

No. 101
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House of Representatives
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House Chamber, Lansing, Sunday, September 30, 2007.

12:01 a.m.

The House was called to order by the Speaker Pro Tempore.

The roll was called by the Clerk of the House of Representatives, who announced that a quorum was present.

Accavitti—present	Dillon—present	Lahti—present	Pearce—present
Acciavatti—present	Donigan—present	LaJoy—present	Polidori—present
Agema—excused	Ebli—present	Law, David—present	Proos—present
Amos—present	Elsenheimer—present	Law, Kathleen—present	Robertson—present
Angerer—present	Emmons—present	LeBlanc—present	Rocca—present
Ball—present	Espinoza—present	Leland—present	Sak—present
Bauer—present	Farrah—present	Lemmons—present	Schuitmaker—present
Bennett—present	Gaffney—present	Lindberg—present	Scott—present
Bieda—present	Garfield—present	Marleau—present	Shaffer—present
Booher—present	Gillard—present	Mayes—present	Sheen—present
Brandenburg—present	Gonzales—present	McDowell—present	Sheltrown—present
Brown—present	Green—present	Meadows—present	Simpson—present
Byrnes—present	Griffin—present	Meekhof—present	Smith, Alma—present
Byrum—present	Hammel—present	Meisner—present	Smith, Virgil—present
Calley—present	Hammon—present	Melton—present	Spade—present
Casperson—present	Hansen—present	Meltzer—present	Stahl—present
Caswell—present	Hildenbrand—present	Miller—present	Stakoe—present
Caul—present	Hood—present	Moolenaar—present	Steil—present
Cheeks—present	Hoogendyk—present	Moore—present	Tobocman—present
Clack—present	Hopgood—present	Moss—present	Vagnozzi—present
Clemente—present	Horn—present	Nitz—present	Valentine—present
Condino—present	Huizenga—present	Nofs—present	Walker—present
Constan—present	Hune—present	Opsommer—present	Ward—present
Corriveau—present	Jackson—present	Palmer—present	Warren—present
Coulouris—present	Johnson—present	Palsrok—present	Wenke—present
Cushingberry—present	Jones, Rick—present	Pastor—present	Wojno—present
Dean—present	Jones, Robert—present	Pavlov—present	Young—present
DeRoche—present	Knollenberg—present		

e/d/s = entered during session

Rep. Michael A. Lahti, from the 110th District, offered the following invocation:

“Heavenly Father, we come to You today expressing thanks for the many blessings You have given us who are fortunate enough to live in this great state of Michigan. May we always be mindful of what a special treasure we have with our Great Lakes and unique peninsulas. Lord, we pray, that with Your guidance this chamber will have the wisdom and the courage to make the right vote for the state, free of selfish interest. Amen.”

Rep. Booher moved that Rep. Agema be excused from today’s session.
The motion prevailed.

Rep. Tobocman moved that Rep. Virgil Smith be excused temporarily from today’s session.
The motion prevailed.

Messages from the Senate

The Speaker laid before the House

House Bill No. 4185, entitled

A bill to amend 1978 PA 368, entitled “Public health code,” by amending section 20161 (MCL 333.20161), as amended by 2007 PA 5.

(The bill was received from the Senate on September 26, with substitute (S-1), full title inserted and immediate effect given by the Senate, consideration of which, under the rules, was postponed until September 27, see House Journal No. 97, p. 1587.)

The question being on concurring in the substitute (S-1) made to the bill by the Senate,

The substitute (S-1) was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 423

Yeas—108

Accavitti	Dillon	Knollenberg	Pavlov
Acciavatti	Donigan	Lahti	Pearce
Amos	Ebli	LaJoy	Polidori
Angerer	Elsenheimer	Law, David	Proos
Ball	Emmons	Law, Kathleen	Robertson
Bauer	Espinoza	LeBlanc	Rocca
Bennett	Farrah	Leland	Sak
Bieda	Gaffney	Lemmons	Schuitmaker
Booher	Garfield	Lindberg	Scott
Brandenburg	Gillard	Marleau	Shaffer
Brown	Gonzales	Mayer	Sheen
Byrnes	Green	McDowell	Sheltrown
Byrum	Griffin	Meadows	Simpson
Calley	Hammel	Meekhof	Smith, Alma
Casperson	Hammon	Meisner	Spade
Caswell	Hansen	Melton	Stahl
Caul	Hildenbrand	Meltzer	Stakoe
Cheeks	Hood	Miller	Steil
Clack	Hoogendyk	Moolenaar	Tobocman
Clemente	Hopgood	Moore	Vagnozzi
Condino	Horn	Moss	Valentine
Constan	Huizenga	Nitz	Walker
Corriveau	Hune	Nofs	Ward
Coulouris	Jackson	Opsommer	Warren

Cushingberry
Dean
DeRoche

Johnson
Jones, Rick
Jones, Robert

Palmer
Palsrok
Pastor

Wenke
Wojno
Young

Nays—0

In The Chair: Sak

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that the Committee on Appropriations be discharged from further consideration of **Senate Bill No. 796**.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,

The motion prevailed, a majority of the members serving voting therefor.

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 796, entitled

A bill to amend 1956 PA 218, entitled “The insurance code of 1956,” by amending section 224b (MCL 500.224b), as amended by 2005 PA 83.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 796, entitled

A bill to amend 1956 PA 218, entitled “The insurance code of 1956,” by amending section 224b (MCL 500.224b), as amended by 2005 PA 83.

Was read a third time and passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 424

Yeas—108

Accavitti
Acciavatti
Amos
Angerer
Ball
Bauer
Bennett
Bieda

Dillon
Donigan
Ebli
Elsenheimer
Emmons
Espinoza
Farrah
Gaffney

Knollenberg
Lahti
LaJoy
Law, David
Law, Kathleen
LeBlanc
Leland
Lemmons

Pavlov
Pearce
Polidori
Proos
Robertson
Rocca
Sak
Schuitmaker

Booher	Garfield	Lindberg	Scott
Brandenburg	Gillard	Marleau	Shaffer
Brown	Gonzales	Mayer	Sheen
Byrnes	Green	McDowell	Sheltrown
Byrum	Griffin	Meadows	Simpson
Calley	Hammel	Meekhof	Smith, Alma
Casperson	Hammon	Meisner	Spade
Caswell	Hansen	Melton	Stahl
Caul	Hildenbrand	Meltzer	Stakoe
Cheeks	Hood	Miller	Steil
Clack	Hoogendyk	Moolenaar	Tobocman
Clemente	Hopgood	Moore	Vagnozzi
Condino	Horn	Moss	Valentine
Constan	Huizenga	Nitz	Walker
Corriveau	Hune	Nofs	Ward
Coulouris	Jackson	Opsommer	Warren
Cushingberry	Johnson	Palmer	Wenke
Dean	Jones, Rick	Palsrok	Wojno
DeRoche	Jones, Robert	Pastor	Young

Nays—0

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker’s compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act.”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of
Motions and Resolutions

Rep. Tobocman moved that the Committee on Health Policy be discharged from further consideration of **Senate Bill No. 1**.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,
The motion prevailed, a majority of the members serving voting therefor.
The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 1, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 105b.
The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.
The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of
Third Reading of Bills

Senate Bill No. 1, entitled

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 105b.
The bill was read a third time.

The question being on the passage of the bill,

Rep. Angerer moved to substitute (H-1) the bill.

The motion was seconded and the substitute (H-1) was adopted, a majority of the members serving voting therefor.
The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 425

Yeas—107

Accavitti	Dillon	Lahti	Polidori
Acciavatti	Donigan	LaJoy	Proos
Amos	Ebli	Law, David	Robertson
Angerer	Elsenheimer	Law, Kathleen	Rocca
Ball	Emmons	LeBlanc	Sak
Bauer	Espinoza	Leland	Schuitmaker
Bennett	Farrah	Lemmons	Scott
Bieda	Gaffney	Lindberg	Shaffer
Booher	Gillard	Marleau	Sheen
Brandenburg	Gonzales	Mayer	Sheltrown
Brown	Green	McDowell	Simpson
Byrnes	Griffin	Meadows	Smith, Alma
Byrum	Hammel	Meekhof	Smith, Virgil
Calley	Hammon	Meisner	Spade
Casperson	Hansen	Melton	Stahl
Caswell	Hildenbrand	Meltzer	Stakoe
Caul	Hood	Miller	Steil
Cheeks	Hoogendyk	Moolenaar	Tobocman
Clack	Hopgood	Moore	Vagnozzi

Clemente	Horn	Moss	Valentine
Condino	Huizenga	Nitz	Walker
Constan	Hune	Nofs	Ward
Corriveau	Jackson	Opsommer	Warren
Coulouris	Johnson	Palmer	Wenke
Cushingberry	Jones, Rick	Palsrok	Wojno
Dean	Jones, Robert	Pavlov	Young
DeRoche	Knollenberg	Pearce	

Nays—2

Garfield Pastor

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to protect the welfare of the people of this state; to provide general assistance, hospitalization, infirmary and medical care to poor or unfortunate persons; to provide for compliance by this state with the social security act; to provide protection, welfare and services to aged persons, dependent children, the blind, and the permanently and totally disabled; to administer programs and services for the prevention and treatment of delinquency, dependency and neglect of children; to create a state department of social services; to prescribe the powers and duties of the department; to provide for the interstate and intercounty transfer of dependents; to create county and district departments of social services; to create within certain county departments, bureaus of social aid and certain divisions and offices thereunder; to prescribe the powers and duties of the departments, bureaus and officers; to provide for appeals in certain cases; to prescribe the powers and duties of the state department with respect to county and district departments; to prescribe certain duties of certain other state departments, officers, and agencies; to make an appropriation; to prescribe penalties for the violation of the provisions of this act; and to repeal certain parts of this act on specific dates.”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Second Reading of Bills

Senate Bill No. 549, entitled

A bill to amend 1976 PA 451, entitled “The revised school code,” (MCL 380.1 to 380.1852) by adding section 1284a.

Was read a second time, and the question being on the adoption of the proposed substitute (H-3) previously recommended by the Committee on Education,

The substitute (H-3) was not adopted, a majority of the members serving not voting therefor.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 549, entitled

A bill to amend 1976 PA 451, entitled “The revised school code,” (MCL 380.1 to 380.1852) by adding section 1284a.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Melton moved to substitute (H-5) the bill.

The motion was seconded and the substitute (H-5) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 426**Yeas—64**

Accavitti	Constan	Hammon	Meltzer
Acciavatti	Corriveau	Hansen	Miller
Amos	Coulouris	Hood	Moore
Angerer	Cushingberry	Hopgood	Nofs
Ball	Dean	Jackson	Palsrok
Bieda	DeRoche	Johnson	Polidori
Booher	Dillon	Jones, Robert	Rocca
Brandenburg	Donigan	Lahti	Scott
Brown	Ebli	LaJoy	Sheltrown
Byrnes	Espinoza	Law, Kathleen	Simpson
Byrum	Gaffney	Leland	Smith, Virgil
Casperson	Gillard	Lemmons	Tobocman
Cheeks	Gonzales	Mayes	Valentine
Clack	Green	McDowell	Wenke
Clemente	Griffin	Meisner	Wojno
Condino	Hammel	Melton	Young

Nays—45

Bauer	Huizenga	Moss	Shaffer
Bennett	Hune	Nitz	Sheen
Calley	Jones, Rick	Opsommer	Smith, Alma
Caswell	Knollenberg	Palmer	Spade
Caul	Law, David	Pastor	Stahl
Elsenheimer	LeBlanc	Pavlov	Stakoe
Emmons	Lindberg	Pearce	Steil
Farrah	Marleau	Proos	Vagnozzi
Garfield	Meadows	Robertson	Walker
Hildenbrand	Meekhof	Sak	Ward
Hoogendyk	Moolenaar	Schuitmaker	Warren
Horn			

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts,”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of

Messages from the Senate

The Speaker laid before the House

House Bill No. 4800, entitled

A bill to amend 1943 PA 240, entitled "State employees' retirement act," (MCL 38.1 to 38.69) by adding section 68c. (The bill was received from the Senate on September 18, with substitute (S-2), full title inserted and immediate effect given by the Senate, consideration of which, under the rules, was postponed until September 19, see House Journal No. 90, p. 1478.)

The question being on concurring in the substitute (S-2) made to the bill by the Senate,

Rep. Tobocman moved to substitute (H-8) the Senate substitute (S-2).

The motion prevailed and the substitute (H-8) was adopted, a majority of the members serving voting therefor.

The question being on concurring in the substitute (S-2) made to the bill by the Senate,

The substitute (S-2), as substituted (H-8), was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 427

Yeas—97

Accavitti	Dillon	Jones, Rick	Pavlov
Acciavatti	Donigan	Jones, Robert	Pearce
Amos	Ebli	Knollenberg	Polidori
Angerer	Elsenheimer	LaJoy	Proos
Ball	Emmons	Law, David	Robertson
Bauer	Espinoza	Law, Kathleen	Rocca
Bennett	Farrah	LeBlanc	Shaffer
Bieda	Gaffney	Leland	Sheen
Booher	Garfield	Lemmons	Sheltrown
Brandenburg	Gillard	Marleau	Simpson
Brown	Gonzales	Mayes	Smith, Alma
Byrnes	Griffin	McDowell	Smith, Virgil
Byrum	Hammel	Meekhof	Spade
Casperson	Hammon	Meisner	Stahl
Caswell	Hansen	Melton	Steil
Cheeks	Hildenbrand	Meltzer	Tobocman
Clack	Hood	Miller	Vagnozzi
Clemente	Hoogendyk	Moolenaar	Valentine
Condino	Hopgood	Moore	Walker
Constan	Horn	Moss	Ward
Corriveau	Huizenga	Nitz	Warren
Coulouris	Hune	Palmer	Wenke
Cushingberry	Jackson	Palsrok	Wojno
Dean	Johnson	Pastor	Young
DeRoche			

Nays—12

Calley	Lahti	Nofs	Schuitmaker
Caul	Lindberg	Opsommer	Scott
Green	Meadows	Sak	Stakoe

In The Chair: Sak

The House agreed to the full title.
Rep. Tobocman moved that the bill be given immediate effect.
The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of
Motions and Resolutions

Rep. Tobocman moved that the Committee on Judiciary be discharged from further consideration of **Senate Bill No. 632**.
(For first notice see House Journal No. 100, p. 1615.)
The question being on the motion made by Rep. Tobocman,
The motion prevailed, a majority of the members serving voting therefor.
The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 632, entitled

A bill to amend 1968 PA 15, entitled "Correctional industries act," by amending section 6 (MCL 800.326), as amended by 1996 PA 537.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of
Third Reading of Bills

Senate Bill No. 632, entitled

A bill to amend 1968 PA 15, entitled "Correctional industries act," by amending section 6 (MCL 800.326), as amended by 1996 PA 537.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-2) the bill.

The motion was seconded and the substitute (H-2) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 428

Yeas—101

Accavitti	DeRoche	Jones, Robert	Pavlov
Acciavatti	Dillon	Knollenberg	Pearce
Amos	Donigan	Lahti	Polidori
Angerer	Ebli	LaJoy	Proos
Ball	Elsenheimer	Law, David	Robertson
Bauer	Emmons	Law, Kathleen	Rocca
Bennett	Espinoza	LeBlanc	Sak
Bieda	Farrar	Leland	Schuitmaker
Booher	Gaffney	Lemmons	Scott
Brandenburg	Garfield	Lindberg	Shaffer
Brown	Gillard	Marleau	Sheen
Byrnes	Gonzales	Mayer	Sheltrown
Byrum	Green	McDowell	Simpson

Calley	Griffin	Meisner	Smith, Virgil
Casperson	Hammel	Melton	Spade
Caswell	Hammon	Meltzer	Stahl
Caul	Hansen	Moolenaar	Stakoe
Cheeks	Hildenbrand	Moore	Steil
Clack	Hood	Moss	Vagnozzi
Clemente	Hoogendyk	Nitz	Valentine
Condino	Hopgood	Nofs	Walker
Constan	Horn	Opsommer	Ward
Corriveau	Hune	Palmer	Wenke
Coulouris	Johnson	Palsrok	Wojno
Cushingberry	Jones, Rick	Pastor	Young
Dean			

Nays—8

Huizenga	Meadows	Miller	Tobocman
Jackson	Meekhof	Smith, Alma	Warren

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to provide for the employment of inmate labor in the correctional institutions of this state; to provide for the employment of inmate labor in certain private enterprises under certain conditions; to provide for certain powers and duties of the department of corrections, the governor, and other officers and agencies in relation to correctional institutions; to provide for the requisitioning and disbursement of correctional industries products; to provide for the disposition of the proceeds of correctional industries and farms; to provide for purchasing and accounting procedures; to regulate the sale or disposition of inmate labor and products; to provide for the requisitioning, purchases, and supply of correctional industries products; to provide penalties for violations of this act; and to repeal acts and parts of acts,”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Rep. Miller, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

Sorry folks, but this is too much like slave labor. Additionally, no information given about who will profit from this coercive production. This sounds like economic development straight out of Red China. I cannot vote for this. P.S. BRING THE TROOPS HOME NOW.”

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that the Committee on Government Operations be discharged from further consideration of **Senate Bill No. 395**.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,

The motion prevailed, a majority of the members serving voting therefor.

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 395, entitled

A bill to amend 1986 PA 268, entitled “Legislative council act,” (MCL 4.1101 to 4.1901) by adding section 783.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 395, entitled

A bill to amend 1986 PA 268, entitled “Legislative council act,” (MCL 4.1101 to 4.1901) by adding section 783.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-2) the bill.

