



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRISTOPHER M. HARKINS
DIRECTOR

February 13, 2023

The Honorable Sarah Anthony, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Angela Witwer, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Legislative Transfer Request 2023-2

I recommend the following fiscal year 2023 legislative transfer for your approval. This transfer is in accordance with section 393(2) of Act No. 431, P.A. 1984, as amended and is recommended for approval by the House and Senate Appropriations Committees.

The following information summarizes the transfer recommendation:

<u>Department</u>	<u>Transfer Amount</u>
Labor and Economic Opportunity	\$210,000,000

If you have any questions regarding this request, please contact my office at (517) 335-3420.

Sincerely,

Christopher M. Harkins
State Budget Director

Attachment

cc: Winnie Brinks, Senate Majority Leader
Joe Tate, Speaker of the House
Aric Nesbitt, Senate Minority Leader
Matt Hall, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
Curtis Hertel Jr., Director of Legislative Affairs
Kyle Guerrant, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

Report ID: BUD-TRNLET-0046

SIGMA

Run Date: 02/13/2023

Transfer Letter Detail

Run Time: 2:47:32 PM

Legislative Transfer

Letter # 2023-2

Labor and Economic Opportunity

FROM: BOILERPLATE APPROPRIATIONS

Contingency funds	B24000		(210,000,000)
State restricted contingency revenues 376	2015	STRS	(210,000,000)

TO: ONE-TIME APPROPRIATIONS

Critical industry program	T38773		210,000,000
Strategic outreach and attraction reserve fund transfer to Michigan strategic fund	2658	STRS	210,000,000

This transfer provides \$210 million in state restricted contingency authorization to the Critical Industry Program (CIP) pursuant to Sec. 406 of PA 194 of 2022 and Sec. 311 of PA 1 of 2023. Funds are transferred into the Critical Industry Program in support of a transformational investment project involving Ford Motor Company for a new electric vehicle (EV) battery manufacturing facility in Calhoun County. The Michigan Strategic Fund Board approved performance-based incentives for this project on February 13, 2023. The project secures an up to \$3.5 billion investment in Michigan by Ford Motor Company and the creation of 2,500 new jobs. The \$210 million transfer to CIP will support the creation of a new 2.5 million square foot EV battery manufacturing facility in Marshall to manufacture batteries that will go into several of the company's key electric vehicles and supports the company's goal of producing two million electric vehicles annually by 2026. It is anticipated that the project will require additional state investment to fund further land acquisition and site development activities in support of this transformational investment that will further strengthen Michigan's position in the rapidly evolving automotive industry.

Revenue to support this transfer is available in the Strategic Outreach and Attraction Reserve Fund (SOAR), created in PA 137 of 2021, and appropriated \$846.1 million in PA 194 of 2022 and \$150 million in PA 1 of 2023. Transfer request 2023-1 recommended \$435.0 million for three MSF Board approved projects, one of which has been approved to date by the Legislature for \$60 million. Factoring in the outstanding pending requests, there is \$561.1 million in the SOAR fund 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.