

**Summary: Executive Budget Recommendation  
for Fiscal Year 2023-24  
LICENSING AND REGULATORY AFFAIRS**



**Analyst: Marcus Coffin**

	FY 2022-23 Year-to-Date as of 2/8/23	FY 2023-24 Executive	Difference: FY 2023-24 vs. FY 2022-23	
			Amount	%
<b>IDG/IDT</b>	\$47,026,900	\$46,897,200	(\$129,700)	(0.3)
<b>Federal</b>	29,659,200	30,004,200	345,000	1.2
<b>Local</b>	0	0	0	--
<b>Private</b>	0	0	0	--
<b>Restricted</b>	249,325,900	256,838,700	7,512,800	3.0
<b>GF/GP</b>	213,822,400	266,731,100	52,908,700	24.7
<b>Gross</b>	<b>\$539,834,400</b>	<b>\$600,471,200</b>	<b>\$60,636,800</b>	<b>11.2</b>
<b>FTEs</b>	1,879.9	1,891.9	12.0	0.6

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.

<b>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</b>	<b>FY 2022-23 YTD (as of 2/8/23)</b>	<b>Executive Change from YTD</b>
<p><b>1. Michigan Indigent Defense Commission (MIDC) Grants Standard 8 Compliance Costs</b></p> <p>Includes \$42.2 million GF/GP to support grant distributions to district and circuit court funding units for costs incurred for compliance with MIDC Standard 8. Standard 8 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.</p>	<p><b>Gross</b> NA</p> <p><b>GF/GP</b> NA</p>	<p><b>\$42,155,500</b></p> <p><b>\$42,155,500</b></p>
<p><b>2. MIDC Grants Current Standards Funding Increase</b></p> <p>Includes an additional \$29.8 million GF/GP for MIDC grants to fund the state's projected share of indigent defense costs in FY 2023-24 for MIDC standards 1-5. MIDC grants are distributed to funding units of district and circuit courts. Standards 1-5 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.</p>	<p><b>Gross</b> \$148,917,400</p> <p><b>Restricted</b> 300,000</p> <p><b>GF/GP</b> \$148,617,400</p>	<p><b>\$29,844,500</b></p> <p><b>0</b></p> <p><b>\$29,844,500</b></p>
<p><b>3. Low Carbon Energy Infrastructure Enhancement and Development</b></p> <p>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.</p>	<p><b>Gross</b> \$25,000,000</p> <p><b>GF/GP</b> \$25,000,000</p>	<p><b>(\$25,000,000)</b></p> <p><b>(\$25,000,000)</b></p>

<b>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</b>	<b>FY 2022-23 YTD (as of 2/8/23)</b>	<b>Executive Change from YTD</b>
<b>4. Michigan Saves Green Bank</b>	<b>Gross</b>	<b>NA</b>
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.	GF/GP	NA
		<b>\$5,000,000</b>
		\$5,000,000
<b>5. Cannabis Regulatory Agency Reference Laboratory</b>	<b>FTE</b>	<b>NA</b>
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.	Restricted	NA
	GF/GP	NA
		<b>5.0</b>
		<b>\$4,400,000</b>
		4,400,000
		\$0
<b>6. Corporations Online Filing Modernization</b>	<b>Gross</b>	<b>NA</b>
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.	Restricted	NA
	GF/GP	NA
		<b>\$2,700,000</b>
		2,700,000
		\$0
<b>7. Child Care Licensing Background Checks</b>	<b>Gross</b>	<b>NA</b>
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.	GF/GP	NA
		<b>\$2,200,000</b>
		\$2,200,000
<b>8. Liquor Law Enforcement Grants</b>	<b>Gross</b>	<b>\$8,400,000</b>
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.	Restricted	8,400,000
	GF/GP	\$0
		<b>\$1,500,000</b>
		1,500,000
		\$0
<b>9. Bureau of Survey and Certification</b>	<b>Gross</b>	<b>NA</b>
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.	GF/GP	NA
		<b>\$1,200,000</b>
		\$1,200,000

