

FY 2018-19: DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Summary: Conference Report
House Bill 5574 (H-2) CR-1



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	FY 2017-18 YTD as of 2/7/18	FY 2018-19		FY 2018-19 Senate	FY 2018-19 Conference	Difference: Conference From FY 2017-18 YTD	
		Revised Executive	FY 2018-19 House			Amount	%
IDG/IDT	\$47,835,100	\$48,414,300	\$48,414,300	\$48,414,300	\$48,414,300	\$579,200	1.2
Federal	65,020,900	65,744,400	65,744,400	65,744,400	65,744,400	723,500	1.1
Local	250,000	100,000	100,000	100,000	100,000	(150,000)	(60.0)
Private	111,800	111,800	111,800	111,800	111,800	0	0.0
Restricted	277,037,600	288,771,300	288,771,300	276,471,400	276,471,400	(566,200)	(0.2)
GF/GP	44,416,600	88,820,300	88,820,300	88,820,300	126,920,300	82,503,700	185.7
Gross	\$434,672,000	\$491,962,100	\$491,962,100	\$479,662,200	\$517,762,200	\$83,090,200	19.1
FTEs	2,379.8	2,379.8	2,379.8	2,379.8	2,379.8	0.0	0.0

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Information on House budget action in this document is based on House Bill 5578 as passed by the House. Information on Senate budget action is based on Senate Bill 860 as passed by the Senate.

Overview

The Department of Licensing and Regulatory Affairs (LARA) is this state's primary regulatory agency. The department conducts regulation in numerous sectors, including: commercial and occupational activities, construction and fire safety, health care and human services, energy and public utilities, liquor control, and medical marijuana. Agencies within LARA are also responsible for implementing and enforcing workers' compensation requirements, occupational safety and health standards, and labor and wage laws. The department provides vocational rehabilitation services for the blind and coordinates employment services for immigrants. Agencies within LARA conduct and adjudicate administrative hearings, supervise administrative rulemaking, and evaluate regulatory requirements and administrative processes for departments and agencies throughout state government. Lastly, LARA contains and provides support for three ethnic affairs commissions and the Michigan Indigent Defense commission.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Michigan Indigent Defense Commission Grants

Executive includes \$61.3 million Gross (\$15.3 million state restricted reimbursements from partially indigent defendants and \$46.0 million GF/GP) to support grants made by the Michigan Indigent Defense Commission (MIDC). Grants will be made to local funding units, to support various provisions contained within approved compliance plans and cost analyses that will align indigent defense practices with four standards established by the MIDC. House concurs. Senate includes \$46.0 million in GF/GP funding, but does not include any restricted funding. Conference includes \$84.1 million in GF/GP funding and a \$100 restricted fund placeholder for partially indigent reimbursements.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
Gross	NA	\$84,100,100
Restricted	NA	100
GF/GP	NA	\$84,100,000

2. First Responder Presumed Coverage Claims

Executive provides an additional \$3.5 million in restricted funding from the First Responder Presumed Coverage Fund, in order to annualize revenues to support payments of First Responder Presumed Coverage claims. The increase will bring the total amount of the authorization to \$5.2 million (\$0 GF/GP). Funds are projected to be available for this purpose from revenues to the Medical Marijuana Excise Fund. House concurs. Senate concurs. Conference concurs.

