

141.2611 Refund of outstanding securities by issuance of refunding security; prohibition; exception; procedures; reasonable basis.

Sec. 611. (1) Except as provided in section 515 or subsection (2), a municipality shall not refund all or any part of its outstanding securities by issuing a refunding security unless the net present value of the principal and interest to be paid on the refunding security, including the cost of issuance, and taking into account an agreement entered into pursuant to section 317, is less than the net present value of the principal and interest to be paid on the outstanding security being refunded as calculated using a method approved by the department. However, when a municipality is issuing refunding securities for outstanding variable interest rate securities, as determined by the department the net present value calculation shall use the appropriate current fixed interest rate and the fixed interest rate that would have been available for the outstanding variable interest rate securities when originally issued if the outstanding variable interest rate securities had been issued as fixed interest rate securities or shall use another procedure determined by the department.

(2) A municipality may, under procedures established by the department, obtain an exception from the requirements of subsection (1) if the department determines a reasonable basis for that exception exists. As used in this subsection, reasonable basis means 1 or more of the following:

- (a) The refunding is required by a state or federal agency.
- (b) The refunding is necessary to reduce or eliminate requirements of ordinances or covenants applicable to the existing outstanding security.
- (c) The refunding is necessary to avoid a potential default on an outstanding security.
- (d) The refunding of a short-term municipal security issued under section 413.

141.2701 Annual tax levy; determination; limitation not applicable; adjustment in event of surplus funds; use of money remaining in debt retirement fund; priority; set aside of tax collections allocable to principal and interest payment; failure of officer to perform duties; "tax levy" defined.

Sec. 701. (1) Subject to subsection (3), if a municipality has municipal securities outstanding, or with the approval of its electors has authorized the issuance of municipal securities to be paid from collections of its next tax levy, an officer or official body charged with a duty in connection with the determination of the amount of the next taxes to be raised or with the levying of the next taxes, shall include all of the following in the amount of taxes levied each year:

- (a) An amount such that the estimated collections will be sufficient to promptly pay, when due, the interest on all municipal securities and the portion of the principal falling due whether by maturity or by mandatory redemption before the time of the following year's tax collection.
- (b) An amount, if there are outstanding mandatory redemption refunding securities, sufficient to provide the sum required to be deposited, by the ordinance or resolution authorizing the issue, into the sinking fund for that purpose before the time of the following year's tax collection.
- (c) An amount, if there are outstanding mandatory redemption municipal securities other than refunding securities not required to be redeemed in annual amounts before the maturity of the outstanding mandatory redemption municipal securities, that if deposited annually into a sinking fund will, with the existing sinking fund pertaining to the

municipal securities and the increment of the municipal securities, be sufficient to pay the municipal securities at maturity.

(d) An amount necessary to pay debt service charges or obligations on municipal securities or agreements described in section 317(5) falling due in the immediately preceding fiscal year, to the extent that the tax levy in the preceding fiscal year was inadequate to pay, when due, the debt service charges or obligations on municipal securities or agreements described in section 317(5). The municipality shall do 1 or more of the following with the proceeds of the tax levy:

(i) Deposit in the debt retirement fund established for the municipal securities and used to pay debt service charges or obligations on municipal securities or agreements described in section 317(5).

(ii) Use to pay debt service on short-term municipal securities issued under section 403(5).

(iii) Use to reimburse the municipality for any advances of funds used for the purposes described in subparagraph (i) or (ii).

(2) Subsection (1) does not limit the amount required to be levied in a year for the purposes prescribed in that subsection, by the terms of an ordinance or resolution authorizing the issuance of the municipal securities.

(3) If the municipal securities were authorized or issued before December 23, 1978, or were approved by the electors of a municipality, the municipality shall levy the full amount of taxes required by this section for the payment of the municipal securities without limitation as to rate or amount and in addition to other taxes that the municipality may be authorized to levy. If the municipal securities were authorized or issued by a municipality after December 22, 1978, and were not approved by the electors of the municipality, the municipality shall set aside each year from the levy and collection of ad valorem taxes as required by this section as a first budget obligation for the payment of the municipal securities. However, the ad valorem taxes shall be subject to applicable charter, statutory, or constitutional rate limitations.

(4) If there is surplus money on hand for the payment of principal or interest at the time of making an annual tax levy, and provision has not been made in the authorizing resolution for the disposition of that money, the annual levy for principal or interest shall be adjusted to reflect available funds.

(5) Money remaining in a debt retirement fund from the levy of a tax or an account within a debt retirement fund from the levy of a tax after the retirement of all municipal securities payable from that fund shall be used in the following order of priority:

- (a) To pay other outstanding unlimited tax full faith and credit municipal securities.
- (b) To pay other outstanding limited tax full faith and credit municipal securities.
- (c) To be deposited in the general fund of the municipality.

(6) As taxes are collected, there shall be set aside that portion of the collections that is allocable to the payment of the principal and interest on the municipal securities. The portion set aside shall be divided pro rata among the various sinking funds and debt retirement funds in accordance with the amount levied for that purpose. Tax collections paid into a debt retirement fund, if the fund is for the payment of more than 1 issue of municipal securities, shall be allocated on the books and records of the municipality between the various issues in accordance with the amounts levied for that purpose.

(7) An officer who willfully fails to perform duties required by this section is personally liable to the municipality or to a holder of a municipal security for loss or damage arising from his or her failure.

(8) As used in this section, “tax levy” includes special assessments.

This act is ordered to take immediate effect.

Approved July 2, 2002.

Filed with Secretary of State July 3, 2002.