The motion was seconded and the substitute (H-2) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 429

Yeas—108

Accavitti	Donigan	Lahti	Pearce
Acciavatti	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayes	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Cheeks	Hood	Miller	Stakoe
Clack	Hoogendyk	Moolenaar	Steil
Clemente	Hopgood	Moore	Tobocman
Condino	Horn	Moss	Vagnozzi
Constan	Huizenga	Nitz	Valentine
Corriveau	Hune	Nofs	Walker
Coulouris	Jackson	Opsommer	Ward
Cushingberry	Johnson	Palmer	Warren
Dean	Jones, Rick	Palsrok	Wenke
DeRoche	Jones, Robert	Pastor	Wojno
Dillon	Knollenberg	Pavlov	Young

Nays—1

Caul

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to create the legislative council; to prescribe its membership, powers, and duties; to create a legislative service bureau to provide staff services to the legislature and the council; to provide for operation of legislative parking facilities; to create funds; to provide for the expenditure of appropriated funds by legislative council agencies; to authorize the sale of access to certain computerized data bases; to establish fees; to create the Michigan commission on uniform state laws; to create a law revision commission; to create a senate fiscal agency and a house fiscal agency; to create a Michigan capitol committee; to create a commission on intergovernmental relations; to prescribe the powers and duties of certain state agencies and departments; to repeal certain acts and parts of acts; and to repeal certain parts of this act on specific dates,”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that the Committee on Government Operations be discharged from further consideration of **Senate Bill No. 396.**

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,

The motion prevailed, a majority of the members serving voting therefor.

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills**Senate Bill No. 396, entitled**

A bill to amend 1986 PA 268, entitled “Legislative council act,” (MCL 4.1101 to 4.1901) by adding chapter 7A; and to repeal acts and parts of acts.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills**Senate Bill No. 396, entitled**

A bill to amend 1986 PA 268, entitled “Legislative council act,” (MCL 4.1101 to 4.1901) by adding chapter 7A; and to repeal acts and parts of acts.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-2) the bill.

The motion was seconded and the substitute (H-2) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 430**Yeas—104**

Accavitti	Dillon	Jones, Robert	Palsrok
Acciavatti	Donigan	Knollenberg	Pavlov
Amos	Ebli	Lahti	Pearce
Angerer	Elsenheimer	LaJoy	Polidori
Ball	Emmons	Law, David	Proos
Bauer	Espinoza	Law, Kathleen	Robertson
Bennett	Farrah	LeBlanc	Rocca
Bieda	Gaffney	Leland	Sak
Booher	Garfield	Lemmons	Schuitmaker
Brandenburg	Gillard	Lindberg	Scott
Brown	Gonzales	Marleau	Shaffer
Byrnes	Green	Mayes	Sheltrown
Byrum	Griffin	McDowell	Simpson
Calley	Hammel	Meadows	Smith, Alma
Casperson	Hammon	Meekhof	Smith, Virgil
Caswell	Hansen	Meisner	Spade
Cheeks	Hildenbrand	Melton	Stahl
Clack	Hood	Meltzer	Stakoe
Clemente	Hoogendyk	Miller	Tobocman
Condino	Hopgood	Moolenaar	Vagnozzi
Constan	Horn	Moore	Valentine
Corriveau	Huizenga	Moss	Walker
Coulouris	Hune	Nitz	Ward
Cushingberry	Jackson	Nofs	Warren
Dean	Johnson	Opsommer	Wojno
DeRoche	Jones, Rick	Palmer	Young

Nays—5

Caul	Sheen	Steil	Wenke
Pastor			

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to create the legislative council; to prescribe its membership, powers, and duties; to create a legislative service bureau to provide staff services to the legislature and the council; to provide for operation of legislative parking facilities; to create funds; to provide for the expenditure of appropriated funds by legislative council agencies; to authorize the sale of access to certain computerized data bases; to establish fees; to create the Michigan commission on uniform state laws; to create a law revision commission; to create a senate fiscal agency and a house fiscal agency; to create a Michigan capitol committee; to create a commission on intergovernmental relations; to prescribe the powers and duties of certain state agencies and departments; to repeal certain acts and parts of acts; and to repeal certain parts of this act on specific dates,”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Rep. Sheen, having reserved the right to explain his protest against the passage of the bill, made the following statement:

“Mr. Speaker and members of the House:

The elected Legislature should be making all these decisions, not an unelected commission. We don't need anymore commissions.”

By unanimous consent the House returned to the order of
Motions and Resolutions

Rep. Tobocman moved that the Committee on Government Operations be discharged from further consideration of
Senate Bill No. 397.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,
 The motion prevailed, a majority of the members serving voting therefor.
 The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 397, entitled

A bill to amend 1986 PA 268, entitled "Legislative council act," (MCL 4.1101 to 4.1901) by adding section 753.
 The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of
Third Reading of Bills

Senate Bill No. 397, entitled

A bill to amend 1986 PA 268, entitled "Legislative council act," (MCL 4.1101 to 4.1901) by adding section 753.
 The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-2) the bill.

The motion was seconded and the substitute (H-2) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 431

Yeas—108

Accavitti	Donigan	Lahti	Pearce
Acciavatti	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayes	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Cheeks	Hood	Miller	Stakoe
Clack	Hoogendyk	Moolenaar	Steil

Clemente	Hopgood	Moore	Tobocman
Condino	Horn	Moss	Vagnozzi
Constan	Huizenga	Nitz	Valentine
Corriveau	Hune	Nofs	Walker
Coulouris	Jackson	Opsommer	Ward
Cushingberry	Johnson	Palmer	Warren
Dean	Jones, Rick	Palsrok	Wenke
DeRoche	Jones, Robert	Pastor	Wojno
Dillon	Knollenberg	Pavlov	Young

Nays—1

Caul

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to create the legislative council; to prescribe its membership, powers, and duties; to create a legislative service bureau to provide staff services to the legislature and the council; to provide for operation of legislative parking facilities; to create funds; to provide for the expenditure of appropriated funds by legislative council agencies; to authorize the sale of access to certain computerized data bases; to establish fees; to create the Michigan commission on uniform state laws; to create a law revision commission; to create a senate fiscal agency and a house fiscal agency; to create a Michigan capitol committee; to create a commission on intergovernmental relations; to prescribe the powers and duties of certain state agencies and departments; to repeal certain acts and parts of acts; and to repeal certain parts of this act on specific dates.”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that the Committee on Government Operations be discharged from further consideration of **Senate Bill No. 398**.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,

The motion prevailed, a majority of the members serving voting therefor.

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 398, entitled

A bill to amend 1986 PA 268, entitled “Legislative council act,” (MCL 4.1101 to 4.1901) by adding chapter 7B; and to repeal acts and parts of acts.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 398, entitled

A bill to amend 1986 PA 268, entitled “Legislative council act,” (MCL 4.1101 to 4.1901) by adding chapter 7B; and to repeal acts and parts of acts.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-2) the bill.

The motion was seconded and the substitute (H-2) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 432

Yeas—108

Accavitti	Donigan	Lahti	Pearce
Acciavatti	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayer	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Cheeks	Hood	Miller	Stakoe
Clack	Hoogendyk	Moolenaar	Steil
Clemente	Hopgood	Moore	Tobocman
Condino	Horn	Moss	Vagnozzi
Constan	Huizenga	Nitz	Valentine
Corriveau	Hune	Nofs	Walker
Coulouris	Jackson	Opsommer	Ward
Cushingberry	Johnson	Palmer	Warren
Dean	Jones, Rick	Palsrok	Wenke
DeRoche	Jones, Robert	Pastor	Wojno
Dillon	Knollenberg	Pavlov	Young

Nays—1

Caul

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to create the legislative council; to prescribe its membership, powers, and duties; to create a legislative service bureau to provide staff services to the legislature and the council; to provide for operation of legislative parking

facilities; to create funds; to provide for the expenditure of appropriated funds by legislative council agencies; to authorize the sale of access to certain computerized data bases; to establish fees; to create the Michigan commission on uniform state laws; to create a law revision commission; to create a senate fiscal agency and a house fiscal agency; to create a Michigan capitol committee; to create a commission on intergovernmental relations; to prescribe the powers and duties of certain state agencies and departments; to repeal certain acts and parts of acts; and to repeal certain parts of this act on specific dates.”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Rep. Tobocman moved that House Committees be given leave to meet during the balance of today’s session.
The motion prevailed.

By unanimous consent the House returned to the order of

Messages from the Senate

House Bill No. 5257, entitled

A bill to amend 1982 PA 162, entitled “Nonprofit corporation act,” by amending section 1060 (MCL 450.3060), as amended by 2003 PA 107.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 5258, entitled

A bill to amend 1993 PA 23, entitled “Michigan limited liability company act,” by amending section 1101 (MCL 450.5101), as amended by 2003 PA 81.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that there be a Call of the House.

The motion prevailed, a majority of the members present voting therefor.

Proceedings Under the Call

The roll of the House was called by the Clerk and Reps. Agema, Cushingberry and Wenke were reported absent.

Rep. Tobocman moved that the Sergeant at Arms be dispatched after the absentees.

The motion prevailed.

Rep. Tobocman moved that the House proceed with the business under the Call.
The motion prevailed.

Messages from the Senate

The Speaker laid before the House

House Bill No. 4862, entitled

A bill to amend 1931 PA 189, entitled “The insect pest and plant disease act,” by amending the title and sections 6, 9, and 11 (MCL 286.206, 286.209, and 286.211), the title as amended by 2005 PA 53, section 6 as amended by 1995 PA 137, section 9 as amended by 2004 PA 273, and section 11 as amended by 1984 PA 88.

(The bill was received from the Senate on September 26, with substitute (S-1), full title inserted and immediate effect given by the Senate, consideration of which, under the rules, was postponed until September 27, see House Journal No. 97, p. 1587.)

The question being on concurring in the substitute (S-1) made to the bill by the Senate,

The substitute (S-1) was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 433

Yeas—94

Accavitti	Dean	Lahti	Polidori
Acciavatti	Dillon	LaJoy	Proos
Amos	Donigan	Law, David	Rocca
Angerer	Ebli	Law, Kathleen	Sak
Ball	Emmons	LeBlanc	Scott
Bauer	Espinoza	Leland	Shaffer
Bennett	Farrah	Lemmons	Sheltrown
Bieda	Gaffney	Lindberg	Simpson
Booher	Gillard	Marleau	Smith, Alma
Brown	Gonzales	Mayes	Smith, Virgil
Byrnes	Green	McDowell	Spade
Byrum	Griffin	Meadows	Stahl
Calley	Hammel	Meekhof	Stakoe
Casperson	Hammon	Meisner	Steil
Caswell	Hansen	Melton	Tobocman
Caul	Hildenbrand	Miller	Vagnozzi
Cheeks	Hood	Moolenaar	Valentine
Clack	Hopgood	Nitz	Walker
Clemente	Horn	Nofs	Ward
Condino	Huizenga	Opsommer	Warren
Constan	Jackson	Palsrok	Wenke
Corriveau	Johnson	Pavlov	Wojno
Coulouris	Jones, Rick	Pearce	Young
Cushingberry	Jones, Robert		

Nays—15

Brandenburg	Hoogendyk	Moore	Robertson
DeRoche	Hune	Moss	Schuitmaker
Elsenheimer	Knollenberg	Palmer	Sheen
Garfield	Meltzer	Pastor	

In The Chair: Sak

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

By unanimous consent the House returned to the order of

Reports of Select Committees

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

House Bill No. 5198, entitled

A bill to amend 1937 PA 94, entitled "Use tax act," by amending the title and sections 3a and 5 (MCL 205.93a and 205.95), sections 3a and 5 as amended by 2004 PA 172, and by adding section 4z.

Recommends:

First: That the House and Senate agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to amend 1937 PA 94, entitled "Use tax act," by amending the title and sections 3a and 5 (MCL 205.93a and 205.95), sections 3a and 5 as amended by 2004 PA 172, and by adding section 3d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

An act to provide for the levy, assessment, and collection of a specific excise tax on the storage, use, or consumption in this state of tangible personal property and certain services; to appropriate the proceeds thereof; ~~and~~ **OF THAT TAX**; to prescribe penalties; ~~for violations of the provisions of this act~~ **AND TO MAKE APPROPRIATIONS.**

Sec. 3a. (1) The use or consumption of the following **SERVICES** is taxed under this act in the same manner as tangible personal property is taxed under this act:

(a) Except as provided in section 3b, intrastate telephone, telegraph, leased wire, and other similar communications, including local telephone exchange and long distance telephone service that both originates and terminates in ~~Michigan~~ **THIS STATE**, and telegraph, private line, and teletypewriter service between places in ~~Michigan~~ **THIS STATE**, but excluding telephone service by coin-operated installations, switchboards, concentrator-identifiers, interoffice circuitry and their accessories for telephone answering service, and directory advertising proceeds.

(b) Rooms or lodging furnished by hotelkeepers, motel operators, and other persons furnishing accommodations that are available to the public on the basis of a commercial and business enterprise, irrespective of whether or not membership is required for use of the accommodations, except rooms and lodging rented for a continuous period of more than 1 month. As used in this act, "hotel" or "motel" means a building or group of buildings in which the public may obtain accommodations for a consideration, including, without limitation, such establishments as inns, motels, tourist homes, tourist houses or courts, lodging houses, rooming houses, nudist camps, apartment hotels, resort lodges and cabins, camps operated by other than nonprofit organizations but not including those licensed under 1973 PA 116, MCL 722.111 to 722.128, and any other building or group of buildings in which accommodations are available to the public, except accommodations rented for a continuous period of more than 1 month and accommodations furnished by hospitals or nursing homes.

(c) Except as provided in section 3b, interstate telephone communications that either originate or terminate in this state and for which the charge for the service is billed to a ~~Michigan~~ **IN THIS STATE** service address or phone number by the provider either within or outside this state including calls between this state and any place within or without the United States of America outside of this state. ~~However, if the tax under this act is levied at a rate of 6%, this~~ **THIS** subdivision does not apply to a wide area telecommunication service or a similar type service, an 800 prefix service or similar type service, an interstate private network and related usage charges, or an international call either inbound or outbound.

(d) The laundering or cleaning of textiles under a sale, rental, or service agreement with a term of at least 5 days. This subdivision does not apply to the laundering or cleaning of textiles used by a restaurant or retail sales business. As used in this subdivision, "restaurant" means a food service establishment defined and licensed under the food law of 2000, 2000 PA 92, MCL 289.1101 to 289.8111.

(e) The transmission and distribution of electricity, whether the electricity is purchased from the delivering utility or from another provider, if the sale is made to the consumer or user of the electricity for consumption or use rather than for resale.

(f) For a manufacturer who affixes its product to real estate and maintains an inventory of its product that is available for sale to others by publication or price list, the direct production costs and indirect production costs of the product affixed to the real estate that are incident to and necessary for production or manufacturing operations or processes, as defined by the department.

(g) For a manufacturer who affixes its product to real estate but does not maintain an inventory of its product available for sale to others or make its product available for sale to others by publication or price list, the sum of the

materials cost of the property and the cost of labor to manufacture, fabricate, or assemble the property, but ~~does not include~~ the cost of labor to cut, bend, assemble, or attach the property at the site for affixation to real estate.

(2) If charges for intrastate telecommunications services or telecommunications services between this state and another state and other billed services not subject to the tax under this act are aggregated with and not separately stated from charges for telecommunications services that are subject to the tax under this act, the nontaxable telecommunications services and other nontaxable billed services are subject to the tax under this act unless the service provider can reasonably identify charges for telecommunications services not subject to the tax under this act from its books and records that are kept in the regular course of business.

(3) If charges for intrastate telecommunications services or telecommunications services between this state and another state and other billed services not subject to the tax under this act are aggregated with and not separately stated from telecommunications services that are subject to the tax under this act, a customer may not rely upon the nontaxability of those telecommunications services and other billed services unless the customer's service provider separately states the charges for nontaxable telecommunications services and other nontaxable billed services from taxable telecommunications services or the service provider elects, after receiving a written request from the customer in the form required by the provider, to provide verifiable data based upon the service provider's books and records that are kept in the regular course of business that reasonably identify the nontaxable services.

(4) As used in this section:

(a) "Fabricate" means to modify or prepare tangible personal property for affixation or assembly.

(b) "Manufacture" means to convert or condition tangible personal property by changing the form, composition, quality, combination, or character of the property.

(c) "Manufacturer" means a person who manufactures, fabricates, or assembles tangible personal property.

SEC. 3D. (1) THE USE OR CONSUMPTION OF THE FOLLOWING SERVICES IS TAXED UNDER THIS ACT IN THE SAME MANNER AS TANGIBLE PERSONAL PROPERTY IS TAXED UNDER THIS ACT:

(A) CARPET AND UPHOLSTERY CLEANING SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56174.

(B) BUSINESS SERVICE CENTER SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56143.

(C) CONSULTING SERVICES, AS DESCRIBED IN NAICS SUBSECTOR CODE 5416.

(D) INVESTIGATION, GUARD AND ARMORED CAR SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56161.

(E) INVESTMENT ADVICE SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 52393.

(F) JANITORIAL SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56172.

(G) LANDSCAPING SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56173.

(H) OFFICE ADMINISTRATION SERVICES, AS DESCRIBED IN NAICS SUBSECTOR CODE 5611.

(I) ALL OF THE FOLLOWING PERSONAL SERVICES:

(i) ASTROLOGY SERVICES.

(ii) BABY SHOE BRONZING SERVICES.

