# **HOUSE JOINT RESOLUTION SS**

January 14, 2010, Introduced by Rep. Dillon and referred to the Committee on Appropriations.

A joint resolution proposing an amendment to the state constitution of 1963, by amending section 31 of article IV, sections 11, 14, 24, 26, 27, 28, 35, 35a, and 40 of article IX, and section 5 of article XI, to provide for a two-year fiscal period for the state budget.

Resolved by the Senate and House of Representatives of the state of Michigan, That the following amendment to the state constitution of 1963, to provide for a two-year fiscal period for the state budget, is proposed, agreed to, and submitted to the people of the state:

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#### ARTICLE IV

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2 Sec. 31. The general appropriation bills for the succeeding fiscal period covering items set forth in the budget shall be 3 4 passed or rejected in either house of the legislature before that 5 house passes any appropriation bill for items not in the budget 6 except bills supplementing appropriations for the current fiscal 7 year's PERIOD'S operation. Any bill requiring an appropriation to carry out its purpose shall be considered an appropriation bill. 8 9 One of the general appropriation bills as passed by the legislature shall contain an itemized statement of estimated revenue by major 10 11 source in each operating fund for the ensuing fiscal period, the 12 total of which shall not be less than the total of all appropriations made from each fund in the general appropriation 13 14 bills as passed. FOR THE FISCAL PERIOD BEGINNING OCTOBER 1, 2011 AND FOR EVERY FISCAL PERIOD THEREAFTER, THE FISCAL PERIOD SHALL BE 15 A PERIOD OF TWO YEARS AS PROVIDED BY LAW. 16

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#### ARTICLE IX

18 Sec. 11. There shall be established a state school aid fund 19 which shall be used exclusively for aid to school districts, higher 20 education, and school employees' retirement systems, as provided by 21 law. Sixty percent of all taxes imposed at a rate of 4% on 22 retailers on taxable sales at retail of tangible personal property, 23 100% of the proceeds of the sales and use taxes imposed at the 24 additional rate of 2% provided for in section 8 of this article, 25 and other tax revenues provided by law, shall be dedicated to this 26 fund. Payments from this fund shall be made in full on a scheduled 27 basis, as provided by law. Beginning in the 1995-96 state fiscal

1 year and each YEAR DURING A state fiscal year PERIOD after 1995-96, 2 the state shall guarantee that the total state and local per pupil 3 revenue for school operating purposes for each local school 4 district shall not be less than the 1994-95 total state and local per pupil revenue for school operating purposes for that local 5 6 school district, as adjusted for consolidations, annexations, or other boundary changes. However, this guarantee does not apply in a 7 year in which the local school district levies a millage rate for 8 9 school district operating purposes less than it levied in 1994.

10 Sec. 14. To meet obligations incurred pursuant to 11 appropriations for any fiscal year, **PERIOD**, the legislature may by 12 law authorize the state to issue its full faith and credit notes in which case it shall pledge undedicated revenues to be received 13 14 within the same fiscal year PERIOD for the repayment thereof. Such indebtedness in any fiscal year PERIOD shall not exceed 15 percent 15 16 of undedicated revenues received by the state during the preceding 17 fiscal year PERIOD and such debts shall be repaid at the time the revenues so pledged are received, but not later than the end of the 18 19 same fiscal year.PERIOD.

Sec. 24. The accrued financial benefits of each pension plan and retirement system of the state and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby.

Financial benefits arising on account of service rendered in each fiscal year PERIOD shall be funded during that year PERIOD and such funding shall not be used for financing unfunded accrued liabilities.

