

Act No. 1
Public Acts of 2023
Approved by the Governor
January 31, 2023
Filed with the Secretary of State
January 31, 2023
EFFECTIVE DATE: January 31, 2023

**STATE OF MICHIGAN
102ND LEGISLATURE
REGULAR SESSION OF 2023**

Introduced by Senator Anthony

ENROLLED SENATE BILL No. 7

AN ACT to make, supplement, and adjust appropriations for various state departments and agencies and the legislative branch for the fiscal years ending September 30, 2022 and September 30, 2023; to provide for certain conditions on appropriations; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

FOR FISCAL YEAR 2022-2023

Sec. 101. There is appropriated for various state departments and agencies and the legislative branch to supplement appropriations for the fiscal year ending September 30, 2023, from the following funds:

APPROPRIATION SUMMARY	
GROSS APPROPRIATION	\$ 946,170,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 946,170,000
Federal revenues:	
Total federal revenues	240,000,000
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 706,170,000
Sec. 102. DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY	
(1) APPROPRIATION SUMMARY	
GROSS APPROPRIATION	\$ 873,000,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 873,000,000

For Fiscal Year
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2023

Federal revenues:		
Total federal revenues	\$	240,000,000
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	633,000,000
(2) ONE-TIME APPROPRIATIONS		
ARP - blight elimination program	\$	75,000,000
ARP - missing middle gap program		50,000,000
ARP - removal of workforce barriers		15,000,000
ARP - small business smart zones and business accelerators		75,000,000
ARP - statewide apprenticeship expansion		25,000,000
Community revitalization and placemaking grants program		100,000,000
Housing gap financing and affordable housing		150,000,000
Michigan infrastructure grants		33,000,000
Strategic outreach and attraction reserve fund		150,000,000
Upper Peninsula economic development project		200,000,000
GROSS APPROPRIATION	\$	873,000,000
Appropriated from:		
Coronavirus state fiscal recovery fund		240,000,000
State general fund/general purpose	\$	633,000,000
Sec. 103. LEGISLATURE		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	\$	3,170,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	3,170,000
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	3,170,000
(2) LEGISLATIVE COUNCIL		
Independent citizens redistricting commission	\$	3,170,000
GROSS APPROPRIATION	\$	3,170,000
Appropriated from:		
State general fund/general purpose	\$	3,170,000
Sec. 104. DEPARTMENT OF STATE POLICE		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	\$	20,000,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	20,000,000
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	20,000,000

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(2) ONE-TIME APPROPRIATIONS	
In-service training	\$ 20,000,000
GROSS APPROPRIATION	\$ 20,000,000
Appropriated from:	
State general fund/general purpose	\$ 20,000,000
Sec. 105. DEPARTMENT OF TREASURY	
(1) APPROPRIATION SUMMARY	
GROSS APPROPRIATION	\$ 25,000,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 25,000,000
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 25,000,000
(2) ONE-TIME APPROPRIATIONS	
Water shutoff prevention fund	\$ 25,000,000
GROSS APPROPRIATION	\$ 25,000,000
Appropriated from:	
State general fund/general purpose	\$ 25,000,000
Sec. 106. STATE TRANSPORTATION DEPARTMENT	
(1) APPROPRIATION SUMMARY	
GROSS APPROPRIATION	\$ 25,000,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 25,000,000
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 25,000,000
(2) ONE-TIME ONLY APPROPRIATIONS	
Category (b) eligible transportation and economic development fund projects	\$ 25,000,000
GROSS APPROPRIATION	\$ 25,000,000
Appropriated from:	
State general fund/general purpose	\$ 25,000,000

PART 1A

LINE-ITEM APPROPRIATIONS

FOR FISCAL YEAR 2021-2022

Sec. 151. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2022, from the following funds:

APPROPRIATION SUMMARY	
GROSS APPROPRIATION	\$ 146,295,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 146,295,400

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Federal revenues:		
Total federal revenues	\$	134,945,400
Special revenue funds:		
Total local revenues		300,000
Total private revenues		0
Total other state restricted revenues		11,050,000
State general fund/general purpose	\$	0
Sec. 152. DEPARTMENT OF CORRECTIONS		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	\$	300,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	300,000
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		300,000
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	0
(2) DEPARTMENTAL ADMINISTRATION AND SUPPORT		
County jail reimbursement program	\$	(1,000,000)
New custody staff training		(1,000,000)
Prosecutorial and detainer expenses		(1,500,000)
GROSS APPROPRIATION	\$	(3,500,000)
Appropriated from:		
State general fund/general purpose	\$	(3,500,000)
(3) OFFENDER SUCCESS ADMINISTRATION		
Community corrections comprehensive plans and services	\$	(1,000,000)
Offender success programming		(1,500,000)
Public safety initiative		(750,000)
Offender success services		(1,000,000)
GROSS APPROPRIATION	\$	(4,250,000)
Appropriated from:		
State general fund/general purpose	\$	(4,250,000)
(4) FIELD OPERATIONS ADMINISTRATION		
Criminal justice reinvestment	\$	(2,500,000)
Field operations		(1,000,000)
GROSS APPROPRIATION	\$	(3,500,000)
Appropriated from:		
State general fund/general purpose	\$	(3,500,000)
(5) CORRECTIONAL FACILITIES ADMINISTRATION		
Prison food service	\$	(2,000,000)
Transportation		920,000
GROSS APPROPRIATION	\$	(1,080,000)
Appropriated from:		
State general fund/general purpose	\$	(1,080,000)
(6) HEALTH CARE		
Clinical complexes	\$	10,000,000
Prisoner health care services		(10,000,000)
GROSS APPROPRIATION	\$	0
Appropriated from:		
State general fund/general purpose	\$	0

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(7) CORRECTIONAL FACILITIES		
Alger Correctional Facility - Munising	\$	(258,900)
Baraga Correctional Facility - Baraga		(352,300)
Carson City Correctional Facility - Carson City		(408,500)
Detroit Detention Center		300,000
Gus Harrison Correctional Facility - Adrian		(422,200)
Kinross Correctional Facility - Kincheloe		(350,200)
Macomb Correctional Facility - New Haven		748,000
Michigan Reformatory - Ionia		(333,900)
Special Alternative Incarceration Program - Jackson		(2,670,000)
Thumb Correctional Facility - Lapeer		624,000
Woodland Correctional Facility - Whitmore Lake		754,000
GROSS APPROPRIATION	\$	(2,370,000)
Appropriated from:		
Special revenue funds:		
Local funds		300,000
State general fund/general purpose	\$	(2,670,000)
(8) ONE-TIME APPROPRIATIONS		
Corrections northern training facility	\$	15,000,000
GROSS APPROPRIATION	\$	15,000,000
Appropriated from:		
State general fund/general purpose	\$	15,000,000
Sec. 153. DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	\$	50,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	50,000
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		50,000
State general fund/general purpose	\$	0
(2) WATER RESOURCES DIVISION		
Bottle act implementation	\$	50,000
GROSS APPROPRIATION	\$	50,000
Appropriated from:		
Special revenue funds:		
Natural resources damages		50,000
State general fund/general purpose	\$	0
Sec. 154. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	\$	139,409,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	139,409,000
Federal revenues:		
Total federal revenues		128,409,000
Special revenue funds:		
Total local revenues		0