(iii) BAIL BONDING SERVICES.

(iv) BALLOON-O-GRAM SERVICES.

(v) COIN-OPERATED BLOOD PRESSURE TESTING MACHINE SERVICES.

(vi) BONDSPERSON SERVICES.

(vii) CHECK ROOM SERVICES.

(viii) COIN-OPERATED PERSONAL SERVICE MACHINE SERVICES.

(ix) COMFORT STATION OPERATION SERVICES.

(x) CONCIERGE SERVICES.

(xi) CONSUMER BUYING SERVICES.

(xii) CREDIT CARD NOTIFICATION SERVICES.

(xiii) DATING SERVICES.

(xiv) DISCOUNT BUYING SERVICES.

(xv) SOCIAL ESCORT SERVICES.

(xvi) FORTUNE-TELLING SERVICES.

(xvii) GENEALOGICAL INVESTIGATION SERVICES.

(xviii) HOUSE SITTING SERVICES.

(xix) SOCIAL INTRODUCTION SERVICES.

(xx) COIN-OPERATED RENTAL LOCKER SERVICES.

(xxi) NUMEROLOGY SERVICES.

(xxii) PALM READING SERVICES.

(xxiii) PARTY PLANNING SERVICES.

(xxiv) PAY TELEPHONE SERVICES.

(xxv) PERSONAL FITNESS TRAINER SERVICES.

(xxvi) PERSONAL SHOPPING SERVICES.

(xxvii) COIN-OPERATED PHOTOGRAPHIC MACHINE SERVICES.

(xxviii) PHRENOLOGY SERVICES.

(xxix) PORTER SERVICES.

(xxx) PSYCHIC SERVICES.

(xxxi) REST ROOM OPERATION SERVICES.

(xxxii) SHOESHINE SERVICES.

(xxxiii) PERSONAL SHOPPING SERVICES.

(xxxiv) SINGING TELEGRAM SERVICES.

(xxxv) HOUSE SITTING SERVICES.

(xxxvi) WEDDING CHAPEL SERVICES, BUT NOT CHURCHES.

(xxxvii) WEDDING PLANNING SERVICES.

(J) OTHER TRAVEL AND RESERVATION SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56159.

(K) SCENIC TRANSPORTATION SERVICES, AS DESCRIBED IN NAICS SUBSECTOR CODE 487.

(l) SKIING SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 71392.

(M) TOUR OPERATOR SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56152.

(N) WAREHOUSING AND STORAGE SERVICES, AS DESCRIBED IN NAICS SUBSECTOR CODE 4931.

(O) PACKAGING AND LABELING SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56191.

(P) SPECIALIZED DESIGN SERVICES, AS DESCRIBED IN NAICS INDUSTRY GROUP CODE 5414.

(Q) TRANSIT AND GROUND PASSENGER TRANSPORT SERVICES, AS DESCRIBED IN NAICS INDUSTRY GROUP CODE 4853.

(R) COURIER AND MESSENGER SERVICES, AS DESCRIBED IN NAICS SUBSECTOR CODE 492.

(S) PERSONAL CARE SERVICES, AS DESCRIBED IN NAICS INDUSTRY GROUP CODE 8121, EXCEPT HAIR CARE SERVICES.

(T) SERVICE CONTRACT SERVICES IN WHICH THE SELLER, IN EXCHANGE FOR THE BUYER'S SINGLE PAYMENT, AGREES TO PROVIDE REPAIR, MAINTENANCE, OR REPLACEMENT OF 1 OR MORE ITEMS OF TANGIBLE PERSONAL PROPERTY DURING A SPECIFIC PERIOD OF TIME, WHICH SERVICES THE BUYER IS NOT REQUIRED TO BUY IN CONNECTION WITH THE PURCHASE OF TANGIBLE PERSONAL PROPERTY.

(U) SECURITY SYSTEM SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56162.

(V) DOCUMENT PREPARATION SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 56141.

(W) MINIWAREHOUSE SERVICES AND SELF-STORAGE UNIT SERVICES, AS DESCRIBED IN NAICS INDUSTRY CODE 53113.

(2) A SERVICE IS SUBJECT TO TAX UNDER THIS SECTION BASED ON THE DESCRIPTION OF THAT SERVICE IN THE APPLICABLE NAICS CODE AND NOT THE CLASSIFICATION OF THE ESTABLISHMENT PROVIDING THAT SERVICE.

(3) THERE IS APPROPRIATED TO THE DEPARTMENT OF TREASURY FOR THE 2006-2007 STATE FISCAL YEAR THE SUM OF \$100,000.00 TO BEGIN IMPLEMENTING THE REQUIREMENTS OF THE AMENDATORY ACT THAT ADDED THIS SECTION. ANY PORTION OF THIS AMOUNT UNDER THIS SECTION THAT IS NOT EXPENDED IN THE 2006-2007 STATE FISCAL YEAR SHALL NOT LAPSE TO THE GENERAL FUND BUT SHALL BE CARRIED FORWARD IN A WORK PROJECT ACCOUNT THAT IS IN COMPLIANCE WITH SECTION 451A OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1451A, FOR THE FOLLOWING STATE FISCAL YEAR.

(4) THE SERVICES SET FORTH IN SUBSECTION (1) SHALL BE SOURCED AS PRODUCTS AS PROVIDED IN SECTION 20.

(5) AS USED IN THIS SECTION, "NAICS" MEANS NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM, 2002 AS PRODUCED BY THE UNITED STATES OFFICE OF MANAGEMENT AND BUDGET.

Sec. 5. (1) Except as otherwise provided in this subsection or subsection (5), a person ~~engaged in the business of selling tangible personal property for storage, use, or other consumption in this state~~ **SUBJECT TO THE TAX UNDER THIS ACT** shall register with the department and give the name and address of each agent operating in this state, the location of all distribution or sales houses or offices or other places of business in this state, and any other information that the department requires relevant to the enforcement of this act. However, a seller holding a sales tax license obtained under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, is not required to separately register with the department under this act. Every ~~seller~~ **PERSON SUBJECT TO THE TAX UNDER THIS ACT** shall source sales in accordance with section 20 and collect the tax imposed by this act from the consumer.

(2) The corporation, securities, and land development bureau of the department of ~~consumer and industry services~~ **LABOR AND ECONOMIC GROWTH** shall not issue to any foreign corporation ~~engaged in the business of selling tangible personal property~~ **SUBJECT TO THE TAX UNDER THIS ACT** a certificate of authority to do business in this state or approve and file the proposed articles of incorporation submitted to it by any domestic corporation authorizing or permitting that corporation to conduct any business ~~of selling tangible personal property~~ **SUBJECT TO THE TAX UNDER THIS ACT** unless the corporation submits with the application for the certificate of authority or proposed articles of incorporation an application for registration of the corporation under this act or an application for a sales tax license under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78. The application shall be transmitted to the department by the corporation, securities, and land development bureau.

(3) A domestic corporation or a foreign corporation authorized to transact business in this state that submits a certificate of dissolution or requests a certificate of withdrawal from this state shall request a certificate from the department stating that taxes are not due under section 27a of 1941 PA 122, MCL 205.27a, not more than 60 days after submitting the certificate of dissolution or requesting the certificate of withdrawal. A corporation that does not request a certificate stating that taxes are not due is subject to the same penalties under section 24 of 1941 PA 122, MCL 205.24, that a taxpayer would be subject to for failure to file a return.

(4) A lessor may elect to pay use tax on receipts from the rental or lease of the tangible personal property in lieu of payment of sales or use tax on the full cost of the property at the time it is acquired. For tax years that begin after December 31, 2001, in order to make a valid election under this subsection, a lessor of tangible personal property that is an aircraft shall obtain a use tax registration by the earlier of the date set for the first payment of use tax under the lease or rental agreement or 90 days after the lessor first brings the aircraft into this state.

(5) A seller registered under the streamlined sales and use tax agreement who is not otherwise subject to the tax under this act is not required to register under this section because of the registration under the streamlined sales and use tax agreement.

Enacting section 1. This amendatory act takes effect December 1, 2007.

Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 94th Legislature are enacted into law:

- (a) Senate Bill No. 1.
- (b) Senate Bill No. 395.
- (c) Senate Bill No. 396.
- (d) Senate Bill No. 397.
- (e) Senate Bill No. 398.
- (f) Senate Bill No. 418.
- (g) Senate Bill No. 419.
- (h) Senate Bill No. 420.
- (i) Senate Bill No. 421.
- (j) Senate Bill No. 546.
- (k) Senate Bill No. 547.
- (l) Senate Bill No. 549.
- (m) Senate Bill No. 622.
- (n) Senate Bill No. 632.
- (o) House Bill No. 4800.

Second: That the House and Senate agree to the title of the bill to read as follows:

A bill to amend 1937 PA 94, entitled "An act to provide for the levy, assessment and collection of a specific excise tax on the storage, use or consumption in this state of tangible personal property and certain services; to appropriate the proceeds thereof; and to prescribe penalties for violations of the provisions of this act," by amending the title and sections 3a and 5 (MCL 205.93a and 205.95), sections 3a and 5 as amended by 2004 PA 172, and by adding section 3d.

Steve Bieda
Paul Condino
Conferees for the House

Valde Garcia
Wayne Kuipers
Michael Prusi
Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

Rep. Tobocman moved that consideration of the conference report be postponed temporarily.

The motion prevailed.

Senate Bill No. 418, entitled

A bill to prescribe the conditions upon which public employers may provide certain benefits; to require the compilation and release of certain information and data; to provide certain powers and duties to certain state officials, departments, agencies, and authorities; and to provide for appropriations.

The Senate has adopted the report of the Committee of Conference.

The Conference Report was read as follows:

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning **Senate Bill No. 418, entitled**

A bill to prescribe the conditions upon which public employers may provide certain benefits; to require the compilation and release of certain information and data; to provide certain powers and duties to certain state officials, departments, agencies, and authorities; and to provide for appropriations.

Recommends:

First: That the House recede from the Substitute of the House as passed by the House.

Second: That the Senate and House agree to the Substitute of the Senate as passed by the Senate, amended to read as follows:

A bill to prescribe the conditions upon which public employers may provide certain benefits; to require the compilation and release of certain information and data; to provide certain powers and duties to certain state officials, departments, agencies, and authorities; and to provide for appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act shall be known and may be cited as the "public employees health benefit act".

Sec. 3. As used in this act:

(a) "Carrier" means a health, dental, or vision insurance company authorized to do business in this state under, and a health maintenance organization or multiple employer welfare arrangement operating under, the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302; a system of health care delivery and financing operating under section 3573 of the insurance code of 1956, 1956 PA 218, MCL 500.3573; a nonprofit dental care corporation operating under 1963 PA 125, MCL 550.351 to 550.373; a nonprofit health care corporation operating under the nonprofit health care corporation reform act, 1980 PA 350, MCL 550.1101 to 550.1704; a voluntary employees' beneficiary association described in section 501(c)(9) of the internal revenue code, 26 USC 501(c)(9); a pharmacy benefits manager; and any other person providing a plan of health benefits, coverage, or insurance in this state.

(b) "Commissioner" means the commissioner of the office of financial and insurance services.

(c) "Medical benefit plan" means a plan, established and maintained by a carrier or 1 or more public employers, that provides for the payment of medical, optical, or dental benefits, including, but not limited to, hospital and physician services, prescription drugs, and related benefits, to public employees.

(d) "Public employee" means an employee of a public employer.

(e) "Public employer" means a city, village, township, county, or other political subdivision of this state; any inter-governmental, metropolitan, or local department, agency, or authority, or other local political subdivision; a school district, a public school academy, or an intermediate school district, as those terms are defined in the revised school code, 1976 PA 451, MCL 380.1 to 380.1852; or a community college or junior college described in section 7 of article VIII of the state constitution of 1963. Public employer includes a public university that elects to come under the provisions of this act.

(f) "Public employer pooled plan" or "pooled plan" means a public employer pooled plan established pursuant to section 5(1)(b).

(g) "Public university" means a public university described in section 4, 5, or 6 of article VIII of the state constitution of 1963.

Sec. 5. (1) Subject to collective bargaining requirements, a public employer may provide medical, optical, or dental benefits to public employees and their dependents by any of the following methods:

(a) By establishing and maintaining a plan on a self-insured basis. A plan under this subdivision does not constitute doing the business of insurance in this state and is not subject to the insurance laws of this state.

(b) By joining with other public employers and establishing and maintaining a public employer pooled plan to provide medical, optical, or dental benefits to not fewer than 250 public employees on a self-insured basis as provided in this act. A pooled plan shall accept any public employer that applies to become a member of the pooled plan, agrees to make the required payments, agrees to remain in the pool for a 3-year period, and satisfies the other reasonable provisions of the pooled plan. A public employer that leaves a pooled plan may not rejoin the pooled plan for 2 years after leaving the plan. A pooled plan under this subdivision does not constitute doing the business of insurance in this state and, except as provided in this act, is not subject to the insurance laws of this state. A pooled plan under this subdivision may enter into contracts and sue or be sued in its own name.

(c) By procuring coverage or benefits from 1 or more carriers, either on an individual basis or with 1 or more other public employers.

(2) A public employer or pooled plan procuring coverage or benefits from 1 or more carriers shall solicit 4 or more bids when establishing a medical benefit plan, including at least 1 bid from a voluntary employees' beneficiary association described in section 501(c)(9) of the internal revenue code, 26 USC 501(c)(9). A public employer or pooled plan procuring coverage or benefits from 1 or more carriers shall solicit 4 or more bids every 3 years when renewing

or continuing a medical benefit plan, including at least 1 bid from a voluntary employees' beneficiary association described in section 501(c)(9) of the internal revenue code, 26 USC 501(c)(9). A public employer or pooled plan that provides for administration of a medical benefit plan using an authorized third party administrator, an insurer, a nonprofit health care corporation, or other entity authorized to provide services in connection with a noninsured medical benefit plan shall solicit 4 or more bids for those administrative services when establishing a medical benefit plan. A public employer or pooled plan that provides for administration of a medical benefit plan using an authorized third party administrator, an insurer, a nonprofit health care corporation, or other entity authorized to provide services in connection with a noninsured medical benefit plan shall solicit 4 or more bids for those administrative services every 3 years when renewing or continuing a medical benefit plan.

(3) This act does not prohibit a public employer from participating, for the payment of medical benefits and claims, in a purchasing pool or coalition to procure insurance, benefits, or coverage, or health care plan services or administrative services.

(4) A public university may establish a medical benefit plan to provide medical, dental, or optical benefits to its employees and their dependents by any of the methods set forth in this section.

(5) A medical benefit plan that provides medical benefits shall provide to covered individuals case management services that meet the case management accreditation standards established by the national committee on quality assurance, the joint commission on health care organizations, or the utilization review accreditation commission.

Sec. 7. (1) A person shall not establish or maintain a public employer pooled plan in this state unless the pooled plan obtains and maintains a certificate of registration pursuant to this act.

(2) A person wishing to establish a pooled plan shall apply for a certificate of registration on a form prescribed by the commissioner. The application shall be completed and submitted to the commissioner along with all of the following:

(a) Copies of all articles, bylaws, agreements, or other documents or instruments describing the rights and obligations of employers, employees, and beneficiaries with respect to the pooled plan and the expected number of public employees to be covered for medical, optical, or dental benefits under the pooled plan.

(b) Current financial statements of the pooled plan or, for a newly established pooled plan, 3 years of financial projections.

(c) A statement showing in full detail the plan upon which the pooled plan proposes to transact business and a copy of all contracts or other instruments that it proposes to make with or sell to its members, together with a copy of its plan description.

(3) The commissioner shall examine the application and documents submitted by the applicant for completeness and shall notify the applicant not later than 30 days after receipt of the application of any additional information needed. The commissioner may conduct any investigation that the commissioner considers necessary and examine under oath any person interested in or connected with the pooled plan.

(4) The commissioner shall issue or deny a certificate of registration within 90 days of receipt of the applicant's substantially completed application. The commissioner shall not issue a certificate of registration to the pooled plan unless the commissioner is satisfied that the pooled plan is in a stable and unimpaired financial condition, that the pooled plan is qualified to maintain a medical benefit plan in compliance with this act, and that the pooled plan meets the requirements in section 9(1)(a), (e), (f), (g), and (h). The commissioner shall deny a certificate of registration to an applicant who fails to meet the requirements of this act. Notice of denial shall be in writing and shall set forth the basis for the denial. If the applicant submits a written request within 60 days after mailing of the notice of denial, the commissioner shall promptly conduct a hearing pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, in which the applicant shall be given an opportunity to show compliance with the requirements of this act.

(5) The pooled plan, upon receipt of its initial certificate of registration, which shall be a temporary certificate, shall proceed to the completion of organization of the proposed pooled plan.

(6) A pooled plan shall open its books to the commissioner, and a final certificate of registration shall not be issued by the commissioner to a pooled plan until the pooled plan has collected cash reserves as provided in section 9.