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1 Sec. 26. There is hereby established a limit on the total 2 amount of taxes which may be imposed by the legislature in any fiscal year IN A FISCAL PERIOD on the taxpayers of this state. This 3 4 limit shall not be changed without approval of the majority of the qualified electors voting thereon, as provided for in Article 12 of 5 the Constitution. Effective with fiscal year 1979-1980, and for 6 each fiscal year IN A FISCAL PERIOD thereafter, the legislature 7 shall not impose taxes of any kind which, together with all other 8 revenues of the state, federal aid excluded, exceed the revenue 9 limit established in this section. The revenue limit shall be equal 10 11 to the product of the ratio of Total State Revenues in fiscal year 1978-79 divided by the Personal Income of Michigan in calendar year 12 13 1977 multiplied by the Personal Income of Michigan in either the 14 prior calendar year or the average of Personal Income of Michigan in the previous three calendar years, whichever is greater. 15

For any fiscal year IN A FISCAL PERIOD in the event that Total 16 17 State Revenues exceed the revenue limit established in this section 18 by 1% or more, the excess revenues shall be refunded pro rata based 19 on the liability reported on the Michigan income tax and single 20 business tax (or its successor tax or taxes) annual returns filed 21 following the close of such fiscal year PERIOD. If the excess is 22 less than 1%, this excess may be transferred to the State Budget 23 Stabilization Fund.

The revenue limitation established in this section shall not apply to taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under Section 15 of this Article, and loans to school districts authorized under

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1 Section 16 of this Article.

If responsibility for funding a program or programs is transferred from one level of government to another, as a consequence of constitutional amendment, the state revenue and spending limits may be adjusted to accommodate such change, provided that the total revenue authorized for collection by both state and local governments does not exceed that amount which would have been authorized without such change.

9 Sec. 27. The revenue limit of Section 26 of this Article may be exceeded only if all of the following conditions are met: (1) 10 11 The governor requests the legislature to declare an emergency; (2) 12 the request is specific as to the nature of the emergency, the 13 dollar amount of the emergency, and the method by which the 14 emergency will be funded; and (3) the legislature thereafter 15 declares an emergency in accordance with the specific of the governor's request by a two-thirds vote of the members elected to 16 17 and serving in each house. The emergency must be declared in accordance with this section prior to incurring any of the expenses 18 19 which constitute the emergency request. The revenue limit may be 20 exceeded only during the fiscal year PERIOD for which the emergency 21 is declared. In no event shall any part of the amount representing 22 a refund under Section 26 of this Article be the subject of an 23 emergency request.

Sec. 28. No expenses of state government shall be incurred in any fiscal year IN A FISCAL PERIOD which exceed the sum of the revenue limit established in Sections 26 and 27 of this Article plus federal aid and any surplus from a previous fiscal

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1 year.PERIOD.

2 Sec. 35. There is hereby established the Michigan natural resources trust fund. The trust fund shall consist of all bonuses, 3 4 rentals, delayed rentals, and royalties collected or reserved by the state under provisions of leases for the extraction of 5 6 nonrenewable resources from state owned lands, except such revenues accruing under leases of state owned lands acquired with money from 7 state or federal game and fish protection funds or revenues 8 9 accruing from lands purchased with such revenues. The trust fund 10 may receive appropriations, money, or other things of value. The 11 assets of the trust fund shall be invested as provided by law.

12 Until the trust fund reaches an accumulated principal of \$500,000,000.00, \$10,000,000.00 of the revenues from bonuses, 13 14 rentals, delayed rentals, and royalties described in this section otherwise dedicated to the trust fund that are received by the 15 state each state fiscal year IN A FISCAL PERIOD shall be deposited 16 17 into the Michigan state parks endowment fund. However, until the 18 trust fund reaches an accumulated principal of \$500,000,000.00, in 19 any state fiscal year, PERIOD, not more than 50 percent of the 20 total revenues from bonuses, rentals, delayed rentals, and 21 royalties described in this section otherwise dedicated to the trust fund that are received by the state each state fiscal year 22 23 PERIOD shall be deposited into the Michigan state parks endowment 24 fund.