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Total private revenues	\$	0
Total other state restricted revenues		11,000,000
State general fund/general purpose	\$	0
(2) CHILDREN'S SERVICES AGENCY - CHILD WELFARE		
Family preservation programs	\$	(2,000,000)
GROSS APPROPRIATION	\$	(2,000,000)
Appropriated from:		
State general fund/general purpose	\$	(2,000,000)
(3) PUBLIC ASSISTANCE		
Family independence program	\$	3,600,000
Food assistance program benefits		120,000,000
Indigent burial		(800,000)
State supplementation		800,000
GROSS APPROPRIATION	\$	123,600,000
Appropriated from:		
Federal revenues:		
Social security act, temporary assistance for needy families		1,600,000
Total other federal revenues		120,000,000
State general fund/general purpose	\$	2,000,000
(4) FIELD OPERATIONS AND SUPPORT SERVICES		
Contractual services, supplies, and materials	\$	3,000,000
Electronic benefit transfer (EBT)		(1,500,000)
Public assistance field staff		(3,540,000)
GROSS APPROPRIATION	\$	(2,040,000)
Appropriated from:		
Federal revenues:		
Social security act, temporary assistance for needy families		(2,040,000)
State general fund/general purpose	\$	0
(5) BEHAVIORAL HEALTH PROGRAM ADMINISTRATION AND SPECIAL PROJECTS		
Family support subsidy	\$	440,000
GROSS APPROPRIATION	\$	440,000
Appropriated from:		
Federal revenues:		
Social security act, temporary assistance for needy families		440,000
State general fund/general purpose	\$	0
(6) BEHAVIORAL HEALTH SERVICES		
Autism services	\$	(1,100,000)
Certified community behavioral health clinic demonstration		34,000,000
Federal mental health block grant		2,700,000
Health homes		(2,700,000)
Healthy Michigan plan - behavioral health		6,000,000
Medicaid mental health services		(40,000,000)
Medicaid substance use disorder services		1,100,000
GROSS APPROPRIATION	\$	0
Appropriated from:		
Federal revenues:		
Total other federal revenues		0
State general fund/general purpose	\$	0
(7) STATE PSYCHIATRIC HOSPITALS AND FORENSIC MENTAL HEALTH SERVICES		
Caro Regional Mental Health Center - psychiatric hospital - adult	\$	1,500,000
Hawthorn Center - psychiatric hospital - children and adolescents		7,000,000

		For Fiscal Year Ending Sept. 30, 2022
Kalamazoo Psychiatric Hospital - adult	\$	(1,100,000)
Walter P. Reuther Psychiatric Hospital - adult		2,100,000
GROSS APPROPRIATION	\$	9,500,000
Appropriated from:		
Federal revenues:		
Total other federal revenues		4,000,000
Special revenue funds:		
Total other state restricted revenues		5,500,000
State general fund/general purpose	\$	0
(8) CHILDREN'S SPECIAL HEALTH CARE SERVICES		
Medical care and treatment	\$	(17,900,000)
GROSS APPROPRIATION	\$	(17,900,000)
Appropriated from:		
Federal revenues:		
Total other federal revenues		(14,000,000)
Special revenue funds:		
Total private revenues		200,000
State general fund/general purpose	\$	(4,100,000)
(9) MEDICAL SERVICES ADMINISTRATION		
Medical services administration	\$	25,000
GROSS APPROPRIATION	\$	25,000
Appropriated from:		
Special revenue funds:		
Total other state restricted revenues		25,000
State general fund/general purpose	\$	0
(10) MEDICAL SERVICES		
Adult home help services	\$	3,500,000
Ambulance services		3,731,100
Auxiliary medical services		353,100
Dental services		16,300,000
Federal Medicare pharmaceutical program		(12,000,000)
Health plan services		(160,300,900)
Healthy Michigan plan		(47,644,500)
Home health services		729,700
Hospice services		16,355,900
Hospital disproportionate share payments		353,100
Hospital services and therapy		(9,800,000)
Integrated care organizations		2,000,000
Long-term care services		71,000,000
Medicaid home- and community-based services waiver		3,500,000
Medicare premium payments		12,000,000
Personal care services		706,200
Pharmaceutical services		44,800,000
Physician services		63,262,600
School-based services		30,000,000
Special Medicaid reimbursement		(16,730,600)
Transportation		1,259,300
GROSS APPROPRIATION	\$	23,375,000
Appropriated from:		
Federal revenues:		
Total other federal revenues		14,000,000
Special revenue funds:		
Total private revenues		(200,000)
Total other state restricted revenues		5,475,000
State general fund/general purpose	\$	4,100,000

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(11) ONE-TIME APPROPRIATIONS		
Family violence prevention and services	\$	4,409,000
GROSS APPROPRIATION	\$	4,409,000
Appropriated from:		
Federal revenues:		
Total other federal revenues		4,409,000
State general fund/general purpose	\$	0
Sec. 155. DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	\$	0
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	0
Federal revenues:		
Total federal revenues		0
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	0
(2) ONE-TIME APPROPRIATIONS		
ARP - missing middle gap program	\$	(50,000,000)
ARP - missing middle gap program		50,000,000
GROSS APPROPRIATION	\$	0
Appropriated from:		
Federal revenues:		
Coronavirus state fiscal recovery fund		0
State general fund/general purpose	\$	0
Sec. 156. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	\$	150,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	\$	150,000
Federal revenues:		
Total federal revenues		150,000
Special revenue funds:		
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	\$	0
(2) MICHIGAN VETERANS AFFAIRS AGENCY		
Michigan veterans affairs agency administration	\$	62,000
Veterans service grants		(62,000)
GROSS APPROPRIATION	\$	0
Appropriated from:		
State general fund/general purpose	\$	0
(3) MICHIGAN VETERANS' FACILITY AUTHORITY		
Chesterfield Township home for veterans	\$	500,000
D.J. Jacobetti home for veterans		(1,700,000)
Grand Rapids home for veterans		1,200,000
GROSS APPROPRIATION	\$	0