Sec. 9. (1) In addition to other requirements as provided in this act, a public employer pooled plan established on or after the effective date of this act shall do all of the following:

(a) Establish and maintain minimum cash reserves of not less than 25% of the aggregate contributions in the current fiscal year or in the case of new applicants, 25% of the aggregate contributions projected to be collected during its first 12 months of operation, as applicable; or not less than 35% of the claims paid in the preceding fiscal year, whichever is greater. Reserves established pursuant to this section shall be maintained in a separate, identifiable account and shall not be commingled with other funds of the pooled plan. The pooled plan shall invest the required reserve in the types of investments allowed under section 910, 912, or 914 of the insurance code of 1956, 1956 PA 218, MCL 500.910, 500.912, and 500.914. The pooled plan may satisfy up to 100% of the reserve requirement in the first year of operation, up to 75% of the reserve requirement in the second year of operation, and up to 50% of the reserve requirement in the

third and subsequent years of operation, through an irrevocable and unconditional letter of credit. As used in this subdivision, "letter of credit" means a letter of credit that meets all of the following requirements:

- (i) Is issued by a federally insured financial institution.
- (ii) Is issued upon such terms and in a form as approved by the commissioner.
- (iii) Is subject to draw by the commissioner, upon giving 5 business days' written notice to the pooled plan, or by the pooled plan for the member's benefit if the pooled plan is unable to pay claims as they come due.
- (b) Within 90 days after the end of each fiscal year, file with the commissioner financial statements audited by a certified public accountant. An actuarial opinion regarding reserves for known claims and associated expenses and incurred but not reported claims and associated expenses, in accordance with subdivision (d), shall be included in the audited financial statement. The opinion shall be rendered by an actuary approved by the commissioner or who has 5 or more years of experience in this field.
- (c) Within 60 days after the end of each fiscal quarter, file with the commissioner unaudited financial statements, affirmed by an appropriate officer or agent of the pooled plan.
- (d) Within 60 days after the end of each fiscal quarter, file with the commissioner a report certifying that the pooled plan maintains reserves that are sufficient to meet its contractual obligations, and that it maintains coverage for excess loss as required in this act.
- (e) File with the commissioner a schedule of premium contributions, rates, and renewal projections.
- (f) Possess a written commitment, binder, or policy for excess loss insurance issued by an insurer authorized to do business in this state in an amount approved by the commissioner. The binder or policy shall provide not less than 30 days' notice of cancellation to the commissioner.
- (g) Establish a procedure, to the satisfaction of the commissioner, for handling claims for benefits in the event of dissolution of the pooled plan.
- (h) Provide for administration of the plan using personnel of the pooled plan, provided that the pooled plan has within its own organization adequate facilities and competent personnel to service the medical benefit plan, or by awarding a competitively bid contract, to an authorized third party administrator, an insurer, a nonprofit health care corporation, or other entity authorized to provide services in connection with a noninsured medical benefit plan.

(2) If the commissioner finds that a pooled plan's reserves are not sufficient to meet the requirements of subsection (1)(a), the commissioner shall order the pooled plan to immediately collect from any public employer that is or has been a member of the pooled plan appropriately proportionate contributions sufficient to restore reserves to the required level. The commissioner may take such action as he or she considers necessary, including, but not limited to, ordering the suspension or dissolution of a pooled plan, if the pooled plan is consistently failing to maintain reserves as required in this section, is using methods and practices that render further transaction of business hazardous or injurious to its members, employees, beneficiaries, or to the public, has failed, after written request by the commissioner, to remove or discharge an officer, director, trustee, or employee who has been convicted of any crime involving fraud, dishonesty, or moral turpitude, has failed or refused to furnish any report or statement required under this act, or if the commissioner, upon investigation, determines that it is conducting business fraudulently or is not meeting its contractual obligations in good faith. Any proceedings by the commissioner under this subsection shall be governed by the requirements and procedures of sections 7074 to 7078 of the insurance code of 1956, 1956 PA 218, MCL 500.7074 and 500.7078.

Sec. 11. The commissioner, or any person appointed by the commissioner, may examine the affairs of any pooled plan, and for such purposes shall have free access to all the books, records, and documents that relate to the business of the plan, and may examine under oath its trustees, officers, agents, and employees in relation to the affairs, transactions, and condition of the pooled plan. Each authorized pooled plan shall pay an assessment annually to the commissioner to be deposited into the insurance bureau fund created in section 225 of the insurance code of 1956, 1956 PA 218, MCL 500.225, in an amount equal to 1/4 of 1% of the annual self-funded contributions made to the pooled plan for that year. The assessments paid under this section shall be appropriated to the office of financial and insurance services to cover the additional costs incurred by the office of financial and insurance services in the examination and regulation of pooled plans under this act.

Sec. 13. (1) The articles, bylaws, and trust agreement of the pooled plan and all amendments thereto shall be filed with and presumed approved by the commissioner before becoming operative. The trust agreement shall be filed on a form prescribed by the commissioner.

(2) Each member employer of a pooled plan shall be given notice of every meeting of the members and shall be entitled to an equal vote, either in person or by proxy in writing by such member.

(3) The powers of a pooled plan, except as otherwise provided, shall be exercised by the board of trustees chosen to carry out the purposes of the trust agreement. Not less than 50% of the trustees shall be persons who are covered under the pooled plan or the collective bargaining representatives of those persons. No trustee shall be an owner, officer, or employee of a third party administrator providing services to the pooled plan.

Sec. 15. (1) Notwithstanding subsection (2), a public employer that has 100 or more employees in a medical benefit plan shall be provided with claims utilization and cost information as provided in subsection (3).

(2) A public employer who is in an arrangement with 1 or more other public employers, and together have 100 or more employees in a medical benefit plan or have signed a letter of intent to enter together 100 or more public employees into a medical benefit plan, shall be provided with claims utilization and cost information as provided in subsection (3) that is aggregated for all the public employees together of those public employers, and, except as otherwise permitted under subsection (1), shall not be separated out for any of those public employers.

(3) All medical benefit plans in this state shall compile, and shall make available electronically as provided in subsections (1) and (2), complete and accurate claims utilization and cost information for the medical benefit plan in the aggregate and for each public employer as follows:

(a) For persons covered under the medical benefit plan, census information, including date of birth, gender, zip code, and medical tier, such as single, dependent, or family.

(b) Monthly claims by provider type and service category reported by the total number and dollar amounts of claims paid and reported separately for in-network and out-of-network providers.

(c) The number of claims paid over \$50,000.00 and the total dollar amount of those claims.

(d) The dollar amounts paid for specific and aggregate stop-loss insurance.

(e) The dollar amount of administrative expenses incurred or paid, reported separately for medical, pharmacy, dental, and vision.

(f) The total dollar amount of retentions and other expenses.

(g) The dollar amount for all service fees paid.

(h) The dollar amount of any fees or commissions paid to agents, consultants, or brokers by the medical benefit plan or by any public employer or carrier participating in or providing services to the medical benefit plan, reported separately for medical, pharmacy, stop-loss, dental, and vision.

(i) Other information as may be required by the commissioner.

(4) The claims utilization and cost information required to be compiled under this section shall be compiled on an annual basis and shall cover a relevant period. For purposes of this subsection, the term "relevant period" means the 36-month period ending no more than 120 days prior to the effective date or renewal date of the medical benefit plan under consideration. However, if the medical benefit plan has been in effect for a period of less than 36 months, the relevant period shall be that shorter period.

(5) A public employer or combination of public employers shall disclose the claims utilization and cost information required to be provided under subsections (1) and (2) to any carrier or administrator it solicits to provide benefits or administrative services for its medical benefit plan, and to the employee representative of employees covered under the medical benefit plan, and upon request to any carrier or administrator who requests the opportunity to submit a proposal to provide benefits or administrative services for the medical benefit plan at the time of the request for bids. The public employer shall make the claims utilization and cost information required under this section available at cost and within a reasonable period of time.

(6) The claims utilization and cost information required under this section shall include only de-identified health information as permitted under the health insurance portability and accountability act of 1996, Public Law 104-191, or regulations promulgated under that act, 45 CFR parts 160 and 164, and shall not include any protected health information as defined in the health insurance portability and accountability act of 1996, Public Law 104-191, or regulations promulgated under that act, 45 CFR parts 160 and 164.

(7) All claims utilization and cost information described in this section is required to be compiled beginning 60 days after the effective date of this act. However, claims utilization and cost information already being compiled on the effective date of this act is subject to this section on the effective date of this act.

Enacting section 1. This act does not take effect unless all of the following bills of the 94th Legislature are enacted into law:

(a) Senate Bill No. 419.

(b) Senate Bill No. 420.

(c) Senate Bill No. 421.

Third: That the Senate and House agree to the title of the bill to read as follows:

A bill to prescribe the conditions upon which public employers may provide certain benefits; to require the compilation and release of certain information and data; to provide certain powers and duties to certain state officials, departments, agencies, and authorities; and to provide for appropriations.

Mark Jansen
Wayne Kuipers
Conferees for the Senate

George Cushingberry, Jr.
Daniel Acciavatti
Conferees for the House

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the text having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

Rep. Tobocman moved that consideration of the conference report be postponed temporarily.

The motion prevailed.

The House returned to the consideration of

House Bill No. 5198, entitled

A bill to amend 1937 PA 94, entitled "Use tax act," by amending the title and sections 3a and 5 (MCL 205.93a and 205.95), sections 3a and 5 as amended by 2004 PA 172, and by adding section 4z.

(The conference report was considered earlier today, see today's Journal, p. 1635.)

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 434

Yeas—56

Accavitti	Cushingberry	Johnson	Polidori
Angerer	Dean	Jones, Robert	Sak
Bauer	Dillon	Lahti	Scott
Bennett	Donigan	Law, Kathleen	Sheltrown
Bieda	Espinoza	LeBlanc	Simpson
Brown	Farrah	Leland	Smith, Alma
Byrnes	Gillard	Lemmons	Smith, Virgil
Byrum	Gonzales	Lindberg	Spade
Cheeks	Griffin	Mayes	Tobocman
Clack	Hammel	McDowell	Vagnozzi
Clemente	Hammon	Meadows	Valentine
Condino	Hood	Meisner	Warren
Constan	Hopgood	Melton	Wojno
Coulouris	Jackson	Miller	Young

Nays—53

Acciavatti	Gaffney	Marleau	Pearce
Amos	Garfield	Meekhof	Proos
Ball	Green	Meltzer	Robertson
Booher	Hansen	Moolenaar	Rocca
Brandenburg	Hildenbrand	Moore	Schuitmaker
Calley	Hoogendyk	Moss	Shaffer
Casperson	Horn	Nitz	Sheen
Caswell	Huizenga	Nofs	Stahl
Caul	Hune	Opsommer	Stakoe
Corriveau	Jones, Rick	Palmer	Steil
DeRoche	Knollenberg	Palsrok	Walker
Ebli	LaJoy	Pastor	Ward
Elsenheimer	Law, David	Pavlov	Wenke
Emmons			

In The Chair: Sak

By unanimous consent the House returned to the order of
Motions and Resolutions

Rep. Tobocman moved that the Committee on Education be discharged from further consideration of **Senate Bill No. 546**.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,

The motion prevailed, a majority of the members serving voting therefor.

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 546, entitled

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending section 91 (MCL 38.1391), as amended by 2006 PA 617.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of
Third Reading of Bills

Senate Bill No. 546, entitled

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending section 91 (MCL 38.1391), as amended by 2006 PA 617.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-7) the bill.

The motion was seconded and the substitute (H-7) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then not passed, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 435

Yeas—50

Acciavatti	Gaffney	Marleau	Proos
Amos	Garfield	Meekhof	Robertson
Ball	Green	Meltzer	Schuitmaker
Booher	Hammel	Moolenaar	Shaffer
Brandenburg	Hansen	Moss	Sheen
Calley	Hildenbrand	Nitz	Stahl
Casperson	Hoogendyk	Opsommer	Stakoe
Caswell	Horn	Palmer	Steil
Caul	Huizenga	Palsrok	Tobocman
DeRoche	Hune	Pastor	Walker
Dillon	Jones, Rick	Pavlov	Ward
Elsenheimer	Knollenberg	Pearce	Wenke
Emmons	LaJoy		

Nays—59

Accavitti	Cushingberry	Lahti	Polidori
Angerer	Dean	Law, David	Rocca
Bauer	Donigan	Law, Kathleen	Sak
Bennett	Ebli	LeBlanc	Scott
Bieda	Espinoza	Leland	Sheltrown
Brown	Farrah	Lemmons	Simpson
Byrnes	Gillard	Lindberg	Smith, Alma
Byrum	Gonzales	Mayes	Smith, Virgil
Cheeks	Griffin	McDowell	Spade
Clack	Hammon	Meadows	Vagnozzi
Clemente	Hood	Meisner	Valentine
Condino	Hopgood	Melton	Warren
Constan	Jackson	Miller	Wojno
Corriveau	Johnson	Moore	Young
Coulouris	Jones, Robert	Nofs	

In The Chair: Sak

Rep. Tobocman moved to reconsider the vote by which the House did not pass the bill.
The motion prevailed, a majority of the members serving voting therefor.
The question being on the passage of the bill,

Rep. Tobocman moved that consideration of the bill be postponed temporarily.
The motion prevailed.

By unanimous consent the House returned to the order of

Motions and Resolutions

Rep. Tobocman moved that the Committee on Education be discharged from further consideration of **Senate Bill No. 547**.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,
The motion prevailed, a majority of the members serving voting therefor.
The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills**Senate Bill No. 547, entitled**

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending sections 43a, 43b, 69c, 69f, 75, 91, and 108 (MCL 38.1343a, 38.1343b, 38.1369c, 38.1369f, 38.1375, 38.1391, and 38.1408), sections 43a and 108 as amended by 2002 PA 94, sections 43b, 69c, and 75 as amended and section 69f as added by 1989 PA 194, and section 91 as amended by 2004 PA 117, and by adding section 60.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.
The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.
The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 547, entitled

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending sections 43a, 43b, 69c, 69f, 75, 91, and 108 (MCL 38.1343a, 38.1343b, 38.1369c, 38.1369f, 38.1375, 38.1391, and 38.1408), sections 43a and 108 as amended by 2002 PA 94, sections 43b, 69c, and 75 as amended and section 69f as added by 1989 PA 194, and section 91 as amended by 2004 PA 117, and by adding section 60.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-5) the bill.

The motion was seconded and the substitute (H-5) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then not passed, a majority of the members serving not voting therefor, by yeas and nays, as follows:

Roll Call No. 436

Yeas—51

Acciavatti	Emmons	LaJoy	Proos
Amos	Gaffney	Marleau	Robertson
Ball	Garfield	Meekhof	Schuitmaker
Booher	Green	Meltzer	Shaffer
Brandenburg	Hammel	Moolenaar	Sheen
Calley	Hansen	Moss	Stahl
Casperson	Hildenbrand	Nitz	Stakoe
Caswell	Hoogendyk	Opsommer	Steil
Caul	Horn	Palmer	Tobocman
Cushingberry	Huizenga	Palsrok	Walker
DeRoche	Hune	Pastor	Ward
Dillon	Jones, Rick	Pavlov	Wenke
Elsenheimer	Knollenberg	Pearce	

Nays—58

Accavitti	Dean	Law, David	Polidori
Angerer	Donigan	Law, Kathleen	Rocca
Bauer	Ebli	LeBlanc	Sak
Bennett	Espinoza	Leland	Scott
Bieda	Farrah	Lemmons	Sheltrown
Brown	Gillard	Lindberg	Simpson
Byrnes	Gonzales	Mayes	Smith, Alma
Byrum	Griffin	McDowell	Smith, Virgil
Cheeks	Hammon	Meadows	Spade
Clack	Hood	Meisner	Vagnozzi
Clemente	Hopgood	Melton	Valentine
Condino	Jackson	Miller	Warren
Constan	Johnson	Moore	Wojno
Corriveau	Jones, Robert	Nofs	Young
Coulouris	Lahti		

In The Chair: Sak

Rep. Tobocman moved to reconsider the vote by which the House did not pass the bill.
The motion prevailed, a majority of the members serving voting therefor.
The question being on the passage of the bill,

Rep. Tobocman moved that consideration of the bill be postponed temporarily.
The motion prevailed.

Second Reading of Bills

Senate Bill No. 772, entitled

A bill to make interim general appropriations for various state departments and agencies, capital outlay, the legislative branch, the judicial branch, and certain other purposes for the period of October 1, 2007 to October 31, 2007; to provide for the expenditure of the appropriations; to provide for the disposition of fees and other income received by various state departments and agencies; to provide for the appointment of special committees; and to declare the effect of this act.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 772, entitled

A bill to make interim general appropriations for various state departments and agencies, capital outlay, the legislative branch, the judicial branch, and certain other purposes for the period of October 1, 2007 to October 31, 2007; to provide for the expenditure of the appropriations; to provide for the disposition of fees and other income received by various state departments and agencies; to provide for the appointment of special committees; and to declare the effect of this act.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-2) the bill.

The motion was seconded and the substitute (H-2) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 437

Yeas—107

Accavitti	Dillon	Lahti	Pearce
Acciavatti	Donigan	LaJoy	Polidori
Amos	Ebli	Law, David	Proos
Angerer	Elsenheimer	Law, Kathleen	Robertson
Ball	Emmons	LeBlanc	Rocca
Bauer	Espinoza	Leland	Sak
Bennett	Farrah	Lemmons	Schuitmaker
Bieda	Gaffney	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayer	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil

Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Caul	Hood	Miller	Stakoe
Cheeks	Hoogendyk	Moolenaar	Steil
Clack	Hopgood	Moore	Tobocman
Clemente	Horn	Moss	Vagnozzi
Condino	Huizenga	Nitz	Valentine
Constan	Hune	Nofs	Walker
Corriveau	Jackson	Opsommer	Ward
Coulouris	Johnson	Palmer	Warren
Cushingberry	Jones, Rick	Palsrok	Wojno
Dean	Jones, Robert	Pastor	Young
DeRoche	Knollenberg	Pavlov	

Nays—0

In The Chair: Sak

The House agreed to the title of the bill.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

Second Reading of Bills

Senate Bill No. 773, entitled

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 8b, 11, 11j, 17b, 39a, and 147 (MCL 388.1608b, 388.1611, 388.1611j, 388.1617b, 388.1639a, and 388.1747), section 8b as amended by 2003 PA 158, sections 11, 11j, 17b, and 147 as amended by 2007 PA 6, and section 39a as amended by 2006 PA 342; and to repeal acts and parts of acts.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 773, entitled

A bill to amend 1979 PA 94, entitled “The state school aid act of 1979,” by amending sections 8b, 11, 11j, 17b, 39a, and 147 (MCL 388.1608b, 388.1611, 388.1611j, 388.1617b, 388.1639a, and 388.1747), section 8b as amended by 2003 PA 158, sections 11, 11j, 17b, and 147 as amended by 2007 PA 6, and section 39a as amended by 2006 PA 342; and to repeal acts and parts of acts.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-1) the bill.

