropriation. Executive deletes. House, Senate, and Conference concur.

Sec. 303. Michigan Public Service Commission Public Hearings – NEW

Requires the PSC to conduct at least 1 hearing in any city with a population greater than 195,000 and at least 1 public hearing within each of the 4 judicial districts created under section 302 of the Revised Judicature Act, to address questions from the public and to receive public comments. Executive does not include. House includes new language. Senate does not include. Conference includes revised House language to require at least 1 public hearing in each of the 4 judicial districts created under the Revised Judicature Act, and to require that if there is a city with a population between 195,000 and 700,000 in a district, that the hearing must occur in that city.

Sec. 401. Investigation of Direct Shipments of Wine and Report – RETAINED

Requires MLCC to use funds appropriated from Direct Shipper Enforcement Fund, as required under Section 203(11) of the Michigan Liquor Control Code, 1998 PA 58, to investigate illegal direct shipments of wine; requires notice to be sent to entities found to have illegally shipped wine into the state; requires MLCC to submit report detailing activities to investigate illegal shipping of wine. Executive revises to delete language prioritizing enforcement on unlicensed out of state retailers and third-party marketers, to delete requirement for referral of unlicensed out of state retailers and third-party marketers to the attorney general, to delete items in the report, and to delete language requiring notice to out of state entities that illegally shipped wine into Michigan. House revises to align report recipients with section 205 and to delete language prioritizing enforcement on unlicensed out of state retailers and third-party marketers. Senate concurs with Executive. Conference retains.

Sec. 505. Fireworks Safety Inspection Reimbursement Report – DELETED

Requires LARA to submit report providing information on amount of reimbursements to local units of government for delegated inspections of fireworks retail locations pursuant to Michigan Fireworks Safety Act. Executive deletes. House, Senate, and Conference concur.

Major Boilerplate Changes from FY 2022-23

Sec. 505. Fees for False Final Inspections by the Bureau of Fire Services – REVISED

Authorizes BFS to assess a fee not to exceed \$200 if BFS responds to multiple confirmed false inspection appointments; requires LARA to identify revenue generated by the fee within the state's accounting system; requires a report pertaining to fee, its effect on BFS costs, and recommendations to legislature. Executive retains. House revises to align report recipients with section 205 and to increase the maximum fee amount to \$1,000. Senate retains. Conference revises to align report recipients with section 205 and to increase the maximum fee amount to \$800.

Sec. 507. Elevator Inspector Pay – NEW

Expresses legislative intent that at least \$900,000 be allocated for cooperating with the office of the state employer, the relevant collective bargaining unit, and any other stakeholders to increase the compensation rates for elevator inspectors employed by the department. Executive does not include. House includes new language. Senate does not include. Conference includes new language.

Sec. 508. Notice of AFC, HFA, and LTC Facility Closure – DELETED

Requires LARA to serve a facility and notify offices of representing legislators and the subcommittees on MDHHS when an order of suspension is received for a licensed adult foster care home, home for the aged, or nursing home. Executive deletes. House retains. Senate and Conference concur.

Sec. 508. Skilled Trades Inspectors Compensation Market Analysis – NEW

Allows LARA to cooperate with the office of the state employer, the relevant collective bargaining unit, and any other stakeholders to conduct a market analysis of compensation rates for skilled trades inspectors employed by LARA, in order to determine whether there is a compensation disparity between LARA-employed skilled trades inspectors and inspectors employed by other government entities or in the private sector. Executive does not include. House and Senate do not include. Conference includes new language.

Sec. 509. Masking Requirement Prohibition – DELETED

Prohibits LARA from enforcing masking requirements for children under 5 years of age and from taking any licensing or administrative action against licensees for not enforcing such a requirement. Executive deletes. House, Senate, and Conference concur.

Sec. 511. Inspections of Places of Public Assembly – REVISED

Requires BFS to allocate \$228,900 to increase the number of inspections conducted at places of public assembly. Executive revises to eliminate required allocation of \$228,900 and to include a requirement that the BFS cooperate with local governments to perform public assembly inspections at places with the highest risk. House, Senate, and Conference concur.

Sec. 601. Cannabis Regulatory Agency Programs Report – REVISED

Requires LARA to submit a report on all marijuana programs administered by the CRA, which must include information on application volumes and determinations, timeliness, revenues, expenditures, complaints, investigations, enforcement actions, and other topics. Executive deletes. House revises to align report recipients with section 205 and to strike a reporting requirement regarding the cost of administering each marijuana licensing program. Senate retains. Conference includes House revisions.

