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BILL ANALYSIS



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House Bill 5697 (as reported without amendment)
Sponsor: Representative Chris Afendoulis
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would amend the Community College Act to extend the sunset for community college bonding authority under the Michigan New Jobs Training Program (MNJTP) from December 31, 2018, to December 31, 2023. This change would align the bonding authority sunset date with the Program sunset date, which was extended to December 31, 2023, by Public Act 130 of 2015.

MCL 389.164

BACKGROUND

The MNJTP was created by Public Acts 359 and 360 of 2008 (amendments to the Community College Act and the State Income Tax Act). The legislation authorized a community college and an employer to enter into agreements to provide training for new jobs and to use the income tax withholding on those new jobs to pay for the costs of training. The legislation authorized community colleges to sell revenue bonds to finance training programs in advance of reimbursement from diverted income tax withholdings. Most programs have been financed by colleges through a variety of other funding mechanisms.

FISCAL IMPACT

To the extent that the bill enabled community colleges to enter into additional agreements that they would not be able to self-finance, the bill could result in the diversion of additional State income tax withholding from the State General Fund (76.2%) and the State School Aid Fund (23.8%). From the inception of the Program through December 31, 2017, \$30.7 million in income tax withholdings have been diverted from the State to pay for the cost of Michigan MNJTP contracts.

The Michigan Community College Association (MCCA) reports that from the inception of the MNJTP through November 20, 2018, MNJTP contracts with 21 community colleges are projected to provide training for 22,274 new jobs. The impact that the Program has on the State and income tax revenue depends on the number of contracts entered into and the extent to which the new jobs would not have been created without the MNJTP.

Date Completed: 11-28-18

Fiscal Analyst: Bill Bowerman

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