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Appropriated from:	
Federal revenues:	
HHS-HCFA, title XIX, Medicaid	\$ 1,800,000
USDVA-VHA	(1,800,000)
State general fund/general purpose	\$ 0
(4) ONE-TIME APPROPRIATIONS	
COVID-19 special maintenance veterans homes	\$ 150,000
GROSS APPROPRIATION	\$ 150,000
Appropriated from:	
Federal revenues:	
USDVA-VHA	150,000
State general fund/general purpose	\$ 0
Sec. 157. DEPARTMENT OF STATE POLICE	
(1) APPROPRIATION SUMMARY	
GROSS APPROPRIATION	\$ 6,386,400
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 6,386,400
Federal revenues:	
Total federal revenues	6,386,400
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 0
(2) FIELD SERVICES	
Post operations	\$ 0
GROSS APPROPRIATION	\$ 0
Appropriated from:	
Federal revenues:	
Coronavirus relief fund	6,386,400
State general fund/general purpose	\$ (6,386,400)
(3) ONE-TIME APPROPRIATIONS	
Federal ineligible expenses	\$ 6,386,400
GROSS APPROPRIATION	\$ 6,386,400
Appropriated from:	
State general fund/general purpose	\$ 6,386,400
Sec. 158. DEPARTMENT OF TREASURY	
(1) APPROPRIATION SUMMARY	
GROSS APPROPRIATION	\$ 0
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers	0
ADJUSTED GROSS APPROPRIATION	\$ 0
Federal revenues:	
Total federal revenues	0
Special revenue funds:	
Total local revenues	0
Total private revenues	0
Total other state restricted revenues	0
State general fund/general purpose	\$ 0
(2) REVENUE SHARING	
City, village, and township revenue sharing	\$ (102,875)
Financially distressed cities, villages, or townships	102,875

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GROSS APPROPRIATION	\$	0
Appropriated from:		
Special revenue funds:		
Sales tax		0
State general fund/general purpose	\$	0

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2022-2023

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1 for the fiscal year ending September 30, 2023 is \$706,170,000.00 and total state spending from state sources to be paid to local units of government is \$58,000,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

<u>DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY</u>		
Michigan infrastructure grants	\$	33,000,000
Subtotal	\$	33,000,000
<u>STATE TRANSPORTATION DEPARTMENT</u>		
Category (b) eligible transportation and economic development fund projects	\$	25,000,000
Subtotal	\$	25,000,000
TOTAL	\$	58,000,000

Sec. 202. The appropriations made and expenditures authorized under this part and part 1 and the departments, commissions, boards, offices, and programs for which appropriations are made under this part and part 1 are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. Funds appropriated in part 1 must be allocated and expended in a manner consistent with federal rules and regulations.

Sec. 204. Funds appropriated in part 1 are subject to applicable federal audit and reporting requirements. Prompt action shall be taken if instances of noncompliance are identified, including noncompliance identified in an audit finding. If any instance of noncompliance is identified, including noncompliance identified in an audit finding, the state budget director shall take necessary and immediate action to rectify it. The state budget director shall notify the senate and house appropriations committees and the senate and house fiscal agencies when an instance of noncompliance is identified.

Sec. 205. The state budget director shall report on the status of funds appropriated in part 1, and all funds appropriated related to the coronavirus relief effort, to the senate and house appropriations committees and the senate and house fiscal agencies on a monthly basis until all funds are exhausted.

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY

Sec. 301. (1) From the funds appropriated in part 1 for ARP – blight elimination program, \$75,000,000.00 shall be used to address eligible properties in this state. The state land bank authority shall establish grant and distribution criteria that are consistent with the requirements in this section and shall administer the program. Grants issued under the program may be used for the following activities for eligible properties:

(a) Demolition of vacant residential, commercial, or industrial structures, including reasonable and necessary costs directly related to demolition, including, but not limited to, title work, due care demolition plans, acquisition, utility disconnect fees, permit fees, abatement of hazardous materials, air monitoring at demolition sites, the replacement of damaged sidewalk or curbing at the street, and seeding.

(b) Stabilization of vacant residential, commercial, or industrial structures identified for future rehabilitation. Eligible stabilization costs may include acquisition, debris removal, exterior security materials to deter trespassing and vandalism, and interior and exterior repairs needed to protect against further deterioration and meet local exterior property maintenance requirements.

(c) Matching or gap funds for environmental remediation needed to comply with department of environment, Great Lakes, and energy standards and limited site preparation costs to remove other predevelopment hurdles on publicly owned residential, commercial, or industrial parcels.

(d) Rehabilitation of vacant residential, commercial, or industrial publicly owned structures.

(e) Project administration directly related to activities under subdivision (a), (b), (c), or (d) to the extent the project administration costs do not exceed 8% of an applicant's total grant award.

(2) From the funds allocated in subsection (1), each of the 10 largest land banks or state land bank municipal partnerships will receive a grant of \$2,500,000.00 to be used on the activities described in subsection (1). For purposes of this subsection, the calculation to determine the "largest" must use the total number of parcels as the basis for the calculation.

(3) From the funds allocated in subsection (1), each of the remaining land banks will receive a grant of \$500,000.00 to be used on the activities described in subsection (1).

(4) From the funds allocated in subsection (1), \$30,500,000.00 must be used for a competitive grant program to address eligible properties in this state for the purposes described in subsection (1). Grants may be issued to a land bank authority, county, city, village, or township or to a state land bank municipal partnership. In areas served by a county or city land bank, the land bank shall act as the lead applicant for grants within its jurisdiction. In areas not served by a county or city land bank, a county, city, village, or township may apply for a grant directly.

(5) Unexpended funds appropriated in part 1 for ARP – blight elimination program are designated as a work project appropriation. Any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is to provide grants to land bank authorities, state land bank municipal partnerships, and local units of government to address blighted properties.

(b) The project will be accomplished by utilizing state employees or contracts with service providers, or both.

(c) The total estimated cost of the project is \$75,000,000.00.

(d) The tentative completion date is September 30, 2027.

(6) As used in this section:

(a) "Authority" means the state land bank authority.

(b) "Eligible properties" means either of the following:

(i) Any property owned or under the control of a land bank fast track authority under the land bank fast track act, 2003 PA 258, MCL 124.751 to 124.774.

(ii) Any vacant residential, commercial, or industrial property that is blighted. A property is considered blighted if it meets any of the following criteria:

(A) The property has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.

(B) The property has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more, rendering the property unfit for its intended use.

(C) The property is tax-reverted and owned by this state, a county, or a municipality.

(c) "State land bank municipal partnership" means a partnership between the state land bank authority and a municipality that includes a land banking agreement for the given municipality where the state manages a portfolio of parcels for that municipality.