[No. 501]

(SB 356)

AN ACT to amend 1951 PA 33, entitled “An act to provide police and fire protection for townships and for certain areas in townships, certain incorporated villages, and cities under 15,000 population; to authorize contracting for fire and police protection; to authorize the purchase of fire and police equipment, and the maintenance and operation of the equipment; to provide for defraying the cost of the equipment; to authorize the creation of special assessment districts and the levying and collecting of special assessments; to authorize the issuance of special assessment bonds in anticipation of the collection of special assessments and the advancement of the amount necessary to pay such bonds, and to provide for reimbursement for such advances by reassessment if necessary; to authorize the collection of fees for certain emergency services in townships and other municipalities; to authorize the creation of administrative boards and to prescribe their powers and duties; to provide for the appointment of traffic officers and to prescribe their powers and duties; and to repeal certain acts and parts of acts,” by amending section 1 (MCL 41.801), as amended by 1998 PA 545.

The People of the State of Michigan enact:

41.801 Purchase of police and fire motor vehicles, apparatus, equipment, and housing; appropriation; special assessment; bonds; election; estimate of cost and expenses; special assessment district; hearing; publication or posting of notice; distribution of special assessment levy; transfer or loan of money from general fund; repayment; exercise of powers; assessment after December 31, 1998; “taxable value” defined; finding of invalid assessment; bonds subject to revised municipal finance act.

Sec. 1. (1) The township board of a township, or the township boards of adjoining townships acting jointly, whether or not the townships are located in the same county, may purchase police and fire motor vehicles, apparatus, equipment, and housing and for that purpose may provide by resolution for the appropriation of general or contingent funds. Before January 1, 1999, the appropriation for fire motor vehicles, apparatus, equipment, and housing in a 1-year period shall not exceed 10 mills of the assessed valuation of the area in their respective townships for which fire protection is to be furnished. After December 31, 1998, the appropriation for fire motor vehicles, apparatus, equipment, and housing in a 1-year period shall not exceed 10 mills of the taxable value of the area in their respective townships for which fire protection is to be furnished. Before January 1, 1999, the appropriation for police motor vehicles, apparatus, equipment, and housing in a 1-year period shall not exceed 10 mills of the assessed valuation of the area in their respective townships for which police protection is to be furnished. After December 31, 1998, the appropriation for police motor vehicles, apparatus, equipment, and

housing in a 1-year period shall not exceed 10 mills of the taxable value of the area in their respective townships for which police protection is to be furnished.

(2) The township board of a township, or the township boards of adjoining townships acting jointly, whether or not the townships are located in the same county, may provide annually by resolution for the appropriation of general or contingent funds for maintenance and operation of police and fire departments.

(3) The township board, or the township boards of adjoining townships acting jointly, may provide that the sums prescribed in subsection (2) for purchasing and housing equipment, for the operation of the equipment, or both, may be defrayed by special assessment on the lands and premises in the township or townships to be benefited, except, beginning in 2002, lands and premises exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, and may issue bonds in anticipation of the collection of these special assessments. The question of raising money by special assessment may be submitted to the electors of the township or townships by the township board, or township boards acting jointly, at a general election or special election called for that purpose by the township board or township boards. The question of raising money by special assessment shall be submitted by the township board, or township boards acting jointly, if in the affected township, or in each of the affected townships, the owners of 10% of the land to be made into a special assessment district petition the township board or boards.

(4) If a special assessment district is proposed under subsection (3), the township board, or township boards acting jointly, shall estimate the cost and expenses of the police and fire motor vehicles, apparatus, equipment, and housing and police and fire protection, and fix a day for a hearing on the estimate and on the question of creating a special assessment district and defraying the expenses of the special assessment district by special assessment on the property to be especially benefited, except, beginning in 2002, property exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. The hearing shall be a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. In addition, the township board, or township boards acting jointly, shall publish in a newspaper of general circulation in the proposed district a notice stating the time, place, and purpose of the meeting. If there is not a newspaper of general circulation in the proposed district, notices shall be posted in not less than 3 of the most public places in the proposed district. This notice shall be published or posted not less than 5 days before the hearing. On the day appointed for the hearing, the township board, or township boards acting jointly, shall be in session to hear objections that may be offered against the estimate and the creation of the special assessment district. Before January 1, 1999, if the township board, or township boards acting jointly, determine to create a special assessment district, they shall determine the boundaries by resolution, determine the amount of the special assessment levy, and direct the supervisor or supervisors to spread the assessment levy on all of the lands and premises in the district that are to be especially benefited by the police and fire protection, according to benefits received, except, beginning in 2002, lands and premises exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, to defray the expenses of police and fire protection. After December 31, 1998, if the township board, or township boards acting jointly, determine to create a special assessment district, they shall determine the boundaries by resolution, determine the amount of the special assessment levy, and direct the supervisor or supervisors to spread the assessment levy on the taxable value of all of the lands and premises in the district that are to be especially

benefited by the police and fire protection, according to benefits received, except, beginning in 2002, lands and premises exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, to defray the expenses of police and fire protection. The township board, or township boards acting jointly, shall hold a hearing on objections to the distribution of the special assessment levy. This hearing shall be held in the same manner and with the same notice as provided in this section. The township board, or township boards acting jointly, shall annually determine the amount to be assessed in the district for police and fire protection, shall direct the supervisor or supervisors to distribute the special assessment levy, and shall hold a hearing on the estimated costs and expenses of police and fire protection and on the distribution of the levy. The assessment may be made either in a special assessment roll or in a column provided in the regular tax roll. The assessment shall be distributed and shall become due and be collected at the same time as other township taxes are assessed, levied, and collected, and shall be returned in the same manner for nonpayment. If a township has a July property tax levy, not more than 2 mills of the assessment may be collected at the same time and in the same manner as the July levy. If the collections received from the special assessment levied to defray the cost or portion intended to be defrayed for police and fire protection are, at any time, insufficient to meet the obligations or expenses incurred for the maintenance and operation of the police and fire departments, the township board of the township, or township boards acting jointly, may, by resolution, authorize the transfer or loan of sufficient money from the general fund of the township or townships, to the special assessment police and fire department fund. This money shall be repaid to the general fund of the township or townships out of special assessment funds when collected.

