

MEMORANDUM



DATE: September 27, 2022
TO: Members of the House Appropriations Committee
FROM: Mary Ann Cleary, Director *MAC*
RE: Legislative Transfer Package 2022-5

Attached are legislative transfers proposed by the State Budget Office in a letter dated September 7, 2022. Pursuant to section 393 of the Management and Budget Act, a legislative transfer must be approved by a majority of both the House and Senate Appropriations Committees, with identical funding sources and dollar amounts, in order to become effective. This transfer package will be considered by the House Appropriations Committee on Wednesday, September 28, 2022.

A **contingency fund transfer** increases total line item appropriations in a budget area by moving contingency spending authorization from the boilerplate section of a budget act to a specific line item in order to recognize additional federal, private, local, or state restricted revenue that has become available since the original enactment of the budget. Absent the contingency fund transfer mechanism, this type of budget adjustment would be made through a supplemental appropriation bill.

As shown in the attached table, contingency fund transfers in this package total \$27.0 million, which will increase the FY 2021-22 year-to-date state budget by 0.03%.

If you have questions about the transfers generally, please contact me. If you have questions about an individual transfer, please contact the HFA analyst assigned to that budget area. We can be reached at 373-8080.

Attachment

LEGISLATIVE TRANSFER PACKAGE



Mary Ann Cleary, Director
Viola Bay Wild, Transfer Coordinator
Compiled by Tumai Burris, Budget Assistant

Summary Sheet

SBO LETTER: 2022-5
September 7, 2022

Department	Analyst	Page	Total Transfer
Labor and Economic Opportunity	Viola Bay Wild	1	\$27,000,000
Total			\$27,000,000

LEGISLATIVE TRANSFER

BUDGET AREA: **LABOR AND ECONOMIC OPPORTUNITY**
 FISCAL YEAR: **2021-22**
 TRANSFER AMOUNT: **\$27,000,000**

S.B.O. LETTER: **9/7/22**
 S.B.O. REQUEST: **2022-5**
 ANALYST: **Viola Bay Wild**

TRANSFER ITEMS	Y-T-D AUTH.	Y-T-D EXPEND. & ENCUMB. AS OF 9/8/22	BALANCE AVAILABLE AS OF 9/8/22	GOV'S REC. 9/7/222	HOUSE ACTION	SENATE ACTION 9/21/22
FROM: PUBLIC ACT 87 OF 2021 SEC. 980 (2)						
Contingency funds	233,100,000	NA	NA	(27,000,000)		(27,000,000)
Funding source:						
Total state restricted revenues	233,100,000	NA	NA	(27,000,000)		(27,000,000)
TO: SEC. 109. (12) ONE-TIME APPROPRIATIONS						
Michigan strategic site readiness program	66,100,100	66,100,000	100	27,000,000		27,000,000
Funding source:						
Strategic outreach and attraction reserve fund	66,100,100	66,100,000	100	27,000,000		27,000,000

This transfer would provide \$27.0 million in state restricted contingency authorization to the Strategic Site Readiness Program (SSRP) pursuant to Sec. 301 of 2021 PA 132. Funds are transferred to the Strategic Site Readiness Program in support of a grant to Thomas Township, Saginaw County, for an investment project involving the Hemlock Semiconductor Operations. Revenue to support this transfer is available in the Strategic Outreach and Attraction Reserve Fund (SOAR), created in 2021 PA 137, and capitalized in 2021 PA 132. After the previously approved SOAR transfers from March and June 2022, there is \$233.1 million remaining in the state restricted contingency revenues dedicated to the MSF to support this request. 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 September 7, 2022. The grant to Thomas Township is projected to secure up to \$375.0 million in investments in Michigan by Hemlock Semiconductor Operations (HSC), the longest operating, and only domestically headquartered, manufacturer of polysilicon in the world. This capital investment is expected to bring economic opportunity and security in the semiconductor industry and create up to 170 new jobs in Thomas Township, Saginaw County. The \$27.0 million transfer to the SSRP will support the expansion of sanitary sewer infrastructure capacity in Thomas Township and Saginaw Township, without which HSC's planned capital investments cannot move forward. These infrastructure upgrades will create the necessary conditions for HSC's \$375.0 million capital investment that will expand polysilicon manufacturing capacity for HSC's semiconductor and solar operations.