Sec. 302. (1) From the funds appropriated in part 1 for ARP – missing middle gap program, \$50,000,000.00 must be used by the Michigan state housing development authority to create a missing middle housing program to increase the supply of housing stock, in response to the negative economic impacts of the pandemic, for employees by providing cost defrayment to developers investing in, constructing, or substantially rehabilitating properties that are targeted to missing middle households.

(2) As used in this section:

(a) "Agreement" means an agreement between a developer and the authority pursuant to subsection (8).

(b) "Agreement counterparty" means the counterparty to an agreement, including the developer or any transferee or assignee of the developer's rights and obligations under an agreement pursuant to subsection (8).

(c) "Area median income" means the median income for the area as published annually by the United States Department of Housing and Urban Development, another governmental entity as selected by the authority, or another research institution as selected by the authority.

(d) "Attainable" means rent or a sale price resulting in a final mortgage payment no higher than 30% of the gross annual income of a missing middle household.

(e) "Authority" means the Michigan state housing development authority created by the state housing development authority act of 1966, 1966 PA 346, MCL 125.1401 to 125.1499c.

(f) “Final mortgage payment” means a mortgage payment calculated by the developer that must include principal, interest, taxes, insurance, private mortgage insurance, association fees or lease payments, or fees related to participation in a community land trust in accordance with financing assumptions consistent with market conditions as determined by the program administrator.

(g) “Housing unit” means a dwelling of less than 2,000 square feet, available for sale or lease on a permanent or year-round basis, that has a permanent foundation, electrical, heating and cooling, plumbing, bathing and restroom facilities, kitchen, and sleeping spaces, all of which meet building code requirements sufficient to achieve a certificate of occupancy.

(h) “Local support” means 1 or a combination of the following forms of support provided by a local unit of government:

(i) Financial contributions or grants in an amount equal to or exceeding \$5,000.00.

(ii) A tax abatement provided to a project in accordance with state law.

(iii) Tax increment revenues captured by a local unit of government and committed to a project in accordance with a tax increment finance and development plan.

(iv) Land transferred from the local unit of government at a cost of not more than \$1,000.00 per housing unit.

(v) Any other form of support provided by a local unit of government determined by the program administrator to constitute local support for purposes of this section.

(i) “Local unit of government” means a city, village, township, county, or any intergovernmental, metropolitan, or local department, agency, or authority, or other local political subdivision.

(j) “Missing middle household” or “missing middle households” means a household or households as defined by the authority. The authority’s definition must be supported by housing data and comply with rules and regulations established by the American rescue plan act of 2021, Public Law 117-2, specifically all regulations and requirements around the use of the coronavirus state fiscal recovery fund.

(k) “Program administrator” means the executive director of the authority.

(l) “Project” means the construction or substantial rehabilitation of 1 or more housing units made available at a price or lease rate that is attainable to a missing middle household.

(m) “Qualified real estate developer” means a landbank, local government, or nonprofit or for-profit developer.

(n) “Rural community” means any geography designated by the United States Department of Agriculture Office of Rural Development as rural for purposes of its single-family housing guaranteed loan program.

(o) “Substantial rehabilitation” means rehabilitation of a housing unit that requires a financial investment of at least \$25,000.00.

(3) All of the following apply regarding the missing middle housing program:

(a) The missing middle housing program is created under the jurisdiction and control of the authority and may be administered by the authority in accordance with the provisions of this section. In developing program guidelines and design, the authority must receive the concurrence of the executive director of the state land bank.

(b) The authority must expend funds under this section only for the purposes of making awards as provided in subsection (4) and paying the costs of administering the program.

(c) The authority must develop and implement the use of forms, applications, agreements, and any other documents necessary or appropriate to implement this section and carry out its duties under this section.

(d) At least 30% of the dollar amount of awards under this section must be allocated to projects in rural communities, including, but not limited to, projects located in the Upper Peninsula.

(e) Not more than 15% of the dollar amount of awards under this section must be allocated to projects in any single city, village, or township.

(4) All of the following apply regarding the approval and award of a grant under this section:

(a) Subject to subdivision (b), upon satisfaction of the conditions set forth in subsection (6), the program administrator is required to set limits on the amount of missing middle funding per unit a project can receive.

(b) The maximum amount that may be awarded to a project for a housing unit under this section is limited to the actual labor and material cost of construction or substantial rehabilitation of the housing unit.

(5) To qualify as a developer under this section, the developer must be a qualified real estate developer as defined in this section and satisfy all of the following conditions:

(a) The developer must pass a criminal and civil background check of key employees satisfactory to the program administrator.

(b) The developer must not be under debarment with the United States government.

(c) The developer must demonstrate to the program administrator that it has the capacity to complete the construction of the project, and that it has the ability to implement rent restrictions and purchaser restrictions for the terms specified in the agreement for the project. The developer may contract with 1 or more entities that will provide materials or services in order to assist in meeting the capacity thresholds described in this subdivision.

(6) All of the following conditions apply to a grant award under this section:

(a) To qualify for a grant under this section, a project must meet all of the following conditions, as determined by the program administrator:

(i) The project must consist of new construction, substantial rehabilitation, or a combination of both.

(ii) The developer must demonstrate site control, identify the project general contractor, and provide a preliminary budget reflecting the ability to complete the project.

(iii) The construction quality, design, and location of the project must be appropriate for the area in which the project will be developed. The program administrator may require preapproval of designs and plans and may condition approval on certain minimum design and quality of construction standards.

(iv) The developer must demonstrate that it has not received and will not receive low-income housing tax credits for the project.

(v) The developer must demonstrate that the project has received or will receive local support.

(vi) The developer must propose a method or methods by which it will ensure to the satisfaction of the program administrator that each housing unit will remain attainable for a period of 10 years for rental deals and 5 years for for-sale deals following the disbursement of funds to the developer. The program administrator shall work with developers to make efforts to keep properties developed under this program attainable for missing middle households beyond these initial timelines.

(b) Application for approval under this subsection must be made in the form and manner prescribed by the program administrator.

(7) To receive a distribution of funds from a grant approved under this section, a project must meet all of the following conditions, as applicable:

(a) A project must secure a certificate of occupancy within 24 months from the date of execution of the agreement for the project.

(b) The developer may seek an extension of the time periods described in this subsection, not to exceed a total development time frame of 36 months, from the program administrator.

(c) The developer must have implemented the method or methods approved to ensure a project is attainable as described in subsection (6)(a)(vi).

(8) The terms and conditions for the distribution of awarded funds must be set forth in an agreement between the agreement counterparty and the program administrator as follows:

(a) The agreement may contain continuing obligations of the agreement counterparty for the term of the agreement to ensure that the project is attainable as described in subsection (6)(a)(vi).