The motion was seconded and the substitute (H-1) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 438**Yeas—109**

Accavitti	Donigan	Lahti	Pearce
Acciavatti	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayes	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Caul	Hood	Miller	Stakoe
Cheeks	Hoogendyk	Moolenaar	Steil
Clack	Hopgood	Moore	Tobocman
Clemente	Horn	Moss	Vagnozzi
Condino	Huizenga	Nitz	Valentine
Constan	Hune	Nofs	Walker
Corriveau	Jackson	Opsommer	Ward
Coulouris	Johnson	Palmer	Warren
Cushingberry	Jones, Rick	Palsrok	Wenke
Dean	Jones, Robert	Pastor	Wojno
DeRoche	Knollenberg	Pavlov	Young
Dillon			

Nays—0

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts,”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of

Messages from the Senate

The Speaker laid before the House

House Bill No. 5104, entitled

A bill to amend 2007 PA 36, entitled “Michigan business tax act,” by amending sections 201, 417, and 515 (MCL 208.1201, 208.1417, and 208.1515).

(The bill was received from the Senate on September 28, with amendment and full title inserted inserted by the Senate, consideration of which, under the rules, was postponed until September 30, see House Journal No. 99, p. 1608.)

The question being on concurring in the amendment made to the bill by the Senate,

The amendment was concurred in, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 439**Yeas—109**

Accavitti	Donigan	Lahti	Pearce
Acciavatti	Ebli	LaJoy	Polidori
Amos	Elsenheimer	Law, David	Proos
Angerer	Emmons	Law, Kathleen	Robertson
Ball	Espinoza	LeBlanc	Rocca
Bauer	Farrah	Leland	Sak
Bennett	Gaffney	Lemmons	Schuitmaker
Bieda	Garfield	Lindberg	Scott
Booher	Gillard	Marleau	Shaffer
Brandenburg	Gonzales	Mayes	Sheen
Brown	Green	McDowell	Sheltrown
Byrnes	Griffin	Meadows	Simpson
Byrum	Hammel	Meekhof	Smith, Alma
Calley	Hammon	Meisner	Smith, Virgil
Casperson	Hansen	Melton	Spade
Caswell	Hildenbrand	Meltzer	Stahl
Caul	Hood	Miller	Stakoe
Cheeks	Hoogendyk	Moolenaar	Steil
Clack	Hopgood	Moore	Tobocman
Clemente	Horn	Moss	Vagnozzi
Condino	Huizenga	Nitz	Valentine
Constan	Hune	Nofs	Walker
Corriveau	Jackson	Opsommer	Ward
Coulouris	Johnson	Palmer	Warren
Cushingberry	Jones, Rick	Palsrok	Wenke
Dean	Jones, Robert	Pastor	Wojno
DeRoche	Knollenberg	Pavlov	Young
Dillon			

Nays—0

In The Chair: Sak

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

Rep. Tobocman moved that the Call of the House be lifted.

The motion prevailed.

By unanimous consent the House returned to the order of

Motions and ResolutionsRep. Tobocman moved that the Committee on Judiciary be discharged from further consideration of **Senate Bill No. 622**.

(For first notice see House Journal No. 100, p. 1615.)

The question being on the motion made by Rep. Tobocman,

The motion prevailed, a majority of the members serving voting therefor.

The bill was placed on the order of Second Reading of Bills.

Second Reading of Bills

Senate Bill No. 622, entitled

A bill to amend 1974 PA 258, entitled “Mental health code,” by amending section 1003 (MCL 330.2003), as amended by 1993 PA 252.

The bill was read a second time.

Rep. Tobocman moved that the bill be placed on the order of Third Reading of Bills.

The motion prevailed.

Rep. Tobocman moved that the bill be placed on its immediate passage.

The motion prevailed, a majority of the members serving voting therefor.

By unanimous consent the House returned to the order of

Third Reading of Bills

Senate Bill No. 622, entitled

A bill to amend 1974 PA 258, entitled “Mental health code,” by amending section 1003 (MCL 330.2003), as amended by 1993 PA 252.

The bill was read a third time.

The question being on the passage of the bill,

Rep. Tobocman moved to substitute (H-6) the bill.

The motion was seconded and the substitute (H-6) was adopted, a majority of the members serving voting therefor.

The question being on the passage of the bill,

The bill was then passed, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 440

Yeas—82

Acciavatti	Elsenheimer	Knollenberg	Pearce
Amos	Espinoza	LaJoy	Polidori
Angerer	Farrah	Law, David	Proos
Ball	Gaffney	Law, Kathleen	Robertson
Booher	Garfield	Leland	Rocca
Brandenburg	Gillard	Lemmons	Sak
Brown	Gonzales	Marleau	Schuitmaker
Casperson	Green	Mayes	Shaffer
Caswell	Griffin	Meekhof	Sheen
Caul	Hammel	Melton	Sheltrown
Cheeks	Hammon	Meltzer	Simpson
Clack	Hansen	Moolenaar	Spade
Clemente	Hildenbrand	Moore	Stahl
Condino	Hoogendyk	Moss	Stakoe
Constan	Horn	Nitz	Steil
Corriveau	Huizenga	Nofs	Tobocman
Dean	Hune	Palmer	Valentine
DeRoche	Jackson	Palsrok	Walker
Dillon	Johnson	Pastor	Ward
Donigan	Jones, Rick	Pavlov	Wenke
Ebli	Jones, Robert		

Nays—27

Accavitti	Coulouris	Lindberg	Smith, Alma
Bauer	Cushingberry	McDowell	Smith, Virgil

Bennett	Emmons	Meadows	Vagnozzi
Bieda	Hood	Meisner	Warren
Byrnes	Hopgood	Miller	Wojno
Byrum	Lahti	Opsommer	Young
Calley	LeBlanc	Scott	

In The Chair: Sak

Pursuant to Joint Rule 20, the full title of the act shall be inserted to read as follows:

“An act to codify, revise, consolidate, and classify the laws relating to mental health; to prescribe the powers and duties of certain state and local agencies and officials and certain private agencies and individuals; to regulate certain agencies and facilities providing mental health services; to provide for certain charges and fees; to establish civil admission procedures for individuals with mental illness or developmental disability; to establish guardianship procedures for individuals with developmental disability; to establish procedures regarding individuals with mental illness or developmental disability who are in the criminal justice system; to provide for penalties and remedies; and to repeal acts and parts of acts,”

The House agreed to the full title.

Rep. Tobocman moved that the bill be given immediate effect.

The motion prevailed, 2/3 of the members serving voting therefor.

By unanimous consent the House returned to the order of

Reports of Select Committees

First Conference Report

The Committee of Conference on the matters of difference between the two Houses concerning

House Bill No. 5194, entitled

A bill to amend 1967 PA 281, entitled “Income tax act of 1967,” by amending sections 30, 51, 261, 266, and 270 (MCL 206.30, 206.51, 206.261, 206.266, and 206.270), section 30 as amended by 2005 PA 214, section 51 as amended by 1999 PA 6, section 261 as amended by 2000 PA 195, section 266 as amended by 2006 PA 52, and section 270 as amended by 2005 PA 234; and to repeal acts and parts of acts.

Recommends:

First: That the Senate recede from the Substitute of the Senate as passed by the Senate.

Second: That the House and Senate agree to the Substitute of the House as passed by the House, amended to read as follows:

A bill to amend 1967 PA 281, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts,” by amending sections 30, 51, 261, 266, and 270 (MCL 206.30, 206.51, 206.261, 206.266, and 206.270), section 30 as amended by 2005 PA 214, section 51 as amended by 1999 PA 6, section 261 as amended by 2000 PA 195, section 266 as amended by 2006 PA 52, and section 270 as amended by 2005 PA 234; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 30. (1) “Taxable income” means, for a person other than a corporation, estate, or trust, adjusted gross income as defined in the internal revenue code subject to the following adjustments under this section:

(a) Add gross interest income and dividends derived from obligations or securities of states other than Michigan, in the same amount that has been excluded from adjusted gross income less related expenses not deducted in computing adjusted gross income because of section 265(a)(1) of the internal revenue code.

(b) Add taxes on or measured by income to the extent the taxes have been deducted in arriving at adjusted gross income.

(c) Add losses on the sale or exchange of obligations of the United States government, the income of which this state is prohibited from subjecting to a net income tax, to the extent that the loss has been deducted in arriving at adjusted gross income.

(d) Deduct, to the extent included in adjusted gross income, income derived from obligations, or the sale or exchange of obligations, of the United States government that this state is prohibited by law from subjecting to a net income tax, reduced by any interest on indebtedness incurred in carrying the obligations and by any expenses incurred in the production of that income to the extent that the expenses, including amortizable bond premiums, were deducted in arriving at adjusted gross income.

(e) Deduct, to the extent included in adjusted gross income, compensation, including retirement benefits, received for services in the armed forces of the United States.

(f) Deduct the following to the extent included in adjusted gross income:

(i) Retirement or pension benefits received from a federal public retirement system or from a public retirement system of or created by this state or a political subdivision of this state.

(ii) Retirement or pension benefits received from a public retirement system of or created by another state or any of its political subdivisions if the income tax laws of the other state permit a similar deduction or exemption or a reciprocal deduction or exemption of a retirement or pension benefit received from a public retirement system of or created by this state or any of the political subdivisions of this state.

(iii) Social security benefits as defined in section 86 of the internal revenue code.

~~(iv) Before October 1, 1994, retirement or pension benefits from any other retirement or pension system as follows:~~

~~(A) For a single return, the sum of not more than \$7,500.00.~~

~~(B) For a joint return, the sum of not more than \$10,000.00.~~

(iv) ~~(*)~~ After September 30, 1994, retirement Retirement or pension benefits not deductible under subparagraph (i) or subdivision (e) from any other retirement or pension system or benefits from a retirement annuity policy in which payments are made for life to a senior citizen, to a maximum of \$30,000.00 for a single return and \$60,000.00 for a joint return. The maximum amounts allowed under this subparagraph shall be reduced by the amount of the deduction for retirement or pension benefits claimed under subparagraph (i) or subdivision (e) and ~~for tax years after the 1996 tax year~~ by the amount of a deduction claimed under subdivision (r). ~~For the 1995 tax year and each tax year after 1995, the~~ THE maximum amounts allowed under this subparagraph shall be adjusted by the percentage increase in the United States consumer price index for the immediately preceding calendar year. The department shall annualize the amounts provided in this subparagraph and subparagraph ~~(iv)~~ as necessary. ~~for tax years that end after September 30, 1994.~~ As used in this subparagraph, "senior citizen" means that term as defined in section 514.

(v) ~~(*)~~ The amount determined to be the section 22 amount eligible for the elderly and the permanently and totally disabled credit provided in section 22 of the internal revenue code.

(g) Adjustments resulting from the application of section 271.

(h) Adjustments with respect to estate and trust income as provided in section 36.

(i) Adjustments resulting from the allocation and apportionment provisions of chapter 3.

(j) Deduct political contributions as described in section 4 of the Michigan campaign finance act, 1976 PA 388, MCL 169.204, or 2 USC 431, not in excess of \$50.00 per annum, or \$100.00 per annum for a joint return.

(k) Deduct, to the extent included in adjusted gross income, wages not deductible under section 280C of the internal revenue code.

(l) Deduct the following payments made by the taxpayer in the tax year:

(i) The amount of payment made under an advance tuition payment contract as provided in the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442.

(ii) The amount of payment made under a contract with a private sector investment manager that meets all of the following criteria:

(A) The contract is certified and approved by the board of directors of the Michigan education trust to provide equivalent benefits and rights to purchasers and beneficiaries as an advance tuition payment contract as described in subparagraph (i).

(B) The contract applies only for a state institution of higher education as defined in the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, or a community or junior college in Michigan.

(C) The contract provides for enrollment by the contract's qualified beneficiary in not less than 4 years after the date on which the contract is entered into.

(D) The contract is entered into after either of the following:

(I) The purchaser has had his or her offer to enter into an advance tuition payment contract rejected by the board of directors of the Michigan education trust, if the board determines that the trust cannot accept an unlimited number of enrollees upon an actuarially sound basis.

(II) The board of directors of the Michigan education trust determines that the trust can accept an unlimited number of enrollees upon an actuarially sound basis.

(m) If an advance tuition payment contract under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, or another contract for which the payment was deductible under subdivision (l) is terminated and the qualified beneficiary under that contract does not attend a university, college, junior or community college, or other institution of higher education, add the amount of a refund received by the taxpayer as a result of that termination or the amount of the deduction taken under subdivision (l) for payment made under that contract, whichever is less.

(n) Deduct from the taxable income of a purchaser the amount included as income to the purchaser under the internal revenue code after the advance tuition payment contract entered into under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, is terminated because the qualified beneficiary attends an institution of postsecondary education other than either a state institution of higher education or an institution of postsecondary education located outside this state with which a state institution of higher education has reciprocity.

(o) Add, to the extent deducted in determining adjusted gross income, the net operating loss deduction under section 172 of the internal revenue code.

(p) Deduct a net operating loss deduction for the taxable year as determined under section 172 of the internal revenue code subject to the modifications under section 172(b)(2) of the internal revenue code and subject to the allocation and apportionment provisions of chapter 3 of this act for the taxable year in which the loss was incurred.

(q) ~~For a tax year beginning after 1986, deduct DEDUCT~~, to the extent included in adjusted gross income, benefits from a discriminatory self-insurance medical expense reimbursement plan.

(r) ~~After September 30, 1994 and before the 1997 tax year, a taxpayer who is a senior citizen may deduct, to the extent included in adjusted gross income, interest and dividends received in the tax year not to exceed \$1,000.00 for a single return or \$2,000.00 for a joint return. However, for tax years before the 1997 tax year, the deduction under this subdivision shall not be taken if the taxpayer takes a deduction for retirement benefits under subdivision (e) or a deduction under subdivision (f)(i), (ii), (iv), or (v). For tax years after the 1996 tax year, a taxpayer who is a senior citizen may deduct to the extent included in adjusted gross income, interest, dividends, and capital gains received in the tax year not to exceed \$3,500.00 for a single return and \$7,000.00 for a joint return for the 1997 tax year, and \$7,500.00 for a single return and \$15,000.00 for a joint return. For tax years after the 1997 tax year. For tax years after the 1996 tax year, the THE maximum amounts allowed under this subdivision shall be reduced by the amount of a deduction claimed for retirement benefits under subdivision (e) or a deduction claimed under subdivision (f)(i), (ii), (iv), or (v). For the 1995 tax year, for the 1996 tax year, and for each tax year, the THE maximum amounts allowed under this subdivision shall be adjusted by the percentage increase in the United States consumer price index for the immediately preceding calendar year. The department shall annualize the amounts provided in this subdivision as necessary. for tax years that end after September 30, 1994. As used in this subdivision, "senior citizen" means that term as defined in section 514.~~

(s) Deduct, to the extent included in adjusted gross income, all of the following:

(i) The amount of a refund received in the tax year based on taxes paid under this act.

(ii) The amount of a refund received in the tax year based on taxes paid under the city income tax act, 1964 PA 284, MCL 141.501 to 141.787.

(iii) The amount of a credit received in the tax year based on a claim filed under sections 520 and 522 to the extent that the taxes used to calculate the credit were not used to reduce adjusted gross income for a prior year.

(t) Add the amount paid by the state on behalf of the taxpayer in the tax year to repay the outstanding principal on a loan taken on which the taxpayer defaulted that was to fund an advance tuition payment contract entered into under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, if the cost of the advance tuition payment contract was deducted under subdivision (l) and was financed with a Michigan education trust secured loan.

(u) ~~For the 1998 tax year and each tax year after the 1998 tax year, deduct DEDUCT~~ the amount calculated under section 30d.

(v) ~~For tax years that begin on and after January 1, 1994, deduct DEDUCT~~, to the extent included in adjusted gross income, any amount, and any interest earned on that amount, received in the tax year by a taxpayer who is a Holocaust victim as a result of a settlement of claims against any entity or individual for any recovered asset pursuant to the German act regulating unresolved property claims, also known as Gesetz zur Regelung offener Vermögensfragen, as a result of the settlement of the action entitled In re: Holocaust victim assets litigation, CV-96-4849, CV-96-5161, and CV-97-0461 (E.D. NY), or as a result of any similar action if the income and interest are not commingled in any way with and are kept separate from all other funds and assets of the taxpayer. As used in this subdivision:

(i) "Holocaust victim" means a person, or the heir or beneficiary of that person, who was persecuted by Nazi Germany or any Axis regime during any period from 1933 to 1945.