Gross	\$1,780,000	\$3,465,000
Restricted	1,780,000	3,465,000
GF/GP	\$0	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
3. Medical Marihuana Operation and Oversight Grants	Gross	\$3,000,000	\$0
<u>Executive</u> eliminates \$3.0 million in restricted funding that supported grants made to county law enforcement agencies, which were distributed proportionally based on the number of registry identification cards issued or renewed within a given county. Pursuant to 2016 PA 281, local governments now receive different grants, determined by statutory amounts due from the Medical Marihuana Excise Fund. <u>House</u> concurs. <u>Senate</u> retains the full \$3 million in restricted funding. <u>Conference</u> retains \$3 million in restricted funding, but, via boilerplate revision, dedicates counties as the grant recipients.	Restricted	3,000,000	0
	GF/GP	\$0	\$0
4. Liquor Law Enforcement Grants Enhancement	Gross	\$7,200,000	\$1,200,000
<u>Executive</u> provides for an increase of \$1.2 million in restricted funding for the amount available for the grants. Funding for the grants comes from retailers' liquor license fees and license renewal fees. Per statute, 55% of revenues from these license fees are to be distributed to the jurisdiction that collected them for the enforcement of the Liquor Control Code and associated rules. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	7,200,000	1,200,000
	GF/GP	\$0	\$0
5. Fire Protection Grants Elimination	Gross	\$9,273,900	(\$9,273,900)
<u>Executive</u> eliminates the \$9.3 million (\$773,900 GF/GP) authorization for Fire Protection Grants. The Executive has included a proposal to use funds from Local Community Stabilization Authority (LCSA) Tier 3 payments for nonessential services to provide a new funding mechanism for the grants. <u>House</u> concurs. <u>Senate</u> eliminates significant portion of funding, but retains a \$100 restricted fund placeholder. <u>Conference</u> eliminates all funding.	Restricted	8,500,000	(8,500,000)
	GF/GP	\$773,900	(\$773,900)
6. Nurse Aide Training and Registration Program	Gross	NA	\$600,000
<u>Executive</u> includes \$600,000 in restricted funding from the Nurse Aide Registration Fund to implement the Nurse Aide Training and Registration Program, pursuant to 2017 PA 172. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	600,000
	GF/GP	NA	\$0
7. Substance Use Disorder Programs	Gross	NA	\$500,000
<u>Executive</u> includes \$500,000 in restricted funding from the Marihuana Regulatory Fund to support costs associated with the licensing of substance use disorder programs. Pursuant to 2016 PA 281, \$500,000 must be distributed from collected regulatory assessments for licensing substance use disorder programs. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	500,000
	GF/GP	NA	\$0
8. Elimination of Administrative Support for the Local Community Stabilization Authority	Gross	\$150,000	(\$150,000)
<u>Executive</u> eliminates \$150,000 in funding that was supported by local revenues and which supported staff and operations of the Local Community Stabilization Authority. Responsibilities previously supported by these funds have been shifted to the Michigan Municipal Services Authority (MMSA). <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Local	150,000	(150,000)
	GF/GP	\$0	\$0
9. Division on Deafness Fund Transfer	Gross	NA	\$93,400
<u>Executive</u> includes \$93,400 in restricted funding to reflect the transfer of program functions from the Department of Civil Rights to LARA, pursuant to Executive Order No. 2017-8. The Executive Order transferred responsibility for the testing and certification of interpreters for the deaf to LARA. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	93,400
	GF/GP	NA	\$0
10. Removal of One-Time Appropriations	Gross	\$1,400,100	(\$1,400,100)
<u>Executive</u> removes \$1.4 million Gross (\$1.4 million GF/GP) in FY 2017-18 one-time appropriations. Appropriations included \$1.4 million GF/GP for Fire Protection Grants Enhancement and \$100 in restricted funding for the Drinking Water Declaration of Emergency. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	100	(100)
	GF/GP	\$1,400,000	(\$1,400,000)

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
11. Revenue Alignment and Reduction of Overstated Deducts	Gross	NA	(\$639,300)
<u>Executive</u> reduces restricted fund authorizations for a net decrease of \$639,300, in order to accurately reflect fund availability and to align with revenue estimates. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	Restricted	NA	(639,300)
	GF/GP	NA	\$0
12. Economic Adjustments	Gross	NA	\$4,595,000
<u>Executive</u> reflects increased costs of \$4.6 million Gross (\$577,600 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy changes, and other economic adjustments. <u>House</u> concurs. <u>Senate</u> concurs. <u>Conference</u> concurs.	IDG	NA	579,200
	Federal	NA	723,500
	Restricted	NA	2,714,700
	GF/GP	NA	\$577,600

Major Boilerplate Changes From FY 2017-18

Sec. 207. Out-of-State Travel Requirements and Report – RETAINED

Stipulates various limitations regarding the conditions when LARA may send employees on out-of-state travel, further limits the expenditure of state funds on out-of-state professional development conferences, and requires a detailed report on out-of-state travel. Executive revises to strike sections delineating conditions for the permissibility of out-of-state travel and by heavily modifying the requirements of the report. House retains. Senate retains. Conference retains.

Sec. 218. Communications with the Legislature – RETAINED

Prohibits LARA from taking disciplinary action against an employee for communicating with a member of the legislature or its staff. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 219. Television and Radio Productions – RETAINED

Prohibits LARA from developing or producing television or radio productions. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 220. Healthy Michigan Plan Accounting Structure – RETAINED

Requires LARA, in conjunction with the Department of Health and Human Services (DHHS), to maintain accounting structures within this state's accounting system which will facilitate the identification of expenditures associated with the Healthy Michigan Plan. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 226. Regulatory and Statistical Report – RETAINED

Requires LARA to submit an annual report that specifies and summarizes statistical information pertaining to fees, revenues, expenditures, application determinations, timeliness, examinations, complaints, investigations, enforcement actions, administrative hearings, and adjudications for each regulatory product administered by regulatory agencies within LARA. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 227. Departmental Employee Performance Monitoring Process – RETAINED

Stipulates legislative intent that LARA establish a consistent employee performance monitoring process and submit a report pertaining to planned or implemented changes to that process. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 301. Low-Income Energy Assistance Grants – REVISED

Stipulates funds supporting the low-income energy assistance grant program are appropriated upon the awarding of grants and may be used for grant payments or administrative expenses related to the program. Executive revises to indicate that the Public Service Commission now administers the grants on behalf of DHHS. House concurs. Senate concurs. Conference concurs.

