



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRISTOPHER M. HARKINS
DIRECTOR

January 25, 2022

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Legislative Transfer Request 2022-1

I recommend the following fiscal year 2022 legislative transfer for your approval. This transfer is in accordance with section 393(2) of Act No. 431, P.A. 1984, as amended and is recommended for approval by the House and Senate Appropriations Committees.

The following information summarizes the transfer recommendation:

<u>DEPARTMENT</u>	<u>TRANSFER AMOUNT</u>
Labor and Economic Opportunity	666,100,000

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
George Cook, Director of Legislative Affairs
Bethany Wicksall, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Legislative Transfer

Letter # 2022-1

Labor and Economic Opportunity

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(666,100,000)
State restricted contingency revenues 376	2015	STRS	(666,100,000)

TO: ONE-TIME APPROPRIATIONS

Critical industry program	T38773		600,000,000
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	2658	STRS	600,000,000
Michigan strategic site readiness program	T54315		66,100,000
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	2658	STRS	66,100,000

This transfer provides \$666.1 million in state restricted contingency authorization to the Critical Industry Program (CIP) and Michigan Strategic Site Readiness Program (SSRP) pursuant to Sec. 301 of PA 132 of 2021. Funds are transferred into the Critical Industry Program (\$600 million) and the Strategic Site Readiness Program (\$66.1 million) in support of a transformational investment project involving General Motors LLC, Ultium Cells LLC, and the Lansing Economic Area Partnership (LEAP). Revenue to support this transfer is available in the Strategic Outreach and Attraction Reserve Fund (SOAR), created in PA 137 of 2021, and capitalized in PA 132 of 2021. This transfer is in compliance with the statutory requirements for the use and expenditure of the SOAR fund in its enacting legislation.

The Michigan Strategic Fund Board approved performance-based incentives for the aforementioned project on January 25, 2022. The project secures an up to \$6.5 billion investment in Michigan by General Motors and LG Energy Solution (through its Ultium Cells LLC joint venture) for its all-electric vehicle future, creating between 3,200-4,000 jobs in the state. The \$600 million transfer to the CIP and other incentives will support a General Motors site expansion (totaling over 3 million square feet) to increase electric vehicle manufacturing capacity in Orion Township, Oakland County, and Ultium Cells construction of a new high volume battery cell manufacturing facility (approximately 2.5 million square feet) in the City of Lansing (Delta Township). The \$66.1 million transfer to the SSRP will support infrastructure investments coordinated by LEAP, including electrical, water, sewer and wastewater upgrades, for the new Lansing facility.