(5) The powers granted by this act with respect to police and fire protection may be exercised with respect to police protection alone, fire protection alone, or police and fire protection in combination.

(6) After December 31, 1998, an ad valorem special assessment levied under this act shall be levied on the taxable value of the property assessed.

(7) As used in this section, “taxable value” means that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(8) If the levy of an ad valorem special assessment on the property’s taxable value is found to be invalid by a court of competent jurisdiction, the levy of the ad valorem special assessment shall be levied on the property’s state equalized value.

(9) Bonds issued under this act are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

This act is ordered to take immediate effect.

Approved July 13, 2002.

Filed with Secretary of State July 15, 2002.

[No. 502]

(SB 1359)

AN ACT to amend 1953 PA 232, entitled “An act to revise, consolidate, and codify the laws relating to probationers and probation officers, to pardons, reprieves, commutations, and paroles, to the administration of correctional institutions, correctional farms, and

probation recovery camps, to prisoner labor and correctional industries, and to the supervision and inspection of local jails and houses of correction; to provide for the siting of correctional facilities; to create a state department of corrections, and to prescribe its powers and duties; to provide for the transfer to and vesting in said department of powers and duties vested by law in certain other state boards, commissions, and officers, and to abolish certain boards, commissions, and offices the powers and duties of which are transferred by this act; to allow for the operation of certain facilities by private entities; to prescribe the powers and duties of certain other state departments and agencies; to provide for the creation of a local lockup advisory board; to prescribe penalties for the violation of the provisions of this act; to make certain appropriations; to repeal certain parts of this act on specific dates; and to repeal all acts and parts of acts inconsistent with the provisions of this act," by amending sections 25a and 36a (MCL 791.225a and 791.236a), section 25a as added by 1993 PA 184 and section 36a as amended by 1993 PA 346.

The People of the State of Michigan enact:

791.225a Supervision fees; collection; records; payment; waiver; determination; allocation of money collected for other obligations; administrative costs; enhanced services; unpaid amounts.

Sec. 25a. (1) The department shall collect supervision fees ordered under section 13(2) of chapter II or section 1 or 3c of chapter XI of the code of criminal procedure, 1927 PA 175, MCL 762.13, 771.1, and 771.3c. The department shall maintain records of supervision fees ordered by the court, including records of payment by persons subject to supervision fees and any amounts of supervision fees past due and owing.

(2) A supervision fee is payable when the order of delayed sentence or order of probation is entered, unless the court allows a person who is subject to a supervision fee to pay the fee in monthly installments.

(3) The department shall waive any applicable supervision fee for a person who is transferred to another state under the interstate compact entered into pursuant to 1935 PA 89, MCL 798.101 to 798.103, or the interstate compact entered into pursuant to 2002 PA 40, MCL 3.1011 to 3.1012, for the months during which he or she is in another state. The department shall collect a supervision fee of not more than \$135.00 per month for each month of supervision in this state for an offender transferred to this state under an interstate compact. In determining the amount of the fee, the department shall consider the offender's projected income and financial resources. The department shall use the following table of projected monthly income in determining the amount of the fee:

<u>Projected Monthly Income</u>	<u>Amount of Fee</u>
\$ 0-249.99	\$ 0.00
\$ 250.00-499.99	\$10.00
\$ 500.00-749.99	\$25.00
\$ 750.00-999.99	\$40.00
\$ 1,000.00 or more	5% of monthly income, but not more than \$135.00

The department may collect a higher amount than indicated by the table, up to the maximum of \$135.00 for each month of supervision in this state, if the department determines that the offender has sufficient assets or other financial resources to warrant the higher amount. If the department collects a higher amount, the amount and the reasons for collecting that amount shall be stated in the department records.

(4) If a person who is subject to a supervision fee is also subject to any combination of fines, costs, restitution orders, assessments, or payments arising out of the same criminal proceeding, the allocation of money collected for those obligations shall be as otherwise provided in the code of criminal procedure, 1927 PA 175, MCL 760.1 to 777.69.

(5) Twenty percent of the money collected by the department under this section shall be allocated for administrative costs incurred by the department in collecting supervision fees and for enhanced services, as described in this subsection. Enhanced services include, but are not limited to, the purchase of services for offenders such as counseling, employment training, employment placement, or education; public transportation expenses related to training, counseling, or employment; enhancement of staff performance through specialized training and equipment purchase; and purchase of items for offender employment. The department shall develop priorities for expending the money for enhanced services in consultation with circuit judges in this state. At the end of each fiscal year, the unexpended balance of the money allocated for administrative costs and enhanced services shall be available for carryforward to be used for the purposes described in this subsection in subsequent fiscal years.

(6) If a person has not paid the full amount of a supervision fee upon being discharged from probation, or upon termination of the period of delayed sentence for a person subject to delayed sentence, the department shall review and compare the actual income of the person during the period of probation or delayed sentence with the income amount projected when the supervision fee was ordered. If the department determines that the person's actual income did not equal or exceed the projected income, the department shall waive any unpaid amount in excess of the total amount that the person would have been ordered to pay if the person's income had been accurately projected, unless the court order states that a higher amount was ordered due to available assets or other financial resources. Any unpaid amounts not waived by the department shall be reported to the department of treasury. The department of treasury shall attempt to collect the unpaid balances pursuant to section 30a of 1941 PA 122, MCL 205.30a. Money collected under this subsection shall not be allocated for the purposes described in subsection (5).

791.236a Collection of supervision fee by parole board; limitation; payment; determination of amount; allocation of money collected for other obligations; waiver of fee; determination and collection of fee for offender transferred to state under interstate compact; administrative costs; unpaid amounts.