Sec. 602. Cannabis Regulatory Agency Investigative Reports – REVISED

Requires CRA to post quarterly reports on a publicly accessible website detailing the number of investigative reports identifying suspected illegal or irregular activity, number of reports that identify suspected product without required tracking numbers, number of public complaints regarding product without required tracking numbers, number of public complaints regarding unlicensed commercial production or sale of delta-8 THC, number and outcome of CRA disciplinary proceedings, and number and category of law enforcement agency referrals. Executive deletes. House revises reporting frequency from quarterly to annually. Senate deletes. Conference includes House revision.

Sec. 603. Hemp Programs Report – REVISED

Requires LARA to submit a report on all hemp programs administered by the CRA, which must include revenue collected from regulatory and licensing activities, total cost of administering hemp regulatory and licensing programs, number of hemp licensees by county, a description of any fees CRA assesses on hemp licensees, and a list and description of any personnel functions transferred to CRA under EO 2022-1. Executive deletes. House revises to align report recipients with section 205 and to delete reporting requirements related to EO 2022-1. Senate retains. Conference includes House revisions.

Major Boilerplate Changes from FY 2022-23

Sec. 604. CRA Inspection Activities – DELETED

Requires CRA to use at least 5.0 FTEs to conduct in-person no-notice inspections of licensed processors, with priority given to facilities that produce distillate or other concentrates and those producing the most product; requires quarterly reporting on inspection outcomes, public complaints, and disciplinary proceedings; requires a report regarding disciplinary proceedings initiated against a licensee stemming from reports resulting from activities undertaken under the section. Executive deletes. House revises reporting frequency from quarterly to annually. Senate and Conference concur.

Sec. 801. MIDC Receipt of Federal Funding – REVISED

Authorizes MIDC to receive and expend up to \$250,000 in federal Byrne grant funding and up to \$300,000 in other federal grant funding, if made available from U.S. Department of Justice. Executive revises to remove \$250,000 and \$300,000 caps. House, Senate, and Conference concur.

Sec. 803. MIDC Construction Expenses Prohibition – DELETED

Prohibits an MIDC grant from being used by a recipient to support construction expenses for new structures. Executive deletes. House concurs. Senate retains. Conference concurs.

Sec. 803. MIDC Standards Cost Report – NEW

Requires the MIDC to report a detailed explanation of the total cost calculation for each indigent defense standard, an itemized listing of how much funding each grant recipient receives for each indigent defense standard, and an explanation of specific causal factors associated with any grant funding increase or decrease. Executive does not include. House and Senate do not include. Conference includes new language.

Sec. 804. MIDC New Standards Notification – NEW

Requires the MIDC to notify the subcommittee chairs not more than 7 days after any new indigent defense standard is adopted and to estimate costs for funding the new standard in the initial and subsequent fiscal years. Executive does not include. House and Senate do not include. Conference includes new language.

Sec. 1001. Bureau of Fire Services – Smoke Detectors – REVISED

Requires BFS to purchase and distribute sealed-battery smoke detectors to Michigan residents and allows BFS to purchase smoke detectors with additional capabilities for individuals with physical or psychological conditions that require an accommodative technology. Executive deletes. House revises to include a report detailing the number of smoke detectors purchased, cost per unit, and a list of the municipalities where the smoke detectors were distributed. Senate deletes. Conference includes House revision.

Sec. 1002. Cannabis Market Taxation and Regulatory Compliance Analysis Pilot Program – DELETED

Requires CRA to award a grant to conduct a pilot program to analyze tax reporting, collection, and regulatory compliance within the cannabis market; provides qualifications that must be considered when awarding the grant; requires a report regarding program findings and plans of action. Executive deletes. House, Senate, and Conference concur.

Sec. 1002. Cannabis Regulatory Agency Social Equity Program – NEW

Requires CRA to further develop the Social Equity Program established under the Michigan Regulation and Taxation of Marihuana Act and establishes the following program goals: to encourage and increase participation with a focus on groups deemed minority-owned businesses, businesses owned and operated by licensees with prior marihuana-related offenses, and business owners considered low-income licensees; to establish a minimum number of licensees participating in the program; and to consider area median income in designating disproportionately impacted communities. Executive does not include. House does not include. Senate includes new language. Conference includes revised Senate language, with the first goal revised to encourage and increase participation in the program, with a focus on people from communities that have been disproportionately impacted by marihuana prohibition and enforcement.