(b) A developer may convey the project and transfer or assign the developer's rights and obligations under the related agreement to a third party only after the developer has satisfied the conditions of subsection (7) and received the distribution of grant funds.

(c) The agreement must require that the agreement counterparty provide all of the following information to the program administrator as of the date of the certificate of occupancy for the project:

(i) Total number of total housing units developed within the project.

(ii) Number of housing units in the project qualifying for the grant.

(iii) Total square footage of project.

(iv) Total project costs.

(v) Total project costs not arising from a grant under this section.

(d) The agreement must require that the agreement counterparty provide the following information annually during the term of the agreement:

(i) For a project consisting of housing units for sale, the price of each housing unit within the project sold during the reporting year.

(ii) For a project consisting of housing units for rent, each of the following:

(A) A statement of the rental rate of each housing unit for rent within the project during the reporting year.

(B) A statement of the income stated on tenant applications for the project during the reporting year.

(C) A statement of the occupancy rate of the project during the reporting year.

(9) The program administrator may in any year adjust any dollar amount provided in this section by a percentage equal to or less than the Consumer Price Index for that year.

(10) The unexpended funds appropriated in part 1 for ARP – missing middle gap program are designated as a work project appropriation. Any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is to expand access to housing stock for missing middle households.

(b) The project will be accomplished by utilizing state employees or contracts with service providers, or both.

(c) The total estimated cost of the project is \$50,000,000.00.

(d) The tentative completion date is September 30, 2027.

Sec. 303. (1) From the funds appropriated in part 1 for ARP – removal of workforce barriers, \$15,000,000.00 shall be used by the department for employment, reemployment, and removal of barriers for at-risk individuals, including the asset limited income constrained employed population, as defined by the United Way. Employment supports and barrier removal may include, but are not limited to, services focused on transportation, child care, clothing needs, tools for work, and other barriers that prevent individuals from entering and staying in the workforce.

(2) The department shall develop program guidelines and eligibility criteria for the program and shall post that information on its publicly accessible website not less than 60 days prior to the due date of the application. Program guidelines must comply with federal regulations established by the American rescue plan act of 2021, Public Law 117-2, including all regulations and requirements around the use of the coronavirus state fiscal recovery fund. Efforts shall be made to ensure a broad geographic distribution of funds awarded under the program to both urban and rural communities, to the extent allowable under federal regulations.

(3) The department shall provide a status report summarizing intended program outcomes, including, but not limited to, the number of individuals to be served and the types of barrier removal activities funded. The report shall be posted online and distributed to the senate and house appropriations subcommittees on labor and economic opportunity, the senate and house fiscal agencies, and the state budget office by September 30, 2023.

(4) Unexpended funds appropriated in part 1 for ARP – removal of workforce barriers are designated as a work project appropriation. Any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is to support barrier removal efforts to help workers enter and stay in the workforce.

(b) The project will be accomplished by utilizing state employees or contracts with service providers, or both.

(c) The total estimated cost of the project is \$15,000,000.00.

(d) The tentative completion date is September 30, 2027.

Sec. 304. (1) Funds appropriated in part 1 for ARP – small business smart zones and business accelerators shall be used by the Michigan strategic fund to create and operate programs to support small businesses disproportionately impacted by the COVID-19 pandemic. Funds may be used for grants for small business smart zones, business accelerators, and other small business entrepreneurial initiatives, as determined by the Michigan strategic fund.

(2) The Michigan strategic fund shall develop program guidelines and eligibility criteria for the program and shall post that information on its publicly accessible website not less than 60 days prior to the due date of the application. Program guidelines must be in compliance with federal regulations established by the American rescue plan act of 2021, Public Law 117-2, including all regulations and requirements around the use of the coronavirus state fiscal recovery fund. Efforts shall be made to ensure a broad geographic distribution of funds awarded under the program to both urban and rural communities, to the extent allowable under federal regulations.

(3) The Michigan strategic fund may make awards to local and nonprofit economic development organizations and other investment vehicles or entities, as determined by the Michigan strategic fund, in the creation and administration of the program. Not less than 20% of awards must be awarded to minority-owned businesses or minority-owned developers, and the Michigan strategic fund shall consider the extent to which a community is depressed and deprived in awarding grants under this section.

(4) Not later than September 30, 2023, the Michigan strategic fund shall provide a report on the implementation status of the program. The report shall be submitted to the senate and house appropriations subcommittees on labor and economic opportunity, the senate and house fiscal agencies, and the state budget office. If program awards have been made by the report date, the report shall include the name of each awardee and, for each awardee, a brief description of the project funded by the award, the county where the awardee is located, and the amount of the award.

(5) The Michigan strategic fund may use up to 2.5% of the appropriation for administration of the program.

(6) Unexpended funds appropriated in part 1 for ARP – small business smart zones and business accelerators are designated as a work project appropriation. Any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is to support small businesses disproportionately impacted by the COVID-19 pandemic.

(b) The projects will be accomplished by utilizing state employees, the Michigan economic development corporation, or contracts.

(c) The total estimated cost of the work project is \$75,000,000.00

(d) The tentative completion date is September 30, 2027.

Sec. 305. (1) Funds appropriated in part 1 for ARP – statewide apprenticeship expansion shall be used for state apprenticeship expansion to support occupations critical to Michigan’s economic recovery, assist citizens in obtaining industry credentials recognized by the United States Department of Labor, and support registered apprenticeship program expansion efforts across this state. The program will serve those citizens and industries most severely impacted by COVID-19, and those citizens who least often benefit from registered apprenticeship programs. Emphasis will be on underrepresented populations, specifically women, people of color, veterans, individuals with disabilities, individuals without high school equivalency credentials, and justice-involved individuals.

(2) The department shall develop program guidelines and eligibility criteria for the program and must post that information on its publicly accessible website not less than 60 days prior to the due date of the application. Program guidelines must comply with federal regulations established by the American rescue plan act of 2021, Public Law 117-2, including all regulations and requirements around the use of the coronavirus state fiscal recovery fund. Efforts shall be made to ensure a broad geographic distribution of funds awarded under the program to both urban and rural communities, to the extent allowable under federal regulations.

(3) The department shall provide a report on the estimated aggregate number of new apprenticeship programs, active apprentices, new apprentices, and project totals to be created under the program. The report shall be posted online and distributed to the chairpersons of the senate and house appropriations committees, the chairpersons of the relevant senate and house appropriations subcommittees, the senate and house fiscal agencies, and the state budget office by September 30, 2023.