(ii) "Recovered asset" means any asset of any type and any interest earned on that asset including, but not limited to, bank deposits, insurance proceeds, or artwork owned by a Holocaust victim during the period from 1920 to 1945, withheld from that Holocaust victim from and after 1945, and not recovered, returned, or otherwise compensated to the Holocaust victim until after 1993.

(w) ~~For tax years that begin after December 31, 1999, deduct DEDUCT~~, to the extent not deducted in determining adjusted gross income, both of the following:

(i) The total of all contributions made ~~on and after October 1, 2000~~ by the taxpayer in the tax year less qualified withdrawals made in the tax year to education savings accounts pursuant to the Michigan education savings program act, 2000 PA 161, MCL 390.1471 to 390.1486, not to exceed \$5,000.00 for a single return or \$10,000.00 for a joint return per tax year.

(ii) The amount under section 30f.

(x) ~~For tax years that begin after December 31, 1999, add~~ **ADD**, to the extent not included in adjusted gross income, the amount of money withdrawn by the taxpayer in the tax year from education savings accounts, not to exceed the total amount deducted under subdivision (w) in the tax year and all previous tax years, if the withdrawal was not a qualified withdrawal as provided in the Michigan education savings program act, 2000 PA 161, MCL 390.1471 to 390.1486. This subdivision does not apply to withdrawals that are less than the sum of all contributions made to an education savings account in all previous tax years for which no deduction was claimed under subdivision (w), less any contributions for which no deduction was claimed under subdivision (w) that were withdrawn in all previous tax years.

(y) ~~For tax years that begin after December 31, 1999, deduct~~ **DEDUCT**, to the extent included in adjusted gross income, the amount of a distribution from individual retirement accounts that qualify under section 408 of the internal revenue code if the distribution is used to pay qualified higher education expenses as that term is defined in the Michigan education savings program act, 2000 PA 161, MCL 390.1471 to 390.1486.

(z) ~~For tax years that begin after December 31, 2000, deduct~~ **DEDUCT**, to the extent included in adjusted gross income, an amount equal to the qualified charitable distribution made in the tax year by a taxpayer to a charitable organization. The amount allowed under this subdivision shall be equal to the amount deductible by the taxpayer under section 170(c) of the internal revenue code with respect to the qualified charitable distribution in the tax year in which the taxpayer makes the distribution to the qualified charitable organization, reduced by both the amount of the deduction for retirement or pension benefits claimed by the taxpayer under subdivision (f)(i), (ii), (iv), or (v) and by 2 times the total amount of credits claimed under sections 260 and 261 for the tax year. As used in this subdivision, "qualified charitable distribution" means a distribution of assets to a qualified charitable organization by a taxpayer not more than 60 days after the date on which the taxpayer received the assets as a distribution from a retirement or pension plan described in subsection (8)(a). A distribution is to a qualified charitable organization if the distribution is made in any of the following circumstances:

(i) To an organization described in section 501(c)(3) of the internal revenue code except an organization that is controlled by a political party, an elected official or a candidate for an elective office.

(ii) To a charitable remainder annuity trust or a charitable remainder unitrust as defined in section 664(d) of the internal revenue code; to a pooled income fund as defined in section 642(c)(5) of the internal revenue code; or for the issuance of a charitable gift annuity as defined in section 501(m)(5) of the internal revenue code. A trust, fund, or annuity described in this subparagraph is a qualified charitable organization only if no person holds any interest in the trust, fund, or annuity other than 1 or more of the following:

(A) The taxpayer who received the distribution from the retirement or pension plan.

(B) The spouse of an individual described in sub-subparagraph (A).

(C) An organization described in section 501(c)(3) of the internal revenue code.

(aa) A taxpayer who is a resident tribal member may deduct, to the extent included in adjusted gross income, all nonbusiness income earned or received in the tax year and during the period in which an agreement entered into between the taxpayer's tribe and this state pursuant to section 30c of 1941 PA 122, MCL 205.30c, is in full force and effect. As used in this subdivision:

(i) "Business income" means business income as defined in section 4 and apportioned under chapter 3.

(ii) "Nonbusiness income" means nonbusiness income as defined in section 14 and, to the extent not included in business income, all of the following:

(A) All income derived from wages whether the wages are earned within the agreement area or outside of the agreement area.

(B) All interest and passive dividends.

(C) All rents and royalties derived from real property located within the agreement area.

(D) All rents and royalties derived from tangible personal property, to the extent the personal property is utilized within the agreement area.

(E) Capital gains from the sale or exchange of real property located within the agreement area.

(F) Capital gains from the sale or exchange of tangible personal property located within the agreement area at the time of sale.

(G) Capital gains from the sale or exchange of intangible personal property.

(H) All pension income and benefits including, but not limited to, distributions from a 401(k) plan, individual retirement accounts under section 408 of the internal revenue code, or a defined contribution plan, or payments from a defined benefit plan.

(I) All per capita payments by the tribe to resident tribal members, without regard to the source of payment.

(J) All gaming winnings.

(iii) "Resident tribal member" means an individual who meets all of the following criteria:

(A) Is an enrolled member of a federally recognized tribe.

(B) The individual's tribe has an agreement with this state pursuant to section 30c of 1941 PA 122, MCL 205.30c, that is in full force and effect.

(C) The individual's principal place of residence is located within the agreement area as designated in the agreement under sub-paragraph (B).

(bb) For tax years that begin after December 31, 2006, deduct, to the extent included in adjusted gross income, all or a portion of the gain, as determined under this section, realized from an initial equity investment of not less than \$100,000.00 made by the taxpayer before December 31, 2009, in a qualified business, if an amount equal to the sum of the taxpayer's basis in the investment as determined under the internal revenue code plus the gain, or a portion of that amount, is reinvested in an equity investment in a qualified business within 1 year after the sale or disposition of the investment in the qualified business. If the amount of the subsequent investment is less than the sum of the taxpayer's basis from the prior equity investment plus the gain from the prior equity investment, the amount of a deduction under this section shall be reduced by the difference between the sum of the taxpayer's basis from the prior equity investment plus the gain from the prior equity investment and the subsequent investment. As used in this subdivision:

(i) "Advanced automotive, manufacturing, and materials technology" means any technology that involves 1 or more of the following:

(A) Materials with engineered properties created through the development of specialized process and synthesis technology.

(B) Nanotechnology, including materials, devices, or systems at the atomic, molecular, or macromolecular level, with a scale measured in nanometers.

(C) Microelectromechanical systems, including devices or systems integrating microelectronics with mechanical parts and a scale measured in micrometers.

(D) Improvements to vehicle safety, vehicle performance, vehicle production, or environmental impact, including, but not limited to, vehicle equipment and component parts.

(E) Any technology that involves an alternative energy vehicle or its components. "Alternative energy vehicle" means that term as defined in section 2 of the Michigan next energy authority act, 2002 PA 593, MCL 207.822.

(F) A new technology, device, or system that enhances or improves the manufacturing process of wood, timber, or agricultural-based products.

(G) Advanced computing or electronic device technology related to technology described under this subparagraph.

(H) Design, engineering, testing, or diagnostics related to technology described under this subparagraph.

(I) Product research and development related to technology described under this subparagraph.

(ii) "Advanced computing" means any technology used in the design and development of 1 or more of the following:

(A) Computer hardware and software.

(B) Data communications.

(C) Information technologies.

(iii) "Alternative energy technology" means applied research or commercialization of new or next generation technology in 1 or more of the following:

(A) Alternative energy technology as that term is defined in section 2 of the Michigan next energy authority act, 2002 PA 593, MCL 207.822.

(B) Devices or systems designed and used solely for the purpose of generating energy from agricultural crops, residue and waste generated from the production and processing of agricultural products, animal wastes, or food processing wastes, not including a conventional gasoline or diesel fuel engine or a retrofitted conventional gasoline or diesel fuel engine.

(C) A new technology, product, or system that permits the utilization of biomass for the production of specialty, commodity, or foundational chemicals or of novel or economical commodity materials through the application of biotechnology that minimizes, complements, or replaces reliance on petroleum for the production.

(D) Advanced computing or electronic device technology related to technology described under this subparagraph.

(E) Design, engineering, testing, or diagnostics related to technology described under this subparagraph.

(F) Product research and development related to a technology described under this subparagraph.

(iv) "Competitive edge technology" means 1 or more of the following:

(A) Advanced automotive, manufacturing, and materials technology.

(B) Alternative energy technology.

(C) Homeland security and defense technology.

(D) Life sciences technology.

(v) "Electronic device technology" means any technology that involves microelectronics, semiconductors, electronic equipment, and instrumentation, radio frequency, microwave, and millimeter electronics; optical and optic-electrical devices; or data and digital communications and imaging devices.

(vi) "Homeland security and defense technology" means technology that assists in the assessment of threats or damage to the general population and critical infrastructure, protection of, defense against, or mitigation of the effects of foreign or domestic threats, disasters, or attacks, or support for crisis or response management, including, but not limited to, 1 or more of the following:

(A) Sensors, systems, processes, or equipment for communications, identification and authentication, screening, surveillance, tracking, and data analysis.

(B) Advanced computing or electronic device technology related to technology described under this subparagraph.
 (C) Aviation technology including, but not limited to, avionics, airframe design, sensors, early warning systems, and services related to the technology described in this subparagraph.

(D) Design, engineering, testing, or diagnostics related to technology described under this subparagraph.

(E) Product research and development related to technology described under this subparagraph.

(vii) "Life sciences technology" means any technology derived from life sciences intended to improve human health or the overall quality of human life, including, but not limited to, systems, processes, or equipment for drug or gene therapies, biosensors, testing, medical devices or instrumentation with a therapeutic or diagnostic value, a pharmaceutical or other product that requires United States food and drug administration approval or registration prior to its introduction in the marketplace and is a drug or medical device as defined by the federal food, drug, and cosmetic act, 21 USC 301 to 399, or 1 or more of the following:

(A) Advanced computing or electronic device technology related to technology described under this subparagraph.

(B) Design, engineering, testing, or diagnostics related to technology or the commercial manufacturing of technology described under this subparagraph.

(C) Product research and development related to technology described under this subparagraph.

(viii) "Life sciences" means science for the examination or understanding of life or life processes, including, but not limited to, all of the following:

(A) Bioengineering.

(B) Biomedical engineering.

(C) Genomics.

(D) Proteomics.

(E) Molecular and chemical ecology.

(F) Biotechnology, including any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product for useful purposes. Biotechnology or life sciences do not include any of the following:

(I) Activities prohibited under section 2685 of the public health code, 1978 PA 368, MCL 333.2685.

(II) Activities prohibited under section 2688 of the public health code, 1978 PA 368, MCL 333.2688.

(III) Activities prohibited under section 2690 of the public health code, 1978 PA 368, MCL 333.2690.

(IV) Activities prohibited under section 16274 of the public health code, 1978 PA 368, MCL 333.16274.

(V) Stem cell research with human embryonic tissue.

(ix) "Qualified business" means a business that complies with all of the following:

(A) The business is a seed or early stage business as defined in section 3 of the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2233.

(B) The business has its headquarters in this state, is domiciled in this state, or has a majority of its employees working a majority of their time in this state.

(C) The business has a preinvestment valuation of less than \$10,000,000.00.

(D) The business has been in existence less than 5 years. This sub-subparagraph does not apply to a business, the business activity of which is derived from research at an institution of higher education located within this state or an organization exempt from federal taxation under section 501c(3) of the internal revenue code and that is located within this state.

(E) The business is engaged only in competitive edge technology.

(F) The business is certified by the Michigan strategic fund as meeting the requirements of sub-subparagraphs (A) to (E) at the time of each proposed investment.

(2) ~~The following~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7),** A personal ~~exemptions~~ **EXEMPTION OF \$2,500.00** multiplied by the number of personal or dependency exemptions allowable on the taxpayer's federal income tax return pursuant to the internal revenue code shall be subtracted in the calculation that determines taxable income.:

(a) For a tax year beginning during 1987.....	\$	1,600.00.
(b) For a tax year beginning during 1988.....	\$	1,800.00.
(c) For a tax year beginning during 1989.....	\$	2,000.00.
(d) For a tax year beginning after 1989 and before 1995.....	\$	2,100.00.
(e) For a tax year beginning during 1995 or 1996.....	\$	2,400.00.
(f) Except as otherwise provided in subsection (7), for a tax year beginning after 1996.....	\$	2,500.00.

(3) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7),** A single additional exemption determined as follows shall be subtracted in the calculation that determines taxable income in each of the following circumstances:

~~(a) For tax years beginning after 1989 and before 2000, \$900.00 in each of the following circumstances:~~

~~(i) The taxpayer is a paraplegic, a quadriplegic, a hemiplegic, a person who is blind as defined in section 504, or a person who is totally and permanently disabled as defined in section 522.~~

~~(ii) The taxpayer is a deaf person as defined in section 2 of the deaf persons' interpreters act, 1982 PA 204, MCL 393.502.~~

~~(iii) The taxpayer is 65 years of age or older.~~

~~(iv) The return includes unemployment compensation that amounts to 50% or more of adjusted gross income.~~

(A) ~~(b) For tax years beginning after 1999,~~ \$1,800.00 for each taxpayer and every dependent of the taxpayer who is 65 years of age or older. When a dependent of a taxpayer files an annual return under this act, the taxpayer or dependent of the taxpayer, but not both, may claim the additional exemption allowed under this subdivision. As used in this subdivision and subdivision (c), "dependent" means that term as defined in section 30e.

(B) ~~(c) For tax years beginning after 1999,~~ \$1,800.00 for each taxpayer and every dependent of the taxpayer who is a deaf person as defined in section 2 of the deaf persons' interpreters act, 1982 PA 204, MCL 393.502; a paraplegic, a quadriplegic, or a hemiplegic; a person who is blind as defined in section 504; or a person who is totally and permanently disabled as defined in section 522. When a dependent of a taxpayer files an annual return under this act, the taxpayer or dependent of the taxpayer, but not both, may claim the additional exemption allowed under this subdivision.

(C) ~~(d) For tax years beginning after 1999,~~ \$1,800.00 if the taxpayer's return includes unemployment compensation that amounts to 50% or more of adjusted gross income.

(D) FOR TAX YEARS BEGINNING AFTER 2007, \$250.00 FOR EACH TAXPAYER AND EVERY DEPENDENT OF THE TAXPAYER WHO IS A QUALIFIED DISABLED VETERAN. WHEN A DEPENDENT OF A TAXPAYER FILES AN ANNUAL RETURN UNDER THIS ACT, THE TAXPAYER OR DEPENDENT OF THE TAXPAYER, BUT NOT BOTH, MAY CLAIM THE ADDITIONAL EXEMPTION ALLOWED UNDER THIS SUBDIVISION. AS USED IN THIS SUBDIVISION:

(i) "QUALIFIED DISABLED VETERAN" MEANS A VETERAN WITH A SERVICE-CONNECTED DISABILITY.

(ii) "SERVICE-CONNECTED DISABILITY" MEANS A DISABILITY INCURRED OR AGGRAVATED IN THE LINE OF DUTY IN THE ACTIVE MILITARY, NAVAL, OR AIR SERVICE AS DESCRIBED IN 38 USC 101(16).

(iii) "VETERAN" MEANS A PERSON WHO SERVED IN THE ACTIVE MILITARY, NAVAL, MARINE, COAST GUARD, OR AIR SERVICE AND WHO WAS DISCHARGED OR RELEASED FROM HIS OR HER SERVICE WITH AN HONORABLE OR GENERAL DISCHARGE.

(4) ~~For a tax year beginning after 1987, an AN individual with respect to whom a deduction under section 151 of the internal revenue code is allowable to another federal taxpayer during the tax year is not considered to have an allowable federal exemption for purposes of subsection (2), but may subtract \$500.00-\$1,500.00 in the calculation that determines taxable income for a tax year. beginning in 1988, \$1,000.00 for a tax year beginning after 1988 and before 2000, and \$1,500.00 for a tax year beginning after 1999.~~

(5) A nonresident or a part-year resident is allowed that proportion of an exemption or deduction allowed under subsection (2), (3), or (4) that the taxpayer's portion of adjusted gross income from Michigan sources bears to the taxpayer's total adjusted gross income.

(6) ~~For a tax year beginning after 1987, in IN~~ calculating taxable income, a taxpayer shall not subtract from adjusted gross income the amount of prizes won by the taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47.

(7) For each tax year, ~~after the 1997 tax year,~~ the personal exemption allowed under subsection (2) shall be adjusted by multiplying the exemption for the tax year beginning in 1997 by a fraction, the numerator of which is the United States consumer price index for the state fiscal year ending in the tax year prior to the tax year for which the adjustment is being made and the denominator of which is the United States consumer price index for the 1995-96 state fiscal year. The resultant product shall be rounded to the nearest \$100.00 increment. The personal exemption for the tax year shall be determined by adding \$200.00 to that rounded amount. As used in this section, "United States consumer price index" means the United States consumer price index for all urban consumers as defined and reported by the United States department of labor, bureau of labor statistics. For each TAX year, ~~after the 2000 tax year,~~ the exemptions allowed under subsection (3) shall be adjusted by multiplying the exemption amount under subsection (3) for the tax year ~~beginning in 2000~~ by a fraction, the numerator of which is the United States consumer price index for the state fiscal year ending the tax year prior to the tax year for which the adjustment is being made and the denominator of which is the United States consumer price index for the 1998-1999 state fiscal year. The resultant product shall be rounded to the nearest \$100.00 increment.

(8) As used in subsection (1)(f), "retirement or pension benefits" means distributions from all of the following:

(a) Except as provided in subdivision (d), qualified pension trusts and annuity plans that qualify under section 401(a) of the internal revenue code, including all of the following:

(i) Plans for self-employed persons, commonly known as Keogh or ~~HR-10~~-HR10 plans.