25 The amount accumulated in the trust fund in any state fiscal 26 year IN A FISCAL PERIOD shall not exceed \$500,000,000.00, exclusive 27 of interest and earnings and amounts authorized for expenditure

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1 pursuant to this section. When the accumulated principal of the trust fund reaches \$500,000,000.00, all revenue from bonuses, 2 rentals, delayed rentals, and royalties described in this section 3 4 that would be received by the trust fund but for this limitation 5 shall be deposited into the Michigan state parks endowment fund 6 until the Michigan state parks endowment fund reaches an 7 accumulated principal of \$800,000,000.00. When the Michigan state parks endowment fund reaches an accumulated principal of 8 9 \$800,000,000.00, all revenues from bonuses, rentals, delayed 10 rentals, and royalties described in this section shall be 11 distributed as provided by law.

12 The interest and earnings of the trust fund shall be expended 13 for the acquisition of land or rights in land for recreational uses 14 or protection of the land because of its environmental importance 15 or its scenic beauty, for the development of public recreation facilities, and for the administration of the trust fund, which may 16 17 include payments in lieu of taxes on state owned land purchased 18 through the trust fund. The trust fund may provide grants to units 19 of local government or public authorities which shall be used for 20 the purposes of this section. The legislature shall provide that a 21 portion of the cost of a project funded by such grants be provided 22 by the local unit of government or public authority.

Until the trust fund reaches an accumulated principal of \$500,000,000.00, the legislature may provide, in addition to the expenditure of interest and earnings authorized by this section, that a portion, not to exceed 33-1/3 percent, of the revenues from bonuses, rentals, delayed rentals, and royalties described in this

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section received by the trust fund during each state fiscal year
 PERIOD may be expended during subsequent state fiscal years PERIODS
 for the purposes of this section.

Not less than 25 percent of the total amounts made available
for expenditure from the trust fund from any state fiscal year
PERIOD shall be expended for acquisition of land and rights in land
and not more than 25 percent of the total amounts made available
for expenditure from the trust fund from any state fiscal year
PERIOD shall be expended for development of public recreation
facilities.

11 The legislature shall provide by law for the establishment of 12 a trust fund board within the department of natural resources. The 13 trust fund board shall recommend the projects to be funded. The 14 board shall submit its recommendations to the governor who shall 15 submit the board's recommendations to the legislature in an 16 appropriations bill.

17 The legislature shall provide by law for the implementation of18 this section.

19 Sec. 35a. There is hereby established the Michigan state parks 20 endowment fund. The endowment fund shall consist of revenues as 21 provided in section 35 of this article, and as provided by law. The 22 endowment fund may also receive private contributions of money or 23 other things of value. All money in the Genevieve Gillette state 24 parks endowment fund shall be transferred to the endowment fund. 25 The assets of the endowment fund shall be invested as provided by 26 law.

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The accumulated principal of the endowment fund shall not

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1 exceed \$800,000,000.00, which amount shall be annually adjusted 2 pursuant to the rate of inflation beginning when the endowment fund 3 reaches \$800,000,000.00. This annually adjusted figure is the 4 accumulated principal limit of the endowment fund.

Money available for expenditure from the endowment fund as
provided in this section shall be expended for operations,
maintenance, and capital improvements at Michigan state parks and
for the acquisition of land or rights in land for Michigan state
parks.

Money in the endowment fund shall be expended as follows:

 Until the endowment fund reaches an accumulated principal
 of \$800,000,000.00, each state fiscal year PERIOD the legislature
 may appropriate not more than 50 percent of the money received
 under section 35 of this article plus interest and earnings and any
 private contributions or other revenue to the endowment fund.

16 (2) Once the accumulated principal in the endowment fund 17 reaches \$800,000,000.00, only the interest and earnings of the 18 endowment fund in excess of the amount necessary to maintain the 19 endowment fund's accumulated principal limit may be made available 20 for expenditure.

Unexpended appropriations of the endowment fund from any state fiscal year PERIOD as authorized by this section may be carried forward or may be appropriated as determined by the legislature for purposes of this section.

