



MICHIGAN STRATEGIC FUND

MEMORANDUM

DATE: October 31, 2019

TO: The Honorable Jim Stamas, Chair
Senate Appropriations Committee
and Senate Appropriations Subcommittee
on General Government

The Honorable Mark Huizenga, Chair
House Appropriations Subcommittee
on General Government

The Honorable Shane Hernandez, Chair
House Appropriations Committee

The Honorable Ken Horn, Chair
Senate Appropriations Subcommittee on
Talent and Economic Development/MEDC

FROM: Jeff Mason, President
Michigan Strategic Fund

SUBJECT: Fiscal Year 2019 Business Attraction and Community Revitalization
Section 1042 Quarterly Report

Section 1042 of Public Act 207 of 2018, the General Government Omnibus Budget, requires the Michigan Strategic Fund to report quarterly on the amount of funds for Business Attraction and Community Revitalization considered appropriated, pre-encumbered, encumbered and expended. Pursuant to this requirement, attached is the fiscal year 2019 fourth quarter report.

If you have any questions, please contact our Office of Government Relations at 517.335.1847.

Attachment

cc: Chris Kolb, State Budget Director
Chris Harkins, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency



**Michigan Strategic Fund
Section 1042 Report
Fiscal Year 2019 Fourth Quarter Report
July 1, 2019 – September 30, 2019**

Section 1042 of the General Government Omnibus Budget, Public Act 207 of 2018, requires the Michigan Strategic Fund (MSF) to report quarterly on the amount of funds for Business Attraction and Community Revitalization considered appropriated, pre-encumbered, encumbered and expended, including all previous appropriations for Business Attraction and Community Revitalization, or a predecessor, that were considered appropriated, pre-encumbered, or expended.

Funds are pre-encumbered when the MSF has approved an incentive but has not yet executed an agreement. Funds are encumbered after a formal written agreement between the MSF and a company has been fully executed. Funds are expended when the MSF determines that a company has met all requirements of a project, as set forth in the formal written agreement, and funds have been disbursed. In addition to the current pre-encumbrances, the MSF has \$30.6 million in potential incentives where offer letters have been issued to companies.

For fiscal year 2019, the MSF was appropriated a total of \$125,379,900 for Business Attraction and Community Revitalization. This includes a \$20 million supplemental appropriation, contained in Public Act 618 of 2018, in addition to the original fiscal year 2019 appropriation. The amounts that have been pre-encumbered, encumbered and expended as of September 30, 2019, including previous appropriations, are detailed in the following table.

Section 1042 also requires a list of appropriations for Business Attraction and Community Revitalization that were considered appropriated, pre-encumbered, encumbered or expended that have lapsed back to the MSF for any purpose. To date, no funds have lapsed back.

Business Attraction and Community Revitalization through 9/30/19

	Authorization	Expenditures	Encumbrances	PreEncumbrances***	Lapsed	Remaining Balance
Closed Appropriations*	\$ 320,000,000.00	\$ 320,000,000.00	\$ -	\$ -	\$ -	\$ -
Open Appropriations**	\$ 598,179,800.00	\$ 319,618,159.12	\$ 188,196,993.19	\$ 70,320,728.00	\$ -	\$ 20,043,919.69
	\$ 918,179,800.00	\$ 639,618,159.12	\$ 188,196,993.19	\$ 70,320,728.00	\$ -	\$ 20,043,919.69

*Appropriation years 2012 and 2014

**Appropriation years 2015 through 2019

*** Doesn't include \$30.6 million in potential incentives where offer letters have been issued to companies