(ii) Individual retirement accounts that qualify under section 408 of the internal revenue code if the distributions are not made until the participant has reached 59-1/2 years of age, except in the case of death, disability, or distributions described by section 72(t)(2)(A)(iv) of the internal revenue code.

(iii) Employee annuities or tax-sheltered annuities purchased under section 403(b) of the internal revenue code by organizations exempt under section 501(c)(3) of the internal revenue code, or by public school systems.

(iv) Distributions from a 401(k) plan attributable to employee contributions mandated by the plan or attributable to employer contributions.

(b) The following retirement and pension plans not qualified under the internal revenue code:

(i) Plans of the United States, state governments other than this state, and political subdivisions, agencies, or instrumentalities of this state.

(ii) Plans maintained by a church or a convention or association of churches.

(iii) All other unqualified pension plans that prescribe eligibility for retirement and predetermine contributions and benefits if the distributions are made from a pension trust.

(c) Retirement or pension benefits received by a surviving spouse if those benefits qualified for a deduction prior to the decedent's death. Benefits received by a surviving child are not deductible.

(d) Retirement and pension benefits do not include:

(i) Amounts received from a plan that allows the employee to set the amount of compensation to be deferred and does not prescribe retirement age or years of service. These plans include, but are not limited to, all of the following:

(A) Deferred compensation plans under section 457 of the internal revenue code.

(B) Distributions from plans under section 401(k) of the internal revenue code other than plans described in subdivision (a)(iv).

(C) Distributions from plans under section 403(b) of the internal revenue code other than plans described in subdivision (a)(iii).

(ii) Premature distributions paid on separation, withdrawal, or discontinuance of a plan prior to the earliest date the recipient could have retired under the provisions of the plan.

(iii) Payments received as an incentive to retire early unless the distributions are from a pension trust.

Sec. 51. (1) For receiving, earning, or otherwise acquiring income from any source whatsoever, there is levied and imposed upon the taxable income of every person other than a corporation a tax at the following rates in the following circumstances:

(a) Before May 1, 1994, 4.6%.

(b) After April 30, 1994 and before January 1, 2000, 4.4%.

(c) For tax years that begin on and after January 1, 2000 and before January 1, 2002, ~~and on and after January 1, 2003, the rate under section 51b, 51c, 51d, or 51e, as applicable~~ 4.2%.

(d) For tax years that begin on and after January 1, 2002 and before January 1, 2003, 4.1%.

(E) ON AND AFTER JANUARY 1, 2003 AND BEFORE JULY 1, 2004, 4.0%.

(F) ON AND AFTER JULY 1, 2004 AND BEFORE OCTOBER 1, 2007, 3.9%.

(G) ON AND AFTER OCTOBER 1, 2007 AND BEFORE OCTOBER 1, 2011, 4.35%.

(H) BEGINNING ON OCTOBER 1, 2011 AND EACH OCTOBER 1 AFTER 2011, THE MAXIMUM RATE UNDER THIS SUBSECTION SHALL BE REDUCED BY 0.1 EACH YEAR UNTIL THE RATE IS 3.95%.

(I) ON AND AFTER OCTOBER 1, 2015, 3.9%.

(2) The following percentages of the net revenues collected under this section ~~and sections 51b, 51c, 51d, and 51e~~ shall be deposited in the state school aid fund created in section 11 of article IX of the state constitution of 1963:

(a) Beginning October 1, 1994 and before October 1, 1996, 14.4% of the gross collections before refunds from the tax levied under this section.

(b) After September 30, 1996 and before January 1, 2000, 23.0% of the gross collections before refunds from the tax levied under this section.

(c) Beginning January 1, 2000, that percentage of the gross collections before refunds from the tax levied under this section that is equal to 1.012% divided by the income tax rate levied under this section. ~~or section 51b, 51c, 51d, or 51e, as applicable.~~

(3) The department shall annualize rates provided in subsection (1) as necessary for tax years that end after April 30, 1994. The applicable annualized rate shall be imposed upon the taxable income of every person other than a corporation for those tax years.

(4) The taxable income of a nonresident shall be computed in the same manner that the taxable income of a resident is computed, subject to the allocation and apportionment provisions of this act.

(5) A resident beneficiary of a trust whose taxable income includes all or part of an accumulation distribution by a trust, as defined in section 665 of the internal revenue code, shall be allowed a credit against the tax otherwise due under this act. The credit shall be all or a proportionate part of any tax paid by the trust under this act for any preceding taxable year that would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the internal revenue code. The credit shall not reduce the tax otherwise due from the beneficiary to an amount less than would have been due if the accumulation distribution were excluded from taxable income.

(6) The taxable income of a resident who is required to include income from a trust in his or her federal income tax return under the provisions of ~~subpart E of part I of subchapter J of chapter 1 of the internal revenue code, 26 U.S.C. USC 671 to 679,~~ shall include items of income and deductions from the trust in taxable income to the extent required by this act with respect to property owned outright.

(7) It is the intention of this section that the income subject to tax of every person other than corporations shall be computed in like manner and be the same as provided in the internal revenue code subject to adjustments specifically provided for in this act.

(8) THERE IS APPROPRIATED TO THE DEPARTMENT OF TREASURY FOR THE 2006-2007 STATE FISCAL YEAR THE SUM OF \$100,000.00 TO BEGIN IMPLEMENTING THE REQUIREMENTS OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION. ANY PORTION OF THIS AMOUNT UNDER THIS SECTION THAT IS NOT EXPENDED IN THE 2006-2007 STATE FISCAL YEAR SHALL NOT LAPSE TO THE GENERAL FUND BUT SHALL BE CARRIED FORWARD IN A WORK PROJECT ACCOUNT THAT IS IN COMPLIANCE WITH SECTION 451A OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1451A, FOR THE FOLLOWING STATE FISCAL YEAR.

~~(9) (8) As used in this section: and sections 51b, 51c, 51d, and 51e:~~

(a) "Person other than a corporation" means a resident or nonresident individual or any of the following:

- (i) A partner in a partnership as defined in the internal revenue code.
- (ii) A beneficiary of an estate or a trust as defined in the internal revenue code.
- (iii) An estate or trust as defined in the internal revenue code.

(b) "Taxable income" means taxable income as defined in this act subject to the applicable source and attribution rules contained in this act.

Sec. 261. (1) For the 1989 tax year and each tax year after 1989 and subject to the applicable limitations in this section, a taxpayer may credit against the tax imposed by this act 50% of the amount the taxpayer contributes during the tax year to an endowment fund of a community foundation or for the 1992 tax year and each tax year after 1992 and subject to the applicable limitations in this section, a taxpayer may credit against the tax imposed by this act 50% of the cash amount the taxpayer contributes during the tax year to a shelter for homeless persons, food kitchen, food bank, or other entity located in this state, the primary purpose of which is to provide overnight accommodation, food, or meals to persons who are indigent if a contribution to that entity is tax deductible for the donor under the internal revenue code.

(2) For a taxpayer other than a resident estate or trust, the credit allowed by this section for a contribution to a community foundation shall not exceed \$100.00, or \$200.00 for a husband and wife filing a joint return for tax years before the 2000 tax year and \$100.00 or \$200.00 for a husband and wife filing a joint return for tax years after the 1999 tax year. For the 1992 tax year and each tax year after 1992, a taxpayer may claim an additional credit under this section not to exceed \$100.00, or \$200.00 for a husband and wife filing a joint return, for total cash contributions made in the tax year to shelters for homeless persons, food kitchens, food banks, and, except for community foundations, other entities allowed under subsection (1). For a resident estate or trust, the credit allowed by this section for a contribution to a community foundation shall not exceed 10% of the taxpayer's tax liability for the tax year before claiming any credits allowed by this act or \$5,000.00, whichever is less. For the 1992 tax year and each tax year after 1992, a resident estate or trust may claim an additional credit under this section not to exceed 10% of the taxpayer's tax liability for the tax year before claiming any credits allowed by this act or \$5,000.00, whichever is less, for total cash contributions made in the tax year to shelters for homeless persons, food kitchens, food banks, and, except for community foundations, other entities allowed under subsection (1). For a resident estate or trust, the amount used to calculate the credits under this section shall not have been deducted in arriving at federal taxable income.

(3) The credits allowed under this section are nonrefundable so that a taxpayer shall not claim under this section a total credit amount that reduces the taxpayer's tax liability to less than zero.

(4) As used in this section, "community foundation" means an organization that applies for certification on or before May 15 of the tax year for which the taxpayer is claiming the credit and that the department certifies for that tax year as meeting all of the following requirements:

- (a) Qualifies for exemption from federal income taxation under section 501(c)(3) of the internal revenue code.
- (b) Supports a broad range of charitable activities within the specific geographic area of this state that it serves, such as a municipality or county.
- (c) Maintains an ongoing program to attract new endowment funds by seeking gifts and bequests from a wide range of potential donors in the community or area served.
- (d) Is publicly supported as defined by the regulations of the United States department of treasury, 26 ~~C.F.R.~~ **CFR** 1.170A-9(e)(10). To maintain certification, the community foundation shall submit documentation to the department annually that demonstrates compliance with this subdivision.
- (e) Is not a supporting organization as an organization is described in section 509(a)(3) of the internal revenue code and the regulations of the United States department of treasury, 26 ~~C.F.R.~~ **CFR** 1.509(a)-4 and 1.509(a)-5.
- (f) Meets the requirements for treatment as a single entity contained in the regulations of the United States department of treasury, 26 ~~C.F.R.~~ **CFR** 1.170A-9(e)(11).

(g) Except as provided in subsection (6), is incorporated or established as a trust at least 6 months before the beginning of the tax year for which the credit under this section is claimed and that has an endowment value of at least \$100,000.00 before the expiration of 18 months after the community foundation is incorporated or established.

(h) Has an independent governing body representing the general public's interest and that is not appointed by a single outside entity.

(i) Provides evidence to the department that the community foundation has, before the expiration of 6 months after the community foundation is incorporated or established, and maintains continually during the tax year for which the credit under this section is claimed, at least 1 part-time or full-time employee.

(j) For community foundations that have an endowment value of \$1,000,000.00 or more only, the community foundation is subject to an annual independent financial audit and provides copies of that audit to the department not more than 3 months after the completion of the audit. For community foundations that have an endowment value of less than \$1,000,000.00, the community foundation is subject to an annual review and an audit every third year.

(k) In addition to all other criteria listed in this subsection for a community foundation that is incorporated or established after the effective date of the amendatory act that added this subdivision, operates in a county of this state that was not served by a community foundation when the community foundation was incorporated or established or operates as a geographic component of an existing certified community foundation.

(5) An entity other than a community foundation may request that the department determine if a contribution to that entity qualifies for the credit under this section. The department shall make a determination and respond to a request no later than 30 days after the department receives the request.

(6) A taxpayer may claim a credit under this section for contributions to a community foundation made before the expiration of the 18-month period after a community foundation was incorporated or established during which the community foundation must build an endowment value of \$100,000.00 as provided in subsection (4)(g). If the community foundation does not reach the required \$100,000.00 endowment value during that 18-month period, contributions to the community foundation made after the date on which the 18-month period expires shall not be used to calculate a credit under this section. At any time after the expiration of the 18-month period under subsection (4)(g) that the community foundation has an endowment value of \$100,000.00, the community foundation may apply to the department for certification under this section.

(7) On or before July 1 of each year, the department shall report to the house committee on tax policy and the senate finance committee the total amount of tax credits claimed under this section and under section 38c of the single business tax act, 1975 PA 228, MCL 208.38c, **OR SECTION 425 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1425**, for the immediately preceding tax year.

Sec. 266. (1) A qualified taxpayer with a rehabilitation plan certified after December 31, 1998 may credit against the tax imposed by this act the amount determined pursuant to subsection (2) for the qualified expenditures for the rehabilitation of a historic resource pursuant to the rehabilitation plan in the year in which the certification of completed rehabilitation of the historic resource is issued provided that the certification of completed rehabilitation was issued not more than 5 years after the rehabilitation plan was certified by the Michigan historical center.

(2) The credit allowed under this section shall be 25% of the qualified expenditures that are eligible for the credit under section 47(a)(2) of the internal revenue code if the taxpayer is eligible for the credit under section 47(a)(2) of the internal revenue code or, if the taxpayer is not eligible for the credit under section 47(a)(2) of the internal revenue code, 25% of the qualified expenditures that would qualify under section 47(a)(2) of the internal revenue code except that the expenditures are made to a historic resource that is not eligible for the credit under section 47(a)(2) of the internal revenue code, subject to both of the following:

(a) A taxpayer with qualified expenditures that are eligible for the credit under section 47(a)(2) of the internal revenue code may not claim a credit under this section for those qualified expenditures unless the taxpayer has claimed and received a credit for those qualified expenditures under section 47(a)(2) of the internal revenue code.

(b) A credit under this section shall be reduced by the amount of a credit received by the taxpayer for the same qualified expenditures under section 47(a)(2) of the internal revenue code.

(3) To be eligible for the credit under this section, the taxpayer shall apply to and receive from the Michigan historical center certification that the historic significance, the rehabilitation plan, and the completed rehabilitation of the historic resource meet the criteria under subsection (6) and either of the following:

(a) All of the following criteria:

(i) The historic resource contributes to the significance of the historic district in which it is located.

(ii) Both the rehabilitation plan and completed rehabilitation of the historic resource meet the federal secretary of the interior's standards for rehabilitation and guidelines for rehabilitating historic buildings, 36 CFR part 67.

(iii) All rehabilitation work has been done to or within the walls, boundaries, or structures of the historic resource or to historic resources located within the property boundaries of the resource.

(b) The taxpayer has received certification from the national park service that the historic resource's significance, the rehabilitation plan, and the completed rehabilitation qualify for the credit allowed under section 47(a)(2) of the internal revenue code.

(4) If a qualified taxpayer is eligible for the credit allowed under section 47(a)(2) of the internal revenue code, the qualified taxpayer shall file for certification with the center to qualify for the credit allowed under section 47(a)(2) of the internal revenue code. If the qualified taxpayer has previously filed for certification with the center to qualify for the credit allowed under section 47(a)(2) of the internal revenue code, additional filing for the credit allowed under this section is not required.

(5) The center may inspect a historic resource at any time during the rehabilitation process and may revoke certification of completed rehabilitation if the rehabilitation was not undertaken as represented in the rehabilitation plan or if unapproved alterations to the completed rehabilitation are made during the 5 years after the tax year in which the credit was claimed. The center shall promptly notify the department of a revocation.

(6) Qualified expenditures for the rehabilitation of a historic resource may be used to calculate the credit under this section if the historic resource meets 1 of the criteria listed in subdivision (a) and 1 of the criteria listed in subdivision (b):

(a) The resource is 1 of the following during the tax year in which a credit under this section is claimed for those qualified expenditures:

(i) Individually listed on the national register of historic places or state register of historic sites.

(ii) A contributing resource located within a historic district listed on the national register of historic places or the state register of historic sites.

(iii) A contributing resource located within a historic district designated by a local unit pursuant to an ordinance adopted under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215.

(b) The resource meets 1 of the following criteria during the tax year in which a credit under this section is claimed for those qualified expenditures:

(i) The historic resource is located in a designated historic district in a local unit of government with an existing ordinance under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215.

(ii) The historic resource is located in an incorporated local unit of government that does not have an ordinance under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and has a population of less than 5,000.

(iii) The historic resource is located in an unincorporated local unit of government.

(iv) The historic resource is located in an incorporated local unit of government that does not have an ordinance under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is located within the boundaries of an association that has been chartered under 1889 PA 39, MCL 455.51 to 455.72.

(7) A credit amount assigned under section 39c(7) of the single business tax act, 1975 PA 228, MCL 208.39c, **OR SECTION 435 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1435**, may be claimed against the partner's, member's, or shareholder's tax liability under this act as provided in section 39c(7) of the single business tax act, 1975 PA 228, MCL 208.39c, **OR SECTION 435 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1435**.

(8) If the credit allowed under this section for the tax year and any unused carryforward of the credit allowed by this section exceed the taxpayer's tax liability for the tax year, that portion that exceeds the tax liability for the tax year shall not be refunded but may be carried forward to offset tax liability in subsequent tax years for 10 years or until used up, whichever occurs first.

(9) If the taxpayer sells a historic resource for which a credit under this section was claimed less than 5 years after the year in which the credit was claimed, the following percentage of the credit amount previously claimed relative to that historic resource shall be added back to the tax liability of the taxpayer in the year of the sale:

(a) If the sale is less than 1 year after the year in which the credit was claimed, 100%.

(b) If the sale is at least 1 year but less than 2 years after the year in which the credit was claimed, 80%.

(c) If the sale is at least 2 years but less than 3 years after the year in which the credit was claimed, 60%.

(d) If the sale is at least 3 years but less than 4 years after the year in which the credit was claimed, 40%.

(e) If the sale is at least 4 years but less than 5 years after the year in which the credit was claimed, 20%.

(f) If the sale is 5 years or more after the year in which the credit was claimed, an addback to the taxpayer's tax liability shall not be made.

(10) If a certification of completed rehabilitation is revoked under subsection (5) less than 5 years after the year in which a credit was claimed, the following percentage of the credit amount previously claimed relative to that historic resource shall be added back to the tax liability of the taxpayer in the year of the revocation:

(a) If the revocation is less than 1 year after the year in which the credit was claimed, 100%.

(b) If the revocation is at least 1 year but less than 2 years after the year in which the credit was claimed, 80%.