Sec. 36a. (1) The parole board shall include in each order of parole that the department of corrections shall collect a parole supervision fee of not more than \$135.00 multiplied by the number of months of parole ordered, but not more than 60 months. The fee is payable when the parole order is entered, but the fee may be paid in monthly installments if the parole board approves installment payments for that parolee. In determining the amount of the fee, the parole board shall consider the parolee's projected income and financial resources. The parole board shall use the following table of projected monthly income in determining the amount of the fee to be ordered:

<u>Projected Monthly Income</u>	<u>Amount of Fee</u>
\$ 0-249.99	\$ 0.00
\$ 250.00-499.99	\$10.00
\$ 500.00-749.99	\$25.00
\$ 750.00-999.99	\$40.00
\$ 1,000.00 or more	5% of monthly income, but not more than \$135.00

The parole board may order a higher amount than indicated by the table, up to the maximum of \$135.00 multiplied by the number of months of parole ordered but not more than 60 months, if the parole board determines that the parolee has sufficient assets or other financial resources to warrant the higher amount. If the parole board orders a higher amount, the amount and the reasons for ordering that amount shall be stated in the parole order.

(2) If a person who is subject to a supervision fee is also subject to any combination of fines, costs, restitution, assessments, or payments arising out of the same criminal proceeding, the allocation of money collected for those obligations shall be as provided in section 22 of chapter XV of the code of criminal procedure, 1927 PA 175, MCL 775.22.

(3) A person shall not be subject to more than 1 parole supervision fee at the same time. If a parole supervision fee is ordered for a parolee for any month or months during which that parolee already is subject to a parole supervision fee, the department shall waive the fee having the shorter remaining duration.

(4) The department shall waive the parole supervision fee for a parolee who is transferred to another state under the interstate compact entered into pursuant to 1935 PA 89, MCL 798.101 to 798.103, or the interstate compact entered into pursuant to 2002 PA 40, MCL 3.1011 to 3.1012, for the months during which he or she is in another state. The department shall collect a parole supervision fee of not more than \$135.00 per month for each month of parole supervision in this state for an offender transferred to this state under an interstate compact. In determining the amount of the fee, the department shall consider the parolee's projected income and financial resources. The department shall use the following table of projected monthly income in determining the amount of the fee:

<u>Projected Monthly Income</u>	<u>Amount of Fee</u>
\$ 0-249.99	\$ 0.00
\$ 250.00-499.99	\$10.00
\$ 500.00-749.99	\$25.00
\$ 750.00-999.99	\$40.00
\$ 1,000.00 or more	5% of monthly income, but not more than \$135.00

The department may collect a higher amount than indicated by the table, up to the maximum of \$135.00 for each month of parole supervision in this state, if the department determines that the parolee has sufficient assets or other financial resources to warrant the higher amount. If the department collects a higher amount, the amount and the reasons for collecting that amount shall be stated in the department records.

(5) Twenty percent of the money collected by the department under this section shall be allocated for administrative costs incurred by the department in collecting parole supervision fees and for enhanced services, as described in this subsection. Enhanced services include, but are not limited to, the purchase of services for parolees such as counseling, employment training, employment placement, or education; public transportation expenses related to training, counseling, or employment; enhancement of staff performance through specialized training and equipment purchase; and purchase of items for parolee employment. At the end of each fiscal year, the unexpended balance of the money allocated for administrative costs and enhanced services shall be available for carry-forward to be used for the purposes described in this subsection in subsequent fiscal years.

(6) If a parolee has not paid the full amount of the parole supervision fee upon being discharged from parole, the department shall review and compare the actual income of the person during the period of parole with the income amount projected when the parole supervision fee was ordered. If the department determines that the parolee's actual

income did not equal or exceed the projected income, the department shall waive any unpaid amount in excess of the total amount that the parolee would have been ordered to pay if the parolee's income had been accurately projected, unless the parole order states that a higher amount was ordered due to available assets or other financial resources. Any unpaid amounts not waived by the department shall be reported to the department of treasury. The department of treasury shall attempt to collect the unpaid balances pursuant to section 30a of 1941 PA 122, MCL 205.30a. Money collected under this subsection shall not be allocated for the purposes described in subsection (5).

This act is ordered to take immediate effect.

Approved July 15, 2002.

Filed with Secretary of State July 16, 2002.

[No. 503]

(HB 5248)

AN ACT to amend 1993 PA 327, entitled "An act to provide for a tax upon the sale and distribution of tobacco products; to regulate and license manufacturers, wholesalers, secondary wholesalers, vending machine operators, unclassified acquirers, transportation companies, transporters, and retailers of tobacco products; to prescribe the powers and duties of the revenue division and the department of treasury in regard to tobacco products; to provide for the administration, collection, and disposition of the tax; to provide for the enforcement of this act; to provide for the appointment of special investigators as peace officers for the enforcement of this act; to prescribe penalties and provide remedies for the violation of this act; and to repeal acts and parts of acts," by amending sections 7 and 12 (MCL 205.427 and 205.432), as amended by 1997 PA 187, and by adding section 6c.

The People of the State of Michigan enact:

205.426c Acquisition of cigarettes from nonparticipating manufacturer.

Sec. 6c. (1) A nonparticipating manufacturer shall by April 30 of each year certify to the department that it is not a participant in the master settlement agreement and that it has performed its obligation to establish a qualified escrow account and deposited funds into that account under 1999 PA 244, MCL 445.2051 to 445.2052.

(2) The certification of compliance shall be on a form prescribed by the department, shall contain all of the information requested on the form, and shall include a list of all brand names of cigarettes sold by the nonparticipating manufacturer for consumption in this state during the calendar year immediately preceding the certification date.

(3) A nonparticipating manufacturer shall provide a copy of the certification of compliance to the attorney general and any wholesaler, unclassified acquirer, or other person to whom the nonparticipating manufacturer makes a sale of its cigarettes for subsequent sale in this state.

(4) A wholesaler, unclassified acquirer, or other person who is provided with a certification of compliance under this section shall retain the certification of compliance for not less than 4 years from the date the certification of compliance was received.