25 The legislature shall provide by law for implementation of26 this section.

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Sec. 40. The Michigan conservation and recreation legacy fund

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1 is established. The state treasurer shall direct the investment of 2 the legacy fund. The state treasurer shall establish within the legacy fund restricted accounts as authorized by this section and 3 4 may establish additional subaccounts as authorized by law. The 5 state treasurer may receive gifts, grants, bequests, or assets from any source for deposit into a particular account or subaccount. The 6 assets of the legacy fund shall be invested as provided by law. 7 Interest and earnings accruing from each account or subaccount 8 shall be credited to that account or subaccount. 9

10 The forest recreation account is established as an account 11 within the legacy fund. The forest recreation account shall consist 12 of revenue derived from concessions, leases, contracts, and fees 13 from recreational activities on state forestlands and other 14 revenues as authorized by law. Money in the forest recreation 15 account shall be expended only for the following:

16 (a) The development, improvement, operation, promotion, and17 maintenance of forest recreation activities.

18 (b) Grants to state colleges and universities to implement19 programs funded by the forest recreation account.

(c) The administration of the forest recreation account.
 The game and fish protection account is established as an
 account within the legacy fund. The game and fish protection
 account shall consist of revenue derived from hunting and fishi

account shall consist of revenue derived from hunting and fishing licenses, passbooks, permits, fees, concessions, leases, contracts, and activities; damages paid for the illegal taking of game and fish; revenue derived from fees, licenses, and permits related to game, game areas, and game fish; and other revenues as authorized

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by law. Money in the game and fish protection account shall be
 expended only for the following:

3 (a) The development, improvement, operation, promotion, and4 maintenance of wildlife and fisheries programs and facilities.

5 (b) The acquisition of land and rights in land that support6 wildlife and fisheries programs.

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(c) Research to support wildlife and fisheries programs.

8 (d) The enforcement and administration of the wildlife and
9 fisheries laws of the state, including the necessary equipment and
10 apparatus incident to the operation and enforcement of wildlife and
11 fisheries laws.

12 (e) The protection, propagation, distribution, and control of13 wildlife and fish.

14 (f) Grants to state colleges and universities to implement15 programs funded by the game and fish protection account.

(g) The administration of the game and fish protection account, which may include payments in lieu of taxes on state owned land that has been or will be purchased through the game and fish protection fund or account.

The off-road vehicle account is established as an account within the legacy fund. The off-road vehicle account shall consist of revenue derived from fees imposed upon the use or registration of off-road vehicles and other revenues as authorized by law. Money in the off-road vehicle account shall be expended only for the following:

26 (a) Signage for and the improvement, maintenance, and27 construction of off-road vehicle trails, routes, or areas.

(b) The administration and enforcement of state regulations
 related to off-road vehicles.

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(c) The leasing of land for use by off-road vehicles.

4 (d) The acquisition of easements, permits, or other agreements
5 for the use of land for off-road vehicle trails, routes, or areas.
6 (e) The restoration of any of the natural resources of the
7 state on public land that are damaged due to off-road vehicle use.

8 (f) Safety education programs related to the operation of off-9 road vehicles.

10 (g) Other uses as provided by law as long as the uses are 11 consistent with the development, improvement, operation, promotion, 12 and maintenance of the state's off-road vehicle programs.

13 (h) Grants to state colleges and universities to implement14 programs funded by the off-road vehicle account.

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(i) The administration of the off-road vehicle account.

16 The recreation improvement account is established as an 17 account within the legacy fund. The recreation improvement account 18 shall consist of all tax revenue derived from the sale of two 19 percent of the gasoline sold in this state for consumption in 20 internal combustion engines and other revenues as authorized by 21 law. Money in the recreation improvement account shall be 22 distributed as follows:

(a) Eighty percent of the money shall be annually transferred
to the waterways account to be used for the purposes of that
account.

26 (b) Fourteen percent of the money shall be annually27 transferred to the snowmobile account to be used for the purposes

1 of that account.