Sec. 302. Fast Charging Stations Study – NEW

Requires the Michigan Agency for Energy, in coordination with the Public Service Commission and the Michigan Department of Transportation, to prepare a study assessing aspects of fast charging stations. Executive does not include. House does not include. Senate includes new language. Conference includes new language.

Sec. 401. IT Upgrades to Mitigate Licensure Delays – DELETED

Stipulates that funds from the Liquor Purchase Revolving Fund be used to invest in upgrades to mitigate delays in issuing licenses; legislative intent is expressed that the upgrades should utilize free software if it is available. Executive deletes. House deletes. Senate retains. Conference deletes.

Major Boilerplate Changes From FY 2017-18

Sec. 402. Investigation of Direct Shipments of Wine and Report – REVISED

Stipulates the LCC shall use funds appropriated from the Direct Shipper Enforcement Fund – as required in the Michigan Liquor Control Code – to investigate illegal direct shipments of wine; requires the LCC to produce a report detailing activities to investigate the illegal shipping of wine. House revises to include a requirement that cases of out-of-state illegal shipping be referred to the Attorney General and that a notice be sent to entities shipping illegally. Senate revises to include a requirement that cases of out-of-state illegal shipping be referred to the Attorney General and that a notice be sent to entities shipping illegally. Conference revises, and renumbers as Sec. 401.

Sec. 507. Medical Marihuana Program Report and Fees – RETAINED

Requires LARA to submit a report pertaining to revenue, expenditures, application determinations, timeliness, and administration of the Medical Marihuana Program. Executive revises to delete reporting requirements. House retains. Senate retains. Conference retains, and renumbers as Sec. 505.

Sec. 509. Regulatory Fees on Child and Adult Care Facilities – RETAINED

Requires LARA to assess and collect fees on child care and adult foster care organizations in accordance with existing legislation; the department is required to report these collections to the fiscal agencies. Executive revises to exclude the requirement that the department report collected fees to the fiscal agencies. House retains. Senate retains. Conference retains.

Sec. 510. Michigan Automated Prescription System (MAPS) Report – REVISED

Requires LARA to submit a report detailing usage statistics for MAPS, department activities resulting from information obtained from MAPS, and integrations between MAPS and electronic health record systems. Executive revises to include a more detailed reporting requirement for the types of entities that have integrated their electronic health records systems and to include a reporting requirement for the number of delegate users registered. House concurs. Senate concurs. Conference concurs.

Sec. 702. Vocational Rehabilitation Matching Funds – RETAINED

Requires BSBP to work collaboratively with service organizations and government entities to identify match dollars and maximize federal vocational rehabilitation funds. Executive deletes. House retains. Senate retains. Conference retains.

Sec. 803. Michigan Indigent Defense Commission Performance Metrics and Report – NEW

Requires the MIDC to identify and implement a performance metrics system that compares indigent defense services in Michigan to national standards and to issue a report on the metrics. Executive includes new language. House concurs. Senate concurs. Conference concurs.

Sec. 805. Ethnic Affairs Commissions Activities – NEW

Requires that expenditures for commission events directly relate to the commission's mission statement. Executive does not include. House includes new language. Senate includes new language. Conference includes new language.

Sec. 901. Fire Protection Grants – DELETED

Requires LARA to award appropriated fire protection grant funds to local units of government for fire protection services provided to state-owned facilities located within their jurisdictions, in accordance with 1977 PA 289. House deletes. Senate deletes. Conference deletes.

Sec. 902. Medical Marihuana Registry Cards Report and Grants to County Law Enforcement – REVISED

Stipulates LARA is to award Medical Marihuana Operation and Oversight Grants to county law enforcement offices; requires LARA to post a listing of available grant funds; requires reports be submitted by both county sheriffs' offices and LARA pertaining to the amounts, recipients, and uses of the grants; and permits county sheriffs' offices to distribute discretionary grants to municipal law enforcement agencies. Executive deletes. House deletes. Senate retains. Conference revises to do the following: stipulate that grants are to be distributed to counties for education and outreach regarding the Michigan Medical Marihuana Act, prohibit funding from being used for law enforcement purposes, and renumber as Sec. 901.

Sec. 904. Distribution of Michigan Indigent Defense Commission Grants – NEW

Specifies that MIDC grants shall not be distributed to locals unless the total amount appropriated from state resources for the grants is equal to the total cost for local indigent defense systems to comply with standards approved under the Michigan Indigent Defense Commission Act. Executive does not include. House does not include. Senate includes new language. Conference includes language stipulating that a defense system must only comply if they receive a grant in a sufficient amount, as determined by the MIDC Act.