(5) A wholesaler or unclassified acquirer shall report to the department all cigarettes that it acquires that were manufactured by a nonparticipating manufacturer. A wholesaler or unclassified acquirer that has not voluntarily submitted annual reports described in this subsection for periods beginning December 28, 1999 shall file those reports with the department within 60 days of the effective date of the amendatory act that added this section. The report shall be on a form prescribed by the department and attached to the return required under section 7. A wholesaler or unclassified acquirer that has not acquired any cigarettes from a nonparticipating manufacturer shall file the report with the return required under section 7 stating that it has not purchased, acquired, exported, or returned cigarettes related to a nonparticipating manufacturer. The information contained in this report is for the purposes of enforcing 1999 PA 244, MCL 445.2051 to 445.2052, and does not constitute information obtained in connection with the administration of a tax under section 28(1)(f) of 1941 PA 122, MCL 205.28. A wholesaler or unclassified acquirer shall retain a copy of the report for not less than 4 years from the date the report was filed with the department. If a wholesaler or unclassified acquirer does not file a report or knowingly files an incomplete or inaccurate report under this subsection, the department may do 1 or more of the following:

(a) Assess a penalty under this section.

(b) Prohibit the wholesaler or unclassified acquirer from obtaining cigarette stamps from the department until a complete and accurate report is filed.

(c) Revoke the wholesaler's or unclassified acquirer's license under section 5, only after conducting a hearing.

(6) A nonparticipating manufacturer that has not provided the certification of compliance required by this section shall not make a sale of cigarettes in this state or a sale within or outside this state to any person for sale, distribution, or consumption in this state.

(7) A person shall not purchase, acquire, possess, or sell cigarettes acquired from or manufactured by a nonparticipating manufacturer that has not provided the certification of compliance to the department as required under this section and that has not provided the person with a copy of the certification of compliance if required to do so under subsection (3).

(8) The department shall maintain and regularly update a list of participating manufacturers and nonparticipating manufacturers that have provided the certification of compliance required under this section. The department shall publish the list on its website and provide a copy of the list to a person upon request.

(9) If a wholesaler or unclassified acquirer receives a certification of compliance from a nonparticipating manufacturer that is not included in the list maintained by the department, the wholesaler or unclassified acquirer shall within 10 business days after receiving the certification of compliance provide a copy of the certification of compliance and the name and address of the nonparticipating manufacturer to the department.

(10) Thirty days after the department posts on its website and provides wholesalers and unclassified acquirers a notice of a second or subsequent knowing violation of a provision of 1999 PA 244, MCL 445.2051 to 445.2052, or a notice of a judgment the department has against a nonparticipating manufacturer, the department may seize or confiscate from any person any cigarettes in that person's possession that were acquired from or manufactured by that nonparticipating manufacturer. Beginning May 1, 2003, the department may seize or confiscate from any person any cigarettes in that person's possession that were acquired from or manufactured by a nonparticipating manufacturer if that nonparticipating manufacturer has not provided the certification required by this

section. Seizure, confiscation, forfeiture, and sale of cigarettes under this section shall be accomplished under section 9.

(11) The department may impose on any person a civil fine not to exceed \$1,000.00 for each violation of this section. The civil fine is in addition to all other fines or penalties imposed by this act or 1941 PA 122, MCL 205.1 to 205.31.

(12) As used in this section:

(a) "Cigarette" means that term as defined in 1999 PA 244, MCL 445.2051 to 445.2052.

(b) "Nonparticipating manufacturer" means a manufacturer of cigarettes that is not a participating manufacturer as that term is defined in 1999 PA 244, MCL 445.2051 to 445.2052. Nonparticipating manufacturer also includes the first purchaser of cigarettes manufactured outside the United States for resale in the United States.

205.427 Levy of tax on sale of tobacco products; filing return; payment of tax; inventory; importation or acquisition of tobacco product; tax abatement or refund; reimbursement by adding to price of tobacco product; sale or transfer of unaffixed stamps by wholesaler or unclassified acquirer; prohibition; return or exchange of unaffixed stamps; inspection; reports.

Sec. 7. (1) Beginning May 1, 1994, a tax is levied on the sale of tobacco products sold in this state as follows:

(a) Through July 31, 2002, for cigars, noncigarette smoking tobacco, and smokeless tobacco, 16% of the wholesale price.

(b) For cigarettes, 37.5 mills per cigarette.

(c) Beginning August 1, 2002, for cigarettes, in addition to the tax levied in subdivision (b), an additional 15 mills per cigarette.

(d) Beginning August 1, 2002, for cigarettes, in addition to the tax levied in subdivisions (b) and (c), an additional 10 mills per cigarette.

(e) Beginning August 1, 2002, for cigars, noncigarette smoking tobacco, and smokeless tobacco, 20% of the wholesale price.

(2) On or before the twentieth day of each calendar month, every licensee under section 3 other than a retailer, secondary wholesaler, unclassified acquirer licensed as a manufacturer, or vending machine operator shall file a return with the department stating the wholesale price of each tobacco product other than cigarettes purchased, the quantity of cigarettes purchased, the wholesale price charged for all tobacco products other than cigarettes sold, the number of individual packages of cigarettes and the number of cigarettes in those individual packages, and the number and denominations of stamps affixed to individual packages of cigarettes sold by the licensee for each place of business in the preceding calendar month. The return shall also include the number and denomination of unaffixed stamps in the possession of the licensee at the end of the preceding calendar month. Wholesalers shall also report accurate inventories of cigarettes, both stamped and unstamped at the end of the preceding calendar month. Wholesalers and unclassified acquirers shall also report accurate inventories of affixed and unaffixed stamps by denomination at the beginning and end of each calendar month and all stamps acquired during the preceding calendar month. The return shall be signed under penalty of perjury. The return shall be on a form prescribed by the department and shall contain or be accompanied by any further information the department requires.