(c) The remainder of the money that is not transferred under 2 this section shall be used, upon appropriation, for recreation 3 projects, including grants to state colleges and universities to 4 implement recreation projects, and for the administration of the 5 recreation improvement account. Of the amount that is credited to 6 recreational projects in a fiscal year, PERIOD, not less than 7 twenty-five percent of any funds designated for projects intended 8 9 for off-road vehicles shall be expended on projects to repair 10 damages as a result of pollution, impairment, or destruction of 11 air, water, or other natural resources, or the public trust, in 12 air, water, or other natural resources, as a result of the use of off-road vehicles. 13

14 The snowmobile account is established as an account within the 15 legacy fund. The snowmobile account shall consist of revenue 16 derived from fees imposed for the registration or use of 17 snowmobiles; revenue derived from the use of snowmobile trails; 18 transfers from the recreation improvement account; and other 19 revenues as authorized by law. Money in the snowmobile account 20 shall be expended only for the following:

(a) Planning, construction, maintenance, and acquisition oftrails and areas for the use of snowmobiles.

23 (b) Providing access to trails and areas for the use of24 snowmobiles.

25 (c) Providing basic snowmobile facilities.

26 (d) The administration and enforcement of state regulations27 related to snowmobiles.

(e) Safety education programs related to the operation of
 snowmobiles.

3 (f) Other uses as provided by law as long as the uses are
4 consistent with the development, improvement, operation, promotion,
5 and maintenance of the state's snowmobile programs.

6 (g) Grants to state colleges and universities to implement7 programs funded by the snowmobile account.

8 (h) The administration of the snowmobile account, which may
9 include payments in lieu of taxes on state owned land that has been
10 or will be purchased through the recreational snowmobile trail
11 improvement fund or snowmobile account.

12 The state park improvement account is established as an account within the legacy fund. The state park improvement account 13 14 shall consist of revenue derived from concessions, leases, contracts, fees, and permits for activities in state parks and 15 16 recreation areas; damages paid to the state for illegal activities in state parks and recreation areas; and other revenues as 17 18 authorized by law. Money in the state park improvement account 19 shall be expended only for the following:

20 (a) The development, improvement, operation, promotion, and21 maintenance of state parks and recreation areas.

(b) Grants to state colleges and universities to implementprograms funded by the state park improvement account.

(c) The administration of the state park improvement account.
The waterways account is established as an account within the
legacy fund. The waterways account shall consist of revenue derived
from watercraft registration fees assessed on the ownership or

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1 operation of watercraft in the state; revenue derived from fees 2 charged for the moorage of watercraft at state-operated mooring facilities; revenue derived from fees charged for the use of state-3 4 operated public access sites; transfers from the recreation 5 improvement account; all tax revenue derived from the sale of 6 diesel fuel in this state that is used to generate power for the operation or propulsion of vessels on the waterways of the state; 7 and other revenues as authorized by law. Money in the waterways 8 9 account shall be expended only for the following:

10 (a) The construction, operation, and maintenance of
11 recreational boating facilities that provide public access to
12 waterways or moorage of watercraft.

13 (b) The acquisition of property for the purpose of paragraph14 (a).

(c) Grants to local units of government and state colleges and universities for the provision of public access or moorage of watercraft and law enforcement or boating education to recreational watercraft operators.

19 (d) The acquisition and development of harbors and public20 access sites.

(e) The enforcement of laws related to the operation of
watercraft and education related to the operation of watercraft.
Not less than forty-nine percent of revenues from watercraft
registration fees received by the waterways account shall be used
for the purposes of this subdivision.

26 (f) The administration of programs funded by the waterways27 account.

(g) Other uses as provided by law as long as the uses are
 consistent with the development, improvement, operation, promotion,
 and maintenance of the state's waterways programs.

4 (h) The administration of the waterways account, which may
5 include payments in lieu of taxes on state owned land that has been
6 or will be purchased through the Michigan state waterways fund or
7 waterways account.

8 The legislature shall provide by law for the implementation of9 this section.

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### ARTICLE XI

11 Sec. 5. The classified state civil service shall consist of 12 all positions in the state service except those filled by popular 13 election, heads of principal departments, members of boards and 14 commissions, the principal executive officer of boards and commissions heading principal departments, employees of courts of 15 record, employees of the legislature, employees of the state 16 17 institutions of higher education, all persons in the armed forces 18 of the state, eight exempt positions in the office of the governor, 19 and within each principal department, when requested by the 20 department head, two other exempt positions, one of which shall be 21 policy-making. The civil service commission may exempt three 22 additional positions of a policy-making nature within each 23 principal department.

