MEMORANDUM

DATE: October 28, 2020

TO: The Honorable Jim Stamas, Chair Senate Appropriations Committee
The Honorable Shane Hernandez, Chair House Appropriations Committee
The Honorable Curtis Hertel, Jr. Minority Vice Chair Senate Appropriations Committee
The Honorable Jon Hoadley Minority Vice Chair House Appropriations Committee
The Honorable Roger Victory, Chair Senate Appropriations Subcommittee on General Government
The Honorable Mark Huizenga, Chair House Appropriations Subcommittee on General Government
The Honorable Ken Horn, Chair Senate Appropriations Subcommittee on Labor and Economic Opportunity/MEDC
The Honorable Terry Sabo Minority Vice Chair House Appropriations Subcommittee on General Government

FROM: Mark Burton, President Michigan Strategic Fund

SUBJECT: FY 2020 Business Attraction and Community Revitalization Section 1042 Fourth Quarter Report

Section 1042 of Public Act 56 of 2019, the General Government 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 FY 2020 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 2020 Fourth Quarter Report
July 1, 2020 – September 30, 2020

Section 1042 of the General Government Budget, Public Act 56 of 2019, 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 enters into negotiations with a company regarding an incentive. This category also includes those instances where offer letters have been issued or 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.

For fiscal year 2020, the MSF was appropriated a total of $79,379,900 for Business Attraction and Community Revitalization. The amounts that have been pre-encumbered, encumbered and expended as of September 30, 2020, including previous appropriations, are detailed in the following table.

Section 1042 also requires a list of appropriations for Business Attraction and Community Revitalization appropriated, pre-encumbered, encumbered or expended that have lapsed back to the MSF for any purpose. In fiscal year 2020, $20,000,000 of appropriation year 2016 work project funds lapsed as part of the agreement between the Legislature and Governor to balance the budget.
## Michigan Strategic Fund
### Business Attraction and Community Revitalization through 9/30/2020

<table>
<thead>
<tr>
<th></th>
<th>Authorization</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Pre-encumbrances</th>
<th>Lapsed</th>
<th>Remaining Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>*<em>Closed Appropriations</em></td>
<td>$ 447,800,000.00</td>
<td>$ 447,800,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Open Appropriations</strong></td>
<td>$ 549,759,700.00</td>
<td>$ 268,136,022.00</td>
<td>$ 181,314,995.00</td>
<td>$ 69,404,647.00</td>
<td>$ 20,000,000.00</td>
<td>$ 10,904,036.00</td>
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<tr>
<td><strong>Total</strong></td>
<td>$ 997,559,700.00</td>
<td>$ 715,936,022.00</td>
<td>$ 181,314,995.00</td>
<td>$ 69,404,647.00</td>
<td>$ 20,000,000.00</td>
<td>$ 10,904,036.00</td>
</tr>
</tbody>
</table>

* Appropriation years 2012 though 2015
** Appropriation years 2016 through 2020