(3) To cover the cost of expenses incurred in the administration of this act, at the time of the filing of the return, the licensee shall pay to the department the tax levied in

subsection (1) for tobacco products sold during the calendar month covered by the return, less compensation equal to both of the following:

(a) One percent of the total amount of the tax due on tobacco products sold other than cigarettes.

(b) Through July 31, 2002, 1.25% of the total amount of the tax due on cigarettes sold.

(c) Beginning August 1, 2002, 1.5% of the total amount of the tax due on cigarettes sold.

(4) Every licensee and retailer who, on August 1, 2002, has on hand for sale any cigarettes upon which a tax has been paid pursuant to subsection (1)(b) shall file a complete inventory of those cigarettes before September 1, 2002 and shall pay to the department at the time of filing this inventory a tax equal to the difference between the tax imposed in subsection (1)(b), (c), and (d) and the tax that has been paid under subsection (1)(b). Every licensee and retailer who, on August 1, 2002, has on hand for sale any cigars, noncigarette smoking tobacco, or smokeless tobacco upon which a tax has been paid pursuant to subsection (1)(a) shall file a complete inventory of those cigars, noncigarette smoking tobacco, and smokeless tobacco before September 1, 2002 and shall pay to the department at the time of filing this inventory a tax equal to the difference between the tax imposed in subsection (1)(e) and the tax that has been paid under subsection (1)(a).

(5) The department may require the payment of the tax imposed by this act upon the importation or acquisition of a tobacco product. A tobacco product for which the tax under this act has once been imposed and that has not been refunded if paid is not subject upon a subsequent sale to the tax imposed by this act.

(6) An abatement or refund of the tax provided by this act may be made by the department for causes the department considers expedient. The department shall certify the amount and the state treasurer shall pay that amount out of the proceeds of the tax.

(7) A person liable for the tax may reimburse itself by adding to the price of the tobacco products an amount equal to the tax levied under this act.

(8) A wholesaler, unclassified acquirer, or other person shall not sell or transfer any unaffixed stamps acquired by the wholesaler or unclassified acquirer from the department. A wholesaler or unclassified acquirer who has any unaffixed stamps on hand at the time its license is revoked or expires, or at the time it discontinues the business of selling cigarettes, shall return those stamps to the department. The department shall refund the value of the stamps, less the appropriate discount paid.

(9) If the wholesaler or unclassified acquirer has unsalable packs returned from a retailer, secondary wholesaler, vending machine operator, wholesaler, or unclassified acquirer with stamps affixed, the department shall refund the amount of the tax less the appropriate discount paid. If the wholesaler or unclassified acquirer has unaffixed unsalable stamps, the department shall exchange with the wholesaler or unclassified acquirer new stamps in the same quantity as the unaffixed unsalable stamps. An application for refund of the tax shall be filed on a form prescribed by the department for that purpose, within 4 years from the date the stamps were originally acquired from the department. A wholesaler or unclassified acquirer shall make available for inspection by the department the unused or spoiled stamps and the stamps affixed to unsalable individual packages of cigarettes. The department may, at its own discretion, witness and certify the destruction of the unused or spoiled stamps and unsalable individual packages of cigarettes that are not returnable to the manufacturer. The wholesaler or unclassified acquirer shall provide certification from the manufacturer for any unsalable individual packages of cigarettes that are returned to the manufacturer.

(10) On or before the twentieth of each month, each manufacturer shall file a report with the department listing all sales of tobacco products to wholesalers and unclassified acquirers during the preceding calendar month and any other information the department finds necessary for the administration of this act. This report shall be in the form and manner specified by the department.

(11) Each wholesaler or unclassified acquirer shall submit to the department an unstamped cigarette sales report on or before the twentieth day of each month covering the sale, delivery, or distribution of unstamped cigarettes during the preceding calendar month to points outside of Michigan. A separate schedule shall be filed for each state, country, or province into which shipments are made. For purposes of the report described in this subsection, “unstamped cigarettes” means individual packages of cigarettes that do not bear a Michigan stamp. The department may provide the information contained in this report to a proper officer of another state, country, or province reciprocating in this privilege.

205.432 Disposition of proceeds from taxes, fees, and penalties.

Sec. 12. (1) The proceeds derived from the payment of taxes, fees, and penalties provided for under this act and the license fees received by the department shall be deposited with the state treasurer and disbursed only as provided in this section.

(2) The tax imposed under section 7(1)(a) shall be disbursed as follows:

(a) 94% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(b) 6% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953.

(3) The tax imposed on cigarettes under section 7(1)(b) shall be disbursed as follows:

(a) Beginning May 1, 1994, 5.3% of the proceeds shall be credited to the health and safety fund created in the health and safety fund act, 1987 PA 264, MCL 141.471 to 141.479.

(b) 25.3% of the proceeds shall be credited to the general fund of this state.

(c) 63.4% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(d) 6% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953.

(4) Beginning August 1, 2002, the tax imposed on cigarettes under section 7(1)(c) shall be disbursed as follows:

(a) 74.2% of the proceeds shall be credited to the general fund of this state. However, beginning October 1, 2004 and through September 30, 2007, the proceeds described in this subdivision shall be credited to the countercyclical budget and economic stabilization fund created under section 351 of the management and budget act, 1984 PA 431, MCL 18.1351.

(b) 4.6% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(c) 6.0% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953.

(d) 3.0% of the proceeds shall be paid to counties with a 2000 population of more than 2,000,000, to be used only for indigent health care.

(e) 12.2% of the proceeds shall be credited to the medicaid benefits trust fund created under section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(5) Beginning August 1, 2002, the tax imposed under section 7(1)(e) shall be disbursed as follows:

(a) 75.6% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(b) 6.0% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953.

(c) 18.4% of the proceeds shall be credited to the general fund of this state. However, beginning October 1, 2004 and through September 30, 2007, the proceeds described in this subdivision shall be credited to the countercyclical budget and economic stabilization fund created under section 351 of the management and budget act, 1984 PA 431, MCL 18.1351.