(4) Unexpended funds appropriated in part 1 for ARP – statewide apprenticeship expansion are designated as a work project appropriation. Any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to support state apprenticeship expansion.
- (b) The project will be accomplished by utilizing state employees or contracts, or both.
- (c) The total estimated cost of the project is \$25,000,000.00.
- (d) The tentative completion date is September 30, 2027.

Sec. 306. (1) From the funds appropriated in part 1 for community revitalization and placemaking grants program, \$100,000,000.00 shall be used by the Michigan strategic fund to create and operate the community revitalization and placemaking grants program to invest in projects that enable population and tax revenue growth through rehabilitation of vacant and blighted buildings and historic structures, rehabilitation and development of vacant properties, and development of permanent place-based infrastructure associated with social zones and traditional downtowns, outdoor dining, and place-based public spaces. If grant funds are used to support residential projects, those projects must comply with other program guidelines and eligibility as determined by the Michigan strategic fund.

(2) The Michigan strategic fund shall work with local economic development organizations to develop program guidelines and eligibility criteria for the program and shall post that information on its publicly accessible website. The Michigan strategic fund may award 1 or more grants consistent with program guidelines. Efforts shall be made to ensure a broad geographic distribution of funds awarded under the program to both urban and rural communities.

(3) The Michigan strategic fund shall consult or collaborate with local units of government and local economic development agencies to implement the community revitalization and placemaking grants program.

(4) The Michigan strategic fund may make awards to local and nonprofit economic development organizations and other investment vehicles or entities, as determined by the Michigan strategic fund, in the creation and administration of the community revitalization and placemaking grants program.

(5) As a condition of receiving funds appropriated in part 1 for the community revitalization and placemaking grants program, not later than March 15, the Michigan strategic fund shall provide a report for the immediately preceding fiscal year to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget office. The report shall include all of the following:

- (a) The name of each awardee.
- (b) For each awardee identified under subdivision (a), all of the following:
 - (i) A description and estimated completion date of the project funded by the award.
 - (ii) The county where the awardee is located.
 - (iii) The amount of the award.
- (c) A list of awards that were amended.
- (d) A list of any awards that were returned or otherwise forfeited by the awardee.

(6) Unexpended funds appropriated in part 1 for community revitalization and placemaking grants program are designated as a work project appropriation. Any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is rehabilitation of vacant and blighted buildings and historic structures, rehabilitation and development of vacant properties, and development of permanent place-based infrastructure associated with social zones, outdoor dining, and place-based public spaces.

(b) The projects will be accomplished by utilizing state employees, the Michigan economic development corporation, or contracts.

(c) The total estimated cost of the work project is \$100,000,000.00.

(d) The tentative completion date is September 30, 2027.

Sec. 307. It is the intent of the legislature that the funds appropriated in part 1 for housing gap financing and affordable housing shall be unappropriated and reappropriated in another supplemental bill within 45 days to create an affordable housing tax credit gap financing program for the purpose of reducing the housing cost burden of residents and increasing the supply of and preserving existing affordable housing.

Sec. 308. (1) From the funds appropriated in part 1 for Michigan infrastructure grants, \$25,000,000.00 shall be allocated to a city with a population between 24,000 and 26,000 in a county with a population of between 600,000 and 700,000 according to the most recent federal decennial census for improvements to the Fruit Ridge Avenue bridge.

(2) From the funds appropriated in part 1 for Michigan infrastructure grants, \$8,000,000.00 shall be allocated to a village with a population of between 925 and 950 located in a county with a population of between 40,000 and 41,000 according to the most recent federal decennial census for the redevelopment of the Lexington Harbor.

Sec. 309. (1) From the funds appropriated in part 1 for Michigan infrastructure grants, the department shall execute a grant agreement with each recipient, pursuant to subsection (2). All grant funds are considered direct appropriations and, subject to receipt of all information under subsections (2) and (3), shall be disbursed by the department, as determined by the grant agreement. Any funds that are granted to a state department are appropriated in that department for the purpose of the intended grant. An initial disbursement of 50% shall be provided to the grantee upon execution of the grant agreement.

(2) The department shall execute a grant agreement with each recipient in order to receive funding. The grant agreement shall include, but is not limited to, all of the following:

(a) All necessary identifying information for the recipient, including any necessary tax identification information.

(b) A description of the project for which the grant funds will be expended, including tentative timelines and the estimated budget. No expenditures outside of the project purpose, as stated in the executed grant agreement, shall be reimbursed from appropriations in part 1. Funds appropriated in part 1 may be used only for expenditures that occur on or after the effective date of this act, unless specifically authorized in section 308.

(c) A requirement that after the initial 50% disbursement, additional funds shall be disbursed only after verification that the initial payment has been fully expended, in accordance with the project purpose. The remaining funds shall be disbursed in a manner specified in the grant agreement. The grantee must provide sufficient documentation, as determined by the department, to verify that all expenditures were made in accordance with the project purpose.

(d) A requirement for quarterly reports from the recipient to the department that provide the status of the project and an accounting of all funds expended by the recipient.

(e) A claw-back provision that allows this state to recoup or otherwise collect any funds that are declined, unspent, or otherwise misused.

(3) The grantee shall respond to all reasonable information requests from the department related to grant expenditures and retain grant records for a period of not less than 3 years, and the grant may be subject to audit and site visits as determined by the department. The grant agreement required under subsection (2) shall include signed assurance by the chief executive officer or other executive officer of the grant recipient that this requirement will be met.

(4) All funds awarded shall be expended by the recipient, and projects completed, by September 30, 2026. If at that time, as evidenced by the quarterly reports, any unexpended funds remain, those funds shall be returned by the grantee to the state treasury. The state budget director may, on a case-by-case basis, extend this deadline, upon request by a grant recipient.

(5) If a grantee does not provide information sufficient to execute a grant agreement by May 1, 2023, funds associated with that grant shall be returned to the state treasury.

(6) The department shall provide quarterly updates on the accounting and status of each project to the senate and house appropriations committees, the senate and house fiscal agencies, and the state budget office.

Sec. 310. Funds appropriated in part 1 for strategic outreach and attraction reserve fund must be deposited into the strategic outreach and attraction reserve fund established in section 4 of the Michigan trust fund act, 2000 PA 489, MCL 12.254.

Sec. 311. In addition to funds appropriated in part 1, there is appropriated an amount not to exceed \$150,000,000.00 for state restricted contingency authorization. These funds are not available for expenditure until they have been transferred to another line item in part 1 under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 312. (1) Funds appropriated in part 1 for Upper Peninsula economic development project shall be awarded to a business entity located in a county with a population of between 36,900 and 36,950 according to the most recent federal decennial census. Prior to receiving any disbursement, the grant recipient shall certify that it will meet both of the following conditions:

(a) The business shall employ not fewer than the number of individuals employed as of October 1, 2022 for the next 10 years.