The civil service commission shall be non-salaried and shall consist of four persons, not more than two of whom shall be members of the same political party, appointed by the governor for terms of eight years, no two of which shall expire in the same year.

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1 The administration of the commission's powers shall be vested
2 in a state personnel director who shall be a member of the
3 classified service and who shall be responsible to and selected by
4 the commission after open competitive examination.

5 The commission shall classify all positions in the classified service according to their respective duties and responsibilities, 6 fix rates of compensation for all classes of positions, approve or 7 disapprove disbursements for all personal services, determine by 8 9 competitive examination and performance exclusively on the basis of merit, efficiency and fitness the qualifications of all candidates 10 11 for positions in the classified service, make rules and regulations 12 covering all personnel transactions, and regulate all conditions of employment in the classified service. 13

14 State Police Troopers and Sergeants shall, through their elected representative designated by 50% of such troopers and 15 sergeants, have the right to bargain collectively with their 16 17 employer concerning conditions of their employment, compensation, hours, working conditions, retirement, pensions, and other aspects 18 19 of employment except promotions which will be determined by 20 competitive examination and performance on the basis of merit, 21 efficiency and fitness; and they shall have the right 30 days after 22 commencement of such bargaining to submit any unresolved disputes 23 to binding arbitration for the resolution thereof the same as now 24 provided by law for Public Police and Fire Departments.

25 No person shall be appointed to or promoted in the classified
26 service who has not been certified by the commission as qualified
27 for such appointment or promotion. No appointments, promotions,

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demotions or removals in the classified service shall be made for
 religious, racial or partisan considerations.

3 Increases in rates of compensation authorized by the 4 commission may be effective only at the start of a fiscal year IN A 5 FISCAL PERIOD and shall require prior notice to the governor, who shall transmit such increases to the legislature. as part of his 6 budget. The legislature may, by a majority vote of the members 7 elected to and serving in each house, waive the notice and permit 8 9 increases in rates of compensation to be effective at a time other than the start of a fiscal year IN A FISCAL PERIOD. Within 60 10 11 calendar days following such transmission, the legislature may, by 12 a two-thirds vote of the members elected to and serving in each house, reject or reduce increases in rates of compensation 13 14 authorized by the commission. Any reduction ordered by the legislature shall apply uniformly to all classes of employees 15 affected by the increases and shall not adjust pay differentials 16 17 already established by the civil service commission. The 18 legislature may not reduce rates of compensation below those in 19 effect at the time of the transmission of increases authorized by 20 the commission.

The appointing authorities may create or abolish positions for reasons of administrative efficiency without the approval of the commission. Positions shall not be created nor abolished except for reasons of administrative efficiency. Any employee considering himself aggrieved by the abolition or creation of a position shall have a right of appeal to the commission through established grievance procedures.

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The civil service commission shall recommend to the governor
 and to the legislature rates of compensation for all appointed
 positions within the executive department not a part of the
 classified service.

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5 To enable the commission to exercise its powers, the 6 legislature shall appropriate to the commission for the ensuing 7 fiscal year PERIOD a sum not less than one percent of the aggregate 8 payroll of the classified service for the preceding fiscal year, 9 PERIOD, as certified by the commission. Within six months after the 10 conclusion of each fiscal year PERIOD the commission shall return 11 to the state treasury all moneys unexpended for that fiscal

#### 12 year.PERIOD.

13 The commission shall furnish reports of expenditures, at least 14 annually, to the governor and the legislature and shall be subject 15 to annual audit as provided by law.

No payment for personal services shall be made or authorized until the provisions of this constitution pertaining to civil service have been complied with in every particular. Violation of any of the provisions hereof may be restrained or observance compelled by injunctive or mandamus proceedings brought by any citizen of the state.

22 Resolved further, That the foregoing amendment shall be
23 submitted to the people of the state at the next general election
24 in the manner provided by law.

Final Page