(6) Beginning August 1, 2002, the tax imposed on cigarettes under section 7(1)(d) shall be disbursed as follows:

(a) 94.0% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(b) 6.0% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953.

(7) The proceeds of the fees and penalties provided for in this act shall be used for the administration of this act.

This act is ordered to take immediate effect.

Approved July 18, 2002.

Filed with Secretary of State July 18, 2002.

[No. 504]

(HB 5883)

AN ACT to amend 1984 PA 431, entitled "An act to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts," by amending sections 237, 353c, and 358 (MCL 18.1237, 18.1353c, and 18.1358), section 237 as amended by 1999 PA 8, section 353c

as amended by 2001 PA 161, and section 358 as amended by 2000 PA 189, and by adding section 237b.

The People of the State of Michigan enact:

18.1237 Acquisition, construction, lease purchase, improvement, or demolition of facilities; studies, designs, plans, specifications, and contract documents; employment and duties of architects and professional engineers; quality control; independent testing services; final approval; review by attorney general.

Sec. 237. (1) For state agency capital outlay projects or facilities, the department is responsible for development, oversight, review, and approval of program statements, studies, designs, plans, management, specifications, contract documents, construction management, and construction, relative to the acquisition, construction, lease purchase, improvement, demolition, or other capital outlay projects for state agencies for which an appropriation or other authorization has been made.

(2) The department shall approve the award, selection, and employment of architects, professional engineers, construction managers, and other design or construction professional services contractors, subject to section 237b and rules of the department of civil service, to do all of the following:

(a) Prepare program statements, studies, designs, plans, and specifications for the construction of, repairing of, making additions to, remodeling or demolition of, lease purchase of, or acquisition of state facilities.

(b) Administer construction work, including resident inspectors, on-site management, and supervision of construction projects.

(3) The department may obtain independent testing services to provide quality control of work performed on facilities.

(4) Prior to state building authority financing, the department shall provide final approval of the capital outlay project to ensure compliance with the authorized program, plans, and specifications.

(5) The attorney general shall review all standard lease and lease purchase agreement formats and approve any exceptions to the standard formats and may assess a fee for legal services pursuant to an agreement with the department.

18.1237b Architects, professional engineers, professional surveyors, and qualified firms; selection.

Sec. 237b. The selection of architects, professional engineers, professional surveyors, and qualified firms shall be made in accordance with competitive, qualifications-based selection processes and procedures for the type of professional service required by the department.

18.1353c Appropriation of amounts to pay certain court settlements and purchase certain mineral rights.

Sec. 353c. (1) For the fiscal year ending September 30, 1995 only, there is appropriated from the fund to the general fund the sum of \$59,500,000.00 to be used to pay the court settlement amount for the department of natural resources in the matter of Miller Brothers, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CM).

(2) For the fiscal year ending September 30, 1995 only, there is appropriated from the fund to the general fund the sum of \$875,000.00 to be used to pay the court settlement

liquidated damages for the department of natural resources in the matter of Miller Brothers, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CM).

(3) For the fiscal year ending September 30, 1995 only, there is appropriated from the fund to the general fund the sum of \$30,000,000.00 to be used to pay the court settlement and purchase mineral rights for the department of natural resources in the matter of Carnagel Oil Associates, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CC).

(4) For the fiscal year ending September 30, 1995 only, there is appropriated to the department of natural resources from the general fund \$59,500,000.00. This appropriation may only be used to pay the court settlement associated with the matter of Miller Brothers, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CM).

(5) For the fiscal year ending September 30, 1995 only, there is appropriated to the department of natural resources from the general fund \$875,000.00. This appropriation may only be used to pay the court settlement liquidated damages associated with the matter of Miller Brothers, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CM).

(6) For the fiscal year ending September 30, 1995 only, there is appropriated to the department of natural resources from the general fund \$30,000,000.00. This appropriation may only be used to pay the court settlement and purchase mineral rights associated with the matter of Carnagel Oil Associates, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CC). The payment authorized under this subsection shall be made on or before November 30, 1995.

(7) It is the intent of the legislature that money appropriated from the fund to pay the court settlement and liquidated damages associated with the matter of Miller Brothers, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CM) be repaid to the fund from the Michigan strategic fund created in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2093.

(8) It is the intent of the legislature that money appropriated from the fund to pay the court settlement and purchase mineral rights associated with the matter of Carnagel Oil Associates, et al v State of Michigan, et al (Court of Claims docket no. 88-11848-CC) be repaid to the fund from the Michigan strategic fund created in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2093.

(9) Following November 13, 1995, if the recipient of the \$59,500,000.00 appropriation pursuant to subsections (1) and (4) obtains, by lease, purchase, or otherwise, the mineral rights for the real property that was the subject of the court settlement referenced in this section, the state shall seek repayment of that portion of the \$59,500,000.00 settlement that was not attributed to the cost of the initial lease or to lawfully accrued interest.

(10) For the fiscal year ending September 30, 2001 only, there is appropriated from the fund to the general fund the sum of \$77,000,000.00.

(11) For the fiscal year ending September 30, 2001 only, the state budget director, before the final accounting of state revenues and expenditures is completed, shall calculate the amount of funds that will be necessary to ensure a zero balance in the general fund/general purpose state budget at bookclosing. This calculation shall be made excluding any net general fund/general purpose appropriation lapses that occur when the final accounting of state expenditures is completed. For purposes of this calculation, the closure or reduction of prior year work projects shall not be considered appropriation lapses. The state budget director shall provide a report to the house and senate appropriations committees and the house and senate fiscal agencies of this calculation as soon as it is

completed. Based on this calculation, there is appropriated from the fund to the general fund the amount calculated by the state budget director, not to exceed \$200,000,000.00.

(12) For the fiscal year ending September 30, 2002 only, there is appropriated from the fund to the general fund the sum of \$335,000,000.00.