(b) The business shall invest not less than \$1,060,000,000.00 at the location specified in this section.

(2) Any grant awarded under this section shall be performance based and include rules, regulations, and guidelines established by the Michigan strategic fund or Michigan economic development corporation.

Sec. 313. If not already allowed under a specific section, from the funds appropriated in part 1, the department may hire a sufficient number of limited-term employees and may expend up to 2.5% of each of the appropriations funded with coronavirus state fiscal recovery fund revenue for administrative implementation and oversight of the programs.

LEGISLATURE

Sec. 401. It is the intent of the legislature that the appropriation in part 1 for independent citizens redistricting commission complies with the legislature's obligation under section 6(6) of article IV of the state constitution of 1963 and is to be used to fulfill the independent citizens redistricting commission's request to cover additional legal costs in a manner that is consistent with the current dormancy plan of the independent citizens redistricting commission.

DEPARTMENT OF STATE POLICE

Sec. 501. (1) Funds appropriated in part 1 for in-service training shall be deposited into the law enforcement officers training fund created in section 11(7) of the Michigan commission on law enforcement standards act, 1965 PA 203, MCL 28.611. All funds in the law enforcement officers training fund are appropriated and available for expenditure to support the implementation of required annual in-service training standards for all licensed law enforcement officers in accordance with rules promulgated under section 11(2) of the Michigan commission on law enforcement standards act, 1965 PA 203, MCL 28.611.

(2) By September 1, the commission shall provide a report to the chairs of the senate and house appropriations committees and the senate and house fiscal agencies on the type and amount of required in-service training standards adopted by the commission, the use of funds appropriated in part 1 for in-service training, and any recommendations to improve licensed law enforcement officer standards in this state.

Sec. 502. From the funds appropriated in part 1 for in-service training, the Michigan commission on law enforcement standards may increase capacity by a total of 7.0 full-time equated positions to support development and implementation of in-service training standards and requirements.

TREASURY

Sec. 601. (1) The water shutoff prevention fund is created (1) within the department of treasury.

(2) From the funds appropriated in part 1 for the water shutoff prevention fund, \$25,000,000.00 shall be deposited into the water shutoff prevention fund.

(3) Funds may be spent from the water shutoff prevention fund only upon appropriation or legislative transfer pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) Interest and earnings from the investment of funds deposited in the water shutoff prevention fund shall be deposited in the general fund.

(5) Funds in the water shutoff prevention fund at the close of a fiscal year shall remain in the water shutoff prevention fund and shall not lapse to the general fund.

(6) As used in this section, “water shutoff prevention fund” means the water shutoff prevention fund created in subsection (1).

PART 2A

PROVISIONS CONCERNING APPROPRIATIONS

FOR FISCAL YEAR 2021-2022

GENERAL SECTIONS

Sec. 1201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1A for the fiscal year ending September 30, 2022 is \$11,050,000.00 and total state spending from state sources to be paid to local units of government is (\$4,250,000.00). The itemized statement below identifies appropriations from which spending to local units of government will occur:

<u>DEPARTMENT OF CORRECTIONS</u>		
Community corrections comprehensive plans and services	\$	(1,000,000)
County jail reimbursement program		(1,000,000)
Public safety initiative		(750,000)
Prosecutorial and detainer expenses		(1,500,000)
Subtotal	\$	(4,250,000)
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Autism services	\$	(300,000)
Certified community behavioral health clinic demonstration		12,000,000
Medicaid mental health services		(12,000,000)
Medicaid substance use disorder services		300,000
Subtotal	\$	0
TOTAL	\$	(4,250,000)

Sec. 1202. The appropriations made and expenditures authorized under this part and part 1A and the departments, commissions, boards, offices, and programs for which appropriations are made under this part and part 1A are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 1203. Funds appropriated in part 1A must be allocated and expended in a manner consistent with federal rules and regulations.

Sec. 1204. Funds appropriated in part 1A are subject to applicable federal audit and reporting requirements. Prompt action shall be taken if instances of noncompliance are identified, including noncompliance identified in an audit finding. If any instance of noncompliance is identified, including noncompliance identified in an audit finding, the state budget director shall take necessary and immediate action to rectify it. The state budget director shall notify the senate and house appropriations committees and the senate and house fiscal agencies when an instance of noncompliance is identified.

Sec. 1205. The state budget director shall report on the status of funds appropriated in part 1A, and all funds appropriated related to the coronavirus relief effort, to the senate and house appropriations committees and the senate and house fiscal agencies on a monthly basis until all funds are exhausted.

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY

Sec. 1301. (1) From the funds appropriated in part 1A for ARP – missing middle gap program, \$50,000,000.00 must be used by the Michigan state housing development authority to create a missing middle housing program to increase the supply of housing stock, in response to the negative economic impacts of the pandemic, for employees by providing cost defrayment to developers investing in, constructing, or substantially rehabilitating properties that are targeted to missing middle households.

(2) As used in this section:

(a) “Agreement” means an agreement between a developer and the authority pursuant to subsection (8).

(b) “Agreement counterparty” means the counterparty to an agreement, including the developer or any transferee or assignee of the developer’s rights and obligations under an agreement pursuant to subsection (8).

(c) “Area median income” means the median income for the area as published annually by the United States Department of Housing and Urban Development, another governmental entity as selected by the authority, or another research institution as selected by the authority.

(d) “Attainable” means rent or a sale price resulting in a final mortgage payment no higher than 30% of the gross annual income of a missing middle household.

(e) “Authority” means the Michigan state housing development authority created by the state housing development authority act of 1966, 1966 PA 346, MCL 125.1401 to 125.1499c.

(f) “Final mortgage payment” means a mortgage payment calculated by the developer that must include principal, interest, taxes, insurance, private mortgage insurance, association fees or lease payments, or fees related to participation in a community land trust in accordance with financing assumptions consistent with market conditions as determined by the program administrator.

(g) “Housing unit” means a dwelling of less than 2,000 square feet, available for sale or lease on a permanent or year-round basis, that has a permanent foundation, electrical, heating and cooling, plumbing, bathing and restroom facilities, kitchen, and sleeping spaces, all of which meet building code requirements sufficient to achieve a certificate of occupancy.

(h) “Local support” means 1 or a combination of the following forms of support provided by a local unit of government:

(i) Financial contributions or grants in an amount equal to or exceeding \$5,000.00.

(ii) A tax abatement provided to a project in accordance with state law.

(iii) Tax increment revenues captured by a local unit of government and committed to a project in accordance with a tax increment finance and development plan.

(iv) Land transferred from the local unit of government at a cost of not more than \$1,000.00 per housing unit.