<b>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</b>		<b>FY 2022-23 YTD (as of 2/8/23)</b>	<b>Executive Change from YTD</b>
<b>10. Child Care Licensing Bureau Staffing</b>	FTE	127.0	7.0
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.	<b>Gross</b>	<b>\$20,648,400</b>	<b>\$1,100,000</b>
	IDG/IDT	20,146,700	0
	Restricted	501,700	0
	GF/GP	\$0	\$1,100,000
<b>11. Corporations Online Filing System Ongoing Maintenance</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,000,000</b>
Includes \$1.0 million of state restricted funding authorization from Corporation Fees to support ongoing maintenance costs for the Corporations Online Filing System.	Restricted	NA	1,000,000
	GF/GP	NA	\$0
<b>12. Michigan Liquor Control Commission SIPS Maintenance and Licensing</b>	<b>Gross</b>	<b>NA</b>	<b>\$900,000</b>
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.	Restricted	NA	900,000
	GF/GP	NA	\$0
<b>13. Michigan Public Service Commission Staff</b>	FTE	190.0	0.0
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.	<b>Gross</b>	<b>\$34,168,900</b>	<b>\$813,400</b>
	Federal	2,665,000	349,900
	Restricted	31,503,900	463,500
	GF/GP	\$0	\$0
<b>14. Child Care Licensing System Maintenance and Licensing</b>	<b>Gross</b>	<b>NA</b>	<b>\$600,000</b>
Includes \$600,000 GF/GP to support ongoing maintenance and licensing costs for the child care licensing system.	GF/GP	NA	\$600,000
<b>15. Michigan Liquor Control Commission Staffing</b>	FTE	145.0	0.0
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.	<b>Gross</b>	<b>\$22,201,500</b>	<b>\$514,600</b>
	Restricted	22,201,500	514,600
	GF/GP	\$0	\$0
<b>16. Michigan Indigent Defense Commission Staffing</b>	FTE	16.0	0.0
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.	<b>Gross</b>	<b>\$2,763,000</b>	<b>\$413,000</b>
	GF/GP	\$2,763,000	\$413,000
<b>17. Industrial Hemp Processor-Handler Regulation</b>	<b>Gross</b>	<b>NA</b>	<b>\$300,000</b>
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.	Restricted	NA	300,000
	GF/GP	NA	\$0
<b>18. Bureau of Fire Services Aboveground Storage Tank Fees</b>	<b>Gross</b>	<b>NA</b>	<b>\$100,000</b>
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.	Restricted	NA	100,000
	GF/GP	NA	\$0

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<b>19. MiLogin Rate Increase</b>	<b>Gross</b>	<b>NA</b>	<b>\$100,000</b>
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.	Restricted	NA	100,000
	GF/GP	NA	\$0
<b>20. Michigan Public Service Commission Gas Inspections</b>	FTE	190.0	0.0
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.	<b>Gross</b>	<b>\$34,168,900</b>	<b>\$73,900</b>
	Federal	2,665,000	69,500
	Restricted	31,503,900	4,400
	GF/GP	\$0	\$0
<b>21. Removal of FY 2022-23 One-Time Appropriations</b>	<b>Gross</b>	<b>\$8,343,600</b>	<b>(\$8,343,600)</b>
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"> <li>• BFS – Smoke Detectors (\$1.0 million GF/GP)</li> <li>• Cannabis Market Taxation and Regulatory Compliance Analysis Pilot Program (\$500,000 state restricted funding authorization)</li> <li>• Corporations Online Filing Modernization (\$2.3 million state restricted funding authorization)</li> <li>• Michigan Saves (\$2.5 million GF/GP)</li> <li>• Michigan Task Force on Foreign Trained Medical Professional Licensing (\$1.0 million state restricted funding authorization)</li> <li>• Urban Search and Rescue (\$1.0 million GF/GP)</li> </ul>			
<b>22. Internal FTE Authorization Alignment</b>	FTE	NA	0.0
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:	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	GF/GP	NA	\$0
<ul style="list-style-type: none"> <li>• Public Service Commission – increase of 5.0 FTEs</li> <li>• Liquor Licensing and Enforcement – increase of 3.0 FTEs</li> <li>• Management Support Services – increase of 2.0 FTEs</li> <li>• Bureau of Construction Codes – decrease of 10.0 FTEs</li> <li>• Bureau of Professional Licensing – decrease of 3.0 FTEs</li> <li>• Child Care Licensing and Regulation – increase of 6.0 FTEs</li> <li>• Michigan Office of Administrative Hearings and Rules – decrease of 8.0 FTEs</li> <li>• Michigan Indigent Defense Commission – increase of 5.0 FTEs</li> </ul>			

<b><u>Major Budget Changes from FY 2022-23 Year-to-Date (YTD) Appropriations</u></b>	<b>FY 2022-23 YTD (as of 2/8/23)</b>	<b>Executive Change from YTD</b>	
<b>23. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$1,900</b>
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:	Restricted	NA	1,900
	GF/GP	NA	\$0
<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• Replaces \$1.0 million in state restricted funding authorization from the Licensing and Regulation Fund with authorization from the Health Professions Regulatory Fund.</li> <li>• 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.</li> </ul>			
<b>24. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$936,400)</b>
Reflects decreased net costs of \$936,400 Gross (\$104,300 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2023), overtime, longevity, actuarially required retirement contributions, other employee retirement costs, worker's compensation, building occupancy charges, rent, and other economic adjustments.	IDG/IDT	NA	(129,700)
	Federal	NA	(74,400)
	Restricted	NA	(628,000)
	GF/GP	NA	(\$104,300)

**Major Boilerplate Changes from FY 2022-23**

**Sec. 206. Communication with the Legislature – DELETED**

Prohibits LARA from taking disciplinary action against employees for communicating with legislators or their staff, unless the communication is prohibited by law. *(Governor deemed this section unenforceable in FY 2022-23.)*

**Sec. 210. 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. Revised 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.