(c) If the revocation is at least 2 years but less than 3 years after the year in which the credit was claimed, 60%.

(d) If the revocation is at least 3 years but less than 4 years after the year in which the credit was claimed, 40%.

(e) If the revocation is at least 4 years but less than 5 years after the year in which the credit was claimed, 20%.

(f) If the revocation is 5 years or more after the year in which the credit was claimed, an addback to the taxpayer's tax liability shall not be made.

(11) The department of history, arts, and libraries through the Michigan historical center may impose a fee to cover the administrative cost of implementing the program under this section.

(12) The qualified taxpayer shall attach all of the following to the qualified taxpayer's annual return under this act:

(a) Certification of completed rehabilitation.

(b) Certification of historic significance related to the historic resource and the qualified expenditures used to claim a credit under this section.

(c) A completed assignment form if the qualified taxpayer is an assignee under section 39c of the single business tax act, 1975 PA 228, MCL 208.39c, **OR SECTION 435 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1435**, of any portion of a credit allowed under that section.

(13) The department of history, arts, and libraries shall promulgate rules to implement this section pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(14) The total of the credits claimed under this section and section 39c of the single business tax act, 1975 PA 228, MCL 208.39c, **OR SECTION 435 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1435**, for a rehabilitation project shall not exceed 25% of the total qualified expenditures eligible for the credit under this section for that rehabilitation project.

(15) The department of history, arts, and libraries through the Michigan historical center shall report all of the following to the legislature annually for the immediately preceding state fiscal year:

(a) The fee schedule used by the center and the total amount of fees collected.

(b) A description of each rehabilitation project certified.

(c) The location of each new and ongoing rehabilitation project.

(16) As used in this section:

(a) "Contributing resource" means a historic resource that contributes to the significance of the historic district in which it is located.

(b) "Historic district" means an area, or group of areas not necessarily having contiguous boundaries, that contains 1 resource or a group of resources that are related by history, architecture, archaeology, engineering, or culture.

(c) "Historic resource" means a publicly or privately owned historic building, structure, site, object, feature, or open space located within a historic district designated by the national register of historic places, the state register of historic sites, or a local unit acting under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is individually listed on the state register of historic sites or national register of historic places and includes all of the following:

(i) An owner-occupied personal residence or a historic resource located within the property boundaries of that personal residence.

(ii) An income-producing commercial, industrial, or residential resource or a historic resource located within the property boundaries of that resource.

(iii) A resource owned by a governmental body, nonprofit organization, or tax-exempt entity that is used primarily by a taxpayer lessee in a trade or business unrelated to the governmental body, nonprofit organization, or tax-exempt entity and that is subject to tax under this act.

(iv) A resource that is occupied or utilized by a governmental body, nonprofit organization, or tax-exempt entity pursuant to a long-term lease or lease with option to buy agreement.

(v) Any other resource that could benefit from rehabilitation.

(d) "Local unit" means a county, city, village, or township.

(e) "Long-term lease" means a lease term of at least 27.5 years for a residential resource or at least 31.5 years for a nonresidential resource.

(f) "Michigan historical center" or "center" means the state historic preservation office of the Michigan historical center of the department of history, arts, and libraries or its successor agency.

(g) "Open space" means undeveloped land, a naturally landscaped area, or a formal or man-made landscaped area that provides a connective link or a buffer between other resources.

(h) "Person" means an individual, partnership, corporation, association, governmental entity, or other legal entity.

(i) "Qualified expenditures" means capital expenditures that qualify for a rehabilitation credit under section 47(a)(2) of the internal revenue code if the taxpayer is eligible for the credit under section 47(a)(2) of the internal revenue code or, if the taxpayer is not eligible for the credit under section 47(a)(2) of the internal revenue code, the qualified expenditures that would qualify under section 47(a)(2) of the internal revenue code except that the expenditures are made to a historic resource that is not eligible for the credit under section 47(a)(2) of the internal revenue code, that were paid not more than 5 years after the certification of the rehabilitation plan that included those expenditures was approved by the center, and that were paid after December 31, 1998 for the rehabilitation of a historic resource. Qualified expenditures do not include capital expenditures for nonhistoric additions to a historic resource except an addition that is required by state or federal regulations that relate to historic preservation, safety, or accessibility.

(j) "Qualified taxpayer" means a person that is an assignee under section 39c of the single business tax act, 1975 PA 228, MCL 208.39c, **OR SECTION 435 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1435**, or either owns the resource to be rehabilitated or has a long-term lease agreement with the owner of the historic resource and that has qualified expenditures for the rehabilitation of the historic resource equal to or greater

than 10% of the state equalized valuation of the property. If the historic resource to be rehabilitated is a portion of a historic or nonhistoric resource, the state equalized valuation of only that portion of the property shall be used for purposes of this subdivision. If the assessor for the local tax collecting unit in which the historic resource is located determines the state equalized valuation of that portion, that assessor's determination shall be used for purposes of this subdivision. If the assessor does not determine that state equalized valuation of that portion, qualified expenditures, for purposes of this subdivision, shall be equal to or greater than 5% of the appraised value as determined by a certified appraiser. If the historic resource to be rehabilitated does not have a state equalized valuation, qualified expenditures for purposes of this subdivision shall be equal to or greater than 5% of the appraised value of the resource as determined by a certified appraiser.

(k) "Rehabilitation plan" means a plan for the rehabilitation of a historic resource that meets the federal secretary of the interior's standards for rehabilitation and guidelines for rehabilitation of historic buildings under 36 CFR part 67.

Sec. 270. (1) For tax years that begin after December 31, 2008, a taxpayer to whom a tax voucher certificate is issued or a taxpayer that is the transferee of a tax voucher certificate may use the tax voucher certificate to pay any liability of the taxpayer under section 51 or to pay any amount owed by the taxpayer under section 351.

(2) A tax voucher certificate shall be used for the purposes allowed under subsection (1) and only in a tax year that begins after December 31, 2008.

(3) The amount of the tax voucher that may be used to pay a liability due under this act in any tax year shall not exceed the lesser of the following:

(a) The amount of the tax voucher stated in the tax voucher certificate held by the taxpayer.

(b) The amount authorized to be used in the tax year under the terms of the tax voucher certificate.

(c) The taxpayer's liability under this act for the tax year for which the tax voucher is used.

(4) If the amount of any tax voucher certificate held by a taxpayer or transferee exceeds the amount the taxpayer may use under subsection (3)(b) or (c) in a tax year, that excess may be used by the taxpayer or transferee to pay, subject to the limitations of subsection (3), any future liability of the taxpayer or transferee under this act.

(5) The tax voucher certificate, and any completed transfer form that was issued pursuant to the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2231 to 125.2263, shall be attached to the annual return under this act. The department may prescribe and implement alternative methods of reporting and recording ownership, transfer, and utilization of tax voucher certificates that are not inconsistent with the provisions of this act. The department shall administer this section to assure that any amount of a tax voucher certificate used to pay any liability under this act shall not also be applied to pay any liability of the taxpayer or any other person under the ~~single business tax act, 1975 PA 228, MCL 208.1 to 208.145~~ **MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101 TO 208.1601**. The department shall take any action necessary to enforce and effectuate the permissible issuance and use of tax voucher certificates in a manner authorized under this section and the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2231 to 125.2263.

(6) As used in this section:

(a) "Certificate" or "tax voucher certificate" means the tax voucher certificate issued under section 23 of the Michigan early stage venture capital investment act of 2003, 2003 PA 296, MCL 125.2253, or any replacement tax voucher certificate issued under **FORMER** section 37e(9)(b) or (d) of the single business tax act, 1975 PA 228, ~~MCL 208.37e~~ **OR SECTION 419 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1419**.

(b) "Transferee" means a taxpayer to whom a tax voucher certificate has been transferred under section 23 of the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2253, and **FORMER** section 37e of the single business tax act, 1975 PA 228, ~~MCL 208.37e~~ **OR SECTION 419 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1419**.

Enacting section 1. Sections 51c, 51d, and 51e of the income tax act of 1967, 1967 PA 281, MCL 206.51c, 206.51d, and 206.51e, are repealed.

Enacting section 2. This amendatory act does not take effect unless all of the following bills of the 94th Legislature are enacted into law:

(a) Senate Bill No. 1.

(b) Senate Bill No. 395.

(c) Senate Bill No. 396.

(d) Senate Bill No. 397.

(e) Senate Bill No. 398.

(f) Senate Bill No. 418.

(g) Senate Bill No. 419.

(h) Senate Bill No. 420.

(i) Senate Bill No. 421.

(j) Senate Bill No. 546.

(k) Senate Bill No. 547.

(l) Senate Bill No. 549.

(m) Senate Bill No. 622.

- (n) Senate Bill No. 632.
- (o) Senate Bill No. 772.
- (p) Senate Bill No. 773.
- (q) House Bill No. 4800.

Third: That the House and Senate agree to the title of the bill to read as follows:

A bill to amend 1967 PA 281, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts,” by amending sections 30, 51, 261, 266, and 270 (MCL 206.30, 206.51, 206.261, 206.266, and 206.270), section 30 as amended by 2005 PA 214, section 51 as amended by 1999 PA 6, section 261 as amended by 2000 PA 195, section 266 as amended by 2006 PA 52, and section 270 as amended by 2005 PA 234; and to repeal acts and parts of acts.

Steve Tobocman
 Andy Meisner
 Conferees for the House

Ron Jelinek
 Thomas M. George
 Conferees for the Senate

The Speaker announced that under Joint Rule 9 the conference report would lie over one day.

Rep. Tobocman moved pursuant to Joint Rule 9, that the Journal printing requirement be suspended, printed copies of the conference report having been made available to each Member.

The motion prevailed.

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 441

Yeas—57

Accavitti	Cushingberry	Jackson	Miller
Angerer	Dean	Johnson	Polidori
Bauer	Dillon	Jones, Robert	Sak
Bennett	Donigan	Lahti	Scott
Bieda	Ebli	Law, Kathleen	Sheltrown
Brown	Espinoza	LeBlanc	Smith, Alma
Byrnes	Farrah	Leland	Smith, Virgil
Byrum	Gaffney	Lemmons	Spade
Cheeks	Gillard	Lindberg	Tobocman
Clack	Gonzales	Mayes	Vagnozzi
Clemente	Hammel	McDowell	Valentine
Condino	Hammon	Meadows	Ward
Constan	Hood	Meisner	Warren
Corriveau	Hopgood	Melton	Young
Coulouris			

Nays—52

Acciavatti	Green	Meekhof	Proos
Amos	Griffin	Meltzer	Robertson
Ball	Hansen	Moolenaar	Rocca
Booher	Hildenbrand	Moore	Schuitmaker
Brandenburg	Hoogendyk	Moss	Shaffer
Calley	Horn	Nitz	Sheen
Casperson	Huizenga	Nofs	Simpson

Caswell	Hune	Opsommer	Stahl
Caul	Jones, Rick	Palmer	Stakoe
DeRoche	Knollenberg	Palsrok	Steil
Elsenheimer	LaJoy	Pastor	Walker
Emmons	Law, David	Pavlov	Wenke
Garfield	Marleau	Pearce	Wojno

In The Chair: Sak

The House returned to the consideration of
Senate Bill No. 418, entitled

A bill to prescribe the conditions upon which public employers may provide certain benefits; to require the compilation and release of certain information and data; to provide certain powers and duties to certain state officials, departments, agencies, and authorities; and to provide for appropriations.

(The conference report was considered earlier today, see today's Journal, p. 1638.)

The question being on the adoption of the conference report,

The conference report was then adopted, a majority of the members serving voting therefor, by yeas and nays, as follows:

Roll Call No. 442

Yeas—56

Acciavatti	Gaffney	Law, David	Robertson
Amos	Garfield	Marleau	Schuitmaker
Ball	Green	Meekhof	Shaffer
Booher	Griffin	Meltzer	Sheen
Calley	Hammel	Moolenaar	Smith, Alma
Casperson	Hansen	Moss	Smith, Virgil
Caswell	Hildenbrand	Nitz	Stahl
Caul	Hoogendyk	Opsommer	Stakoe
Condino	Horn	Palmer	Steil
Cushingberry	Huizenga	Palsrok	Tobocman
DeRoche	Hune	Pastor	Walker
Dillon	Jones, Rick	Pavlov	Ward
Elsenheimer	Knollenberg	Pearce	Wenke
Emmons	LaJoy	Proos	Young

Nays—53

Accavitti	Coulouris	Jones, Robert	Moore
Angerer	Dean	Lahti	Nofs
Bauer	Donigan	Law, Kathleen	Polidori
Bennett	Ebli	LeBlanc	Rocca
Bieda	Espinoza	Leland	Sak
Brandenburg	Farrah	Lemmons	Scott
Brown	Gillard	Lindberg	Sheltrown
Byrnes	Gonzales	Mayer	Simpson
Byrum	Hammon	McDowell	Spade
Cheeks	Hood	Meadows	Vagnozzi
Clack	Hopgood	Meisner	Valentine
Clemente	Jackson	Melton	Warren
Constan	Johnson	Miller	Wojno
Corriveau			

In The Chair: Sak

By unanimous consent the House returned to the order of
Motions and Resolutions

Rep. Tobocman moved that when the House adjourns today it stand adjourned until Monday, October 1, at 12:01 a.m. The motion prevailed.

Announcement by the Clerk of Printing and Enrollment

The Clerk announced the enrollment printing and presentation to the Governor on Sunday, September 30, for her approval of the following bills:

Enrolled House Bill No. 4185 at 8:46 a.m.
Enrolled House Bill No. 5257 at 8:48 a.m.
Enrolled House Bill No. 5258 at 8:50 a.m.
Enrolled House Bill No. 4862 at 12:10 p.m.
Enrolled House Bill No. 5104 at 11:33 p.m.

The Clerk announced that the following bill had been printed and placed upon the files of the members on Sunday, September 30:

Senate Bill No. 818

Messages from the Senate

The Senate requested the return of
House Bill No. 4799, entitled

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending section 61 (MCL 38.1361), as amended by 2006 PA 158.

(The bill was received from the Senate on September 23, with amendments, full title inserted and immediate effect given by the Senate, consideration of which, under the rules, was postponed until September 24, see House Journal No. 94, p. 1526.)

House Bill No. 4800, entitled

A bill to amend 1943 PA 240, entitled "An act to provide for a state employees' retirement system; to create a state employees' retirement board and prescribe its powers and duties; to establish certain funds in connection with the retirement system; to require contributions to the retirement system by and on behalf of members and participants of the retirement system; to create certain accounts and provide for expenditures from those accounts; to prescribe the powers and duties of certain state and local officers and employees and certain state departments and agencies; to prescribe and make appropriations for the retirement system; and to prescribe penalties and provide remedies," (MCL 38.1 to 38.69) by adding section 68c.

The Senate has concurred in the House substitute (H-8) to the Senate substitute (S-2).

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 5096, entitled

A bill to amend 1937 PA 94, entitled "Use tax act," by amending section 9a (MCL 205.99a), as amended by 2004 PA 172.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 5097, entitled

A bill to amend 1933 PA 167, entitled "General sales tax act," by amending section 4i (MCL 205.54i), as amended by 2004 PA 173.

The Senate has passed the bill, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The House agreed to the full title.

The bill was referred to the Clerk for enrollment printing and presentation to the Governor.

House Bill No. 4882, entitled

A bill to amend 1937 PA 94, entitled "Use tax act," by amending sections 2, 3, 4, and 7 (MCL 205.92, 205.93, 205.94, and 205.97), sections 2, 3, and 4 as amended by 2004 PA 172.

The Senate has amended the bill as follows:

1. Amend page 6, line 6, after "**PERMANENT.**" by inserting "**A MOTOR VEHICLE PURCHASED FOR RESALE BY A NEW VEHICLE DEALER LICENSED UNDER SECTION 248(8)(A) OF THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.248, AND NOT TITLED IN THE NAME OF THE DEALER SHALL NOT BE CONSIDERED TO BE CONVERTED PRIOR TO SALE OR LEASE BY THAT DEALER.**".

2. Amend page 10, line 17, after "**PROPERTY**" by striking out the comma and "**OTHER THAN VEHICLES,**".

3. Amend page 10, line 18, after "**PURPOSES.**" by inserting "**FOR A NEW VEHICLE DEALER SELLING A NEW CAR OR TRUCK, EXEMPTION FOR DEMONSTRATION PURPOSES SHALL BE DETERMINED BY THE NUMBER OF NEW CARS AND TRUCKS SOLD DURING THE CURRENT CALENDAR YEAR OR THE IMMEDIATELY PRECEDING CALENDAR YEAR, WITHOUT REGARD TO SPECIFIC MAKE OR STYLE, ACCORDING TO THE FOLLOWING SCHEDULE BUT NOT TO EXCEED 25 CARS AND TRUCKS IN 1 CALENDAR YEAR FOR DEMONSTRATION PURPOSES:**

(A) 0 TO 25, 2 UNITS.

(B) 26 TO 100, 7 UNITS.

(C) 101 TO 500, 20 UNITS.

(D) 501 OR MORE, 25 UNITS.".

The Senate has passed the bill as amended, ordered that it be given immediate effect and pursuant to Joint Rule 20, inserted the full title.

The Speaker announced that pursuant to Rule 42, the bill was laid over one day.

Rep. Byrum moved that the House adjourn.

The motion prevailed, the time being 11:59 p.m.

The Speaker Pro Tempore declared the House adjourned until Monday, October 1, at 12:01 a.m.

RICHARD J. BROWN
Clerk of the House of Representatives