(v) Any other form of support provided by a local unit of government determined by the program administrator to constitute local support for purposes of this section.

(i) “Local unit of government” means a city, village, township, county, or any intergovernmental, metropolitan, or local department, agency, or authority, or other local political subdivision.

(j) “Missing middle household” or “missing middle households” means a household or households as defined by the authority. The authority’s definition must be supported by housing data and comply with rules and regulations established by the American rescue plan act of 2021, Public Law 117-2, specifically all regulations and requirements around the use of the coronavirus state fiscal recovery fund.

(k) “Program administrator” means the executive director of the authority.

(l) “Project” means the construction or substantial rehabilitation of 1 or more housing units made available at a price or lease rate that is attainable to a missing middle household.

(m) “Qualified real estate developer” means a landbank, local unit of government, or nonprofit or for-profit developer.

(n) “Rural community” means any geography designated by the United States Department of Agriculture Office of Rural Development as rural for purposes of its single-family housing guaranteed loan program.

(o) “Substantial rehabilitation” means rehabilitation of a housing unit that requires a financial investment of at least \$25,000.00.

(3) All of the following apply regarding the missing middle housing program:

(a) The missing middle housing program is created under the jurisdiction and control of the authority and may be administered by the authority in accordance with the provisions of this section. In developing program guidelines and design, the authority must receive the concurrence of the executive director of the state land bank.

(b) The authority must expend funds under this section only for the purposes of making awards as provided in subsection (4) and paying the costs of administering the program.

(c) The authority must develop and implement the use of forms, applications, agreements, and any other documents necessary or appropriate to implement this section and carry out its duties under this section.

(d) At least 30% of the dollar amount of awards under this section must be allocated to projects in rural communities, including, but not limited to, projects located in the Upper Peninsula.

(e) Not more than 15% of the dollar amount of awards under this section must be allocated to projects in any single city, village, or township.

(4) All of the following apply regarding the approval and award of a grant under this section:

(a) Subject to subdivision (b), upon satisfaction of the conditions set forth in subsection (6), the program administrator is required to set limits on the amount of missing middle funding per unit a project can receive.

(b) The maximum amount that may be awarded to a project for a housing unit under this section is limited to the actual labor and material cost of construction or substantial rehabilitation of the housing unit.

(5) To qualify as a developer under this section, the developer must be a qualified real estate developer as defined in this section and satisfy all of the following conditions:

(a) The developer must pass a criminal and civil background check of key employees satisfactory to the program administrator.

(b) The developer must not be under debarment with the United States government.

(c) The developer must demonstrate to the program administrator that it has the capacity to complete the construction of the project, and that it has the ability to implement rent restrictions and purchaser restrictions for the terms specified in the agreement for the project. The developer may contract with 1 or more entities that will provide materials or services in order to assist in meeting the capacity thresholds described in this subdivision.

(6) All of the following conditions apply to a grant award under this section:

(a) To qualify for a grant under this section, a project must meet all of the following conditions, as determined by the program administrator:

(i) The project must consist of new construction, substantial rehabilitation, or a combination of both.

(ii) The developer must demonstrate site control, identify the project general contractor, and provide a preliminary budget reflecting the ability to complete the project.

(iii) The construction quality, design, and location of the project must be appropriate for the area in which the project will be developed. The program administrator may require preapproval of designs and plans and may condition approval on certain minimum design and quality of construction standards.

(iv) The developer must demonstrate that it has not received and will not receive low-income housing tax credits for the project.

(v) The developer must demonstrate that the project has received or will receive local support.

(vi) The developer must propose a method or methods by which it will ensure to the satisfaction of the program administrator that each housing unit will remain attainable for a period of 10 years for rental deals and 5 years for for-sale deals following the disbursement of funds to the developer. The program administrator shall work with developers to make efforts to keep properties developed under this program attainable for missing middle households beyond these initial timelines.

(b) Application for approval under this subsection must be made in the form and manner prescribed by the program administrator.

(7) To receive a distribution of funds from a grant approved under this section, a project must meet all of the following conditions, as applicable:

(a) A project must secure a certificate of occupancy within 24 months from the date of execution of the agreement for the project.

(b) The developer may seek an extension of the time periods described in this subsection, not to exceed a total development time frame of 36 months, from the program administrator.

(c) The developer must have implemented the method or methods approved to ensure a project is attainable as described in subsection (6)(a)(vi).

(8) The terms and conditions for the distribution of awarded funds must be set forth in an agreement between the agreement counterparty and the program administrator as follows:

(a) The agreement may contain continuing obligations of the agreement counterparty for the term of the agreement to ensure that the project is attainable as described in subsection (6)(a)(vi).

(b) A developer may convey the project and transfer or assign the developer's rights and obligations under the related agreement to a third party only after the developer has satisfied the conditions of subsection (7) and received the distribution of grant funds.

(c) The agreement must require that the agreement counterparty provide all of the following information to the program administrator as of the date of the certificate of occupancy for the project:

(i) Total number of total housing units developed within the project.

(ii) Number of housing units in the project qualifying for the grant.

(iii) Total square footage of project.

(iv) Total project costs.

(v) Total project costs not arising from a grant under this section.

(d) The agreement must require that the agreement counterparty provide the following information annually during the term of the agreement:

(i) For a project consisting of housing units for sale, the price of each housing unit within the project sold during the reporting year.

(ii) For a project consisting of housing units for rent, each of the following:

(A) A statement of the rental rate of each housing unit for rent within the project during the reporting year.

(B) A statement of the income stated on tenant applications for the project during the reporting year.

(C) A statement of the occupancy rate of the project during the reporting year.

(9) The program administrator may in any year adjust any dollar amount provided in this section by a percentage equal to or less than the Consumer Price Index for that year.

(10) The unexpended funds appropriated in part 1A for ARP – missing middle gap program are designated as a work project appropriation. Any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to expand access to housing stock for missing middle households.
- (b) The project will be accomplished by utilizing state employees or contracts with service providers, or both.
- (c) The total estimated cost of the project is \$50,000,000.00.
- (d) The tentative completion date is September 30, 2026.

DEPARTMENT OF STATE POLICE

Sec. 1401. The unexpended funds appropriated in part 1A for federal ineligible expenses are designated as a work project appropriation, and any unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditures for projects under this section until the projects have been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to support expenses that are determined to be ineligible for federal reimbursement.
- (b) The project will be accomplished by utilizing state employees, contracts with vendors, or local partners.
- (c) The estimated cost of the project is \$6,386,400.00.
- (d) The tentative completion date is September 30, 2026.

REPEALERS

Sec. 1501. Section 353 of 2022 PA 53 is repealed.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved _____

Governor