Sec. 1003. Michigan Saves – REVISED

Allows PSC to award a \$2.5 million grant to a nonprofit green bank to make loans more affordable for families, businesses, and public entities in Michigan; stipulates grant funds may be used for a loan loss reserve fund or similar financial instrument. Executive revises to reflect \$5.0 million FY 2023-24 recommended appropriation amount. House and Senate concur. Conference revises to reflect \$5.5 million FY 2023-24 appropriation amount.

Sec. 1004. Premanufactured Unit Plan Review Upgrades – NEW

Requires the Bureau of Construction Codes to implement changes to expedite the processing and review of premanufactured unit plan submissions; requires a report on changes that the BCC implements. Executive does not include. House includes new language. Senate does not include. Conference includes new language.

Major Boilerplate Changes from FY 2022-23

Sec. 1005. Renewable Energy and Electrification Infrastructure Enhancement and Development – NEW

(1) Requires funding to be used only for grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects, which includes electrification programs to connect solar arrays larger than 5 MW to the grid, renewable natural gas facilities, and EV fast charging infrastructure upgrades within 1,000 feet of a U.S. highway or state trunkline roadway; (2) requires PSC to develop and implement a grant application process within 6 months and prioritizes grant approvals that meet the goals of the MI Healthy Climate Plan; (3) establishes requirements for grant applicants, including submission of an impact study; (4) establishes further requirements for grant applicants for renewable natural gas infrastructure projects; (5) provides a 45-day review period for affected entities to review and comment on an application and a 15- day period for an applicant to modify their initial proposal; (6) requires PSC award grants to applicants who have met the grant criteria; (7) requires grant recipients to report to PSC on how the money was used within 30 days after a project's completion; (8) defines "renewable natural gas"; (9) and (10) designate unexpended funding as work project appropriations; (11) explicitly prohibits funds from being used for expansion of conventional natural gas. Executive does not include. House includes new language. Senate does not include. Conference includes revised House language: (1) requires funding to be used only for grants to businesses, nonprofit organizations, and local government units for planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects, except for the \$500,000 allocated for PSC's administrative costs; (2) requires that, from the total amount of grants awarded for EV fast-charging infrastructure, 25% must be allocated for charging infrastructure at 350 kW or less and 75% must be allocated for charging infrastructure at 350 kW or greater; (3) requires PSC to develop and implement a grant application process within 6 months and prioritizes grant approvals that meet the goals of the MI Healthy Climate Plan; (4) requires that grant applicants submit an impact study; (5) establishes further requirements for renewable natural gas applicants; (6) provides a 45-day review period for affected entities to review and comment on an application and a 15-day period for an applicant to modify their initial proposal; (7) requires PSC award grants to applicants who have met the grant criteria; (8) requires grant recipients to report to PSC on how money was used within 30 days after a project's completion; (9) designates unexpended funding as a work project appropriation; (10) explicitly prohibits funds from being used for conventional natural gas expansion; (11) allows the PSC to use up to \$500,000 for grant program administration; (12) defines "renewable energy and electrification infrastructure projects" to include renewable natural gas facilities and EV fast-charging infrastructure upgrades within 1 mile of a US highway or state trunkline roadway, and defines "renewable natural gas."

FY 2022-23 Supplemental Appropriation Items
Article 16, House Bill 4437 (H-1) CR-1

	Appropriation Change
1. Homeowner Construction Lien Recovery Fund	Gross \$335,000
Includes \$335,000 in state restricted Homeowners Construction Lien Recovery Fund revenue to address a complaint backlog in the Bureau of Construction Codes. There is a backlog of approximately 1,000 consumer complaints and additional funding would allow the BCC to address complaints against licensed residential builders and maintenance and alteration contractors.	Restricted 335,000 GF/GP \$0
2. COVID-19 Survey Activities	Gross \$366,000
Includes \$366,000 in federal funding awarded under the CARES Act to offset costs associated with nursing home and community health provider survey and certification activities.	Federal 366,000 GF/GP \$0
3. Industrial Hemp Program	Gross \$300,000
Includes \$300,000 in state restricted Industrial Hemp Licensing and Registration Fund revenue to support staffing and ancillary costs for licensing industrial hemp processor-handlers, intaking and responding to complaints, and conducting necessary investigations	Restricted 300,000 GF/GP \$0