**Sec. 211. Transparency Website – DELETED**

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.

## **Major Boilerplate Changes from FY 2022-23**

### **Sec. 211. 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.

### **Sec. 212. Restricted Fund Report – DELETED**

Requires LARA to work with SBO to report on estimated restricted fund revenues, expenditures, and balances for the prior two fiscal years.

### **Sec. 213. Department Scorecard Website – DELETED**

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.

### **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).

### **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. Revised to delete all reporting requirements except for quarterly comparison of actual and authorized FTEs.

### **Sec. 217. Work Project Usage – DELETED**

Stipulates that appropriations are not to be expended, if possible, until all existing work project authorization for the same purpose is exhausted. *(Governor deemed this section unenforceable in FY 2022-23.)*

### **Sec. 218. State Administrative Board Transfers – DELETED**

Stipulates that the legislature may intertransfer funds via concurrent resolution if the State Administrative Board transfers funds. *(Governor deemed this section unenforceable in FY 2022-23.)*

### **Sec. 219. Retention of Reports – DELETED**

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.

### **Sec. 220. Report on Policy Changes for Public Act Implementation – DELETED**

Requires LARA to report on policy changes made to implement public acts that took effect during the prior calendar year.

### **Sec. 221. Severance Pay Reporting – DELETED**

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.

### **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.

### **Sec. 223. In-Person Work – DELETED**

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.

### **Sec. 225. 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. Revised to eliminate the \$1.5 million cap.

## **Major Boilerplate Changes from FY 2022-23**

### **Sec. 226. 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. Revised to eliminate the \$500,000 cap.

### **Sec. 229. Regulatory Statistical Report – DELETED**

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.

### **Sec. 230. Employee Performance Monitoring Process – DELETED**

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.

### **Sec. 232. Television and Radio Production Expenditure Report – DELETED**

Requires LARA to report any expenditure of funds to a third-party vendor for television or radio productions; delineates information to be included.

### **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.

### **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.

### **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. *(Governor deemed this section unenforceable in FY 2022-23.)*

### **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.

### **Sec. 401. Investigation of Direct Shipments of Wine and Report – REVISED**

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. Revised 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.

### **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.

### **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.

### **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.

**Major Boilerplate Changes from FY 2022-23**

**Sec. 512. 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. Revised 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.

**Sec. 601. Cannabis Regulatory Agency Programs Report – DELETED**

Requires LARA to submit 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.

**Sec. 602. Cannabis Regulatory Agency Investigative Reports – DELETED**

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.

**Sec. 603. Hemp Programs Report – DELETED**

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.

**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.

**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. Revised to remove \$250,000 and \$300,000 caps.

**Sec. 803. MIDC Construction Expenses Prohibition – DELETED**

Prohibits an MIDC grant from being used by a recipient to support construction expenses for new structures. *(Governor deemed this section unenforceable in FY 2022-23.)*

**Sec. 1001. Bureau of Fire Services – Smoke Detectors – DELETED**

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.

**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.

**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. Revised to reflect FY 2023-24 recommended appropriation of \$5.0 million.

<b><u>Supplemental Recommendations for FY 2022-23 Appropriations</u></b>		<b><u>FY 2022-23 Recommendation</u></b>
<b>1. Bureau of Construction Codes Homeowners Construction Lien Recovery</b>	<b>Gross</b>	<b>\$335,000</b>
Includes \$335,000 in state restricted funding authorization from the Homeowners Construction Lien Recovery Fund to address a complaint backlog in the Bureau of Construction Codes. There is a backlog of approximately 1,000 consumer complaints. Additional funding would allow the BCC to address complaints against licensed residential builders and maintenance and alteration contractors.	Restricted	335,000
	GF/GP	\$0

**Supplemental Recommendations for FY 2022-23 Appropriations**

**FY 2022-23  
Recommendation**

**2. Industrial Hemp Processor-Handler Regulation**

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.

<b>Gross</b>	<b>\$300,000</b>
Restricted	300,000
GF/GP	\$0