(13) In addition to subsection (12), for the fiscal year ending September 30, 2002 only, there is appropriated from the fund to the school aid fund the sum of \$350,000,000.00.

(14) For the fiscal year ending September 30, 2002 only, the state budget director, before the final accounting of state revenues and expenditures is completed, shall calculate the amount of funds that will be necessary to ensure a zero balance in the general fund state budget at bookclosing. This calculation shall be made excluding \$114,500,000.00. The state budget director shall provide a report to the house and senate appropriations committees and the house and senate fiscal agencies of this calculation as soon as it is completed. Based on this calculation, there is appropriated from the fund to the general fund the amount calculated by the state budget director.

(15) For the fiscal year ending September 30, 2003 only, there is appropriated from the fund to the general fund the sum of \$207,000,000.00.

18.1358 Emergency appropriation from fund; conditions; amounts.

Sec. 358. (1) Except as otherwise provided in this section, the legislature may make an emergency appropriation from the fund subject to all of the following conditions:

(a) The maximum appropriation from the fund for budget stabilization as provided in section 352(2) has already been made for the current fiscal year.

(b) The legislature has approved the emergency appropriations bill by a 2/3 majority vote of the members elected to and serving in each house.

(c) The emergency appropriations bill becomes law.

(2) The additional transfer from the fund may be made only for the current fiscal year.

(3) For the fiscal year ending September 30, 2001, the fiscal year ending September 30, 2002 and for each fiscal year beginning with the fiscal year ending September 30, 2004 and ending with the fiscal year ending September 30, 2016, there is appropriated and transferred from the fund to the state trunk line fund established under section 11 of 1951 PA 51, MCL 247.661, the sum of \$35,000,000.00.

(4) For the fiscal year ending September 30, 2000, there is appropriated and transferred from the fund to the state trunk line fund established under section 11 of 1951 PA 51, MCL 247.661, the sum of \$37,100,000.00.

(5) For the fiscal year ending September 30, 2000, an amount equal to the unreserved general fund/general purpose balance transferred to the fund for the fiscal year ending September 30, 2000, but not to exceed \$62,900,000.00, is appropriated and transferred from the fund to the state trunk line fund established under section 11 of 1951 PA 51, MCL 247.661.

This act is ordered to take immediate effect.

Approved July 19, 2002.

Filed with Secretary of State July 19, 2002.

[No. 505]**(HB 5860)**

AN ACT to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts,” by amending section 42a (MCL 211.42a), as amended by 1994 PA 415.

The People of the State of Michigan enact:

211.42a Use of computerized data base as tax roll; authorization; requirements; certification; computer terminal for public viewing; noncompliance; notice; failure to correct condition of noncompliance; withdrawal of approval; proceedings; rules.

Sec. 42a. (1) Subject to this section, a local tax collecting unit may use a computerized data base system as the tax roll if any of the following apply:

(a) The local unit obtains written authorization from the state tax commission.

(b) The treasurer of the county in which the local tax collecting unit is located obtains written authorization from the state tax commission for the use by the county treasurer or local tax collecting units within the county of an approved computerized data base system as the tax roll. This subdivision shall not be construed to prohibit a local tax collecting unit from seeking authorization from the state tax commission to use a computerized data base system developed by the local tax collecting unit.

(c) The state tax commission fails to authorize or deny within 120 days a written request from a county treasurer or a local tax collecting unit under this subsection to use a computerized data base system as the tax roll.

(2) The state tax commission shall authorize the use of a computerized data base system as the tax roll if the local tax collecting unit or the county treasurer demonstrates that the proposed system has the capacity to enable a local unit to comply and the local unit complies with all of the following requirements:

(a) An original precollection tax roll shall be printed from the computerized data base and warranted by the assessor. That printed precollection tax roll shall be maintained by the assessor until the expiration of the redemption period provided in section 78k following the entry of a judgment foreclosing property forfeited for delinquent taxes under section 78g, or the resolution of all pending appeals, whichever is later.

(b) A separate computer printout of all parcel splits and combinations, including sufficient information to document the accuracy of the splits or combinations, shall be prepared and maintained by the assessor until the expiration of the redemption period

provided in section 78k following the entry of a judgment foreclosing property forfeited for delinquent taxes under section 78g, or the resolution of all pending appeals, whichever is later.

(c) A separate computer printout of all corrections and adjustments to the precollection tax roll authorized by action of the board of review, state tax commission, or tax tribunal, including sufficient information to document the accuracy of all corrections and adjustments, shall be prepared and maintained by the assessor until the expiration of the redemption period provided in section 78k following the entry of a judgment foreclosing property forfeited for delinquent taxes under section 78g, or the resolution of all pending appeals, whichever is later.

(d) The local tax collecting treasurer and the assessor shall produce a final computer printed settlement tax roll to certify taxes collected to the county treasurer under section 55. The assessor shall certify that taxable values, state equalized valuations, adjusted valuations, and the spread of taxes and adjusted taxes are correctly recorded in the settlement tax roll. The local tax collecting treasurer shall certify delinquent taxes and certify that all tax collections are posted on the settlement tax roll. Those certifications and the settlement tax roll shall be transmitted to the county treasurer. The affidavit attached to the settlement tax roll shall include documentation that authorizes and reports all changes in the precollection tax roll.

(e) The treasurer of the local tax collecting unit shall prepare and maintain a journal of the collections totaled and reconciled to the amount of actual collections daily.

(f) A payment of the tax shall be posted to the computerized data base system using a transaction or receipt number with the date of payment. A posting on the computerized data base system is considered the entry of the fact and date of payment in an indelible manner on the tax roll as required by section 46(2).

(g) The computerized data base system has internal and external security procedures sufficient to assure the integrity of the system.

(h) The local tax collecting unit is capable of making available a posted computer printed tax roll.

(i) The computerized data base system is compatible with the system used by the county treasurer for the collection of delinquent taxes.

(3) Not later than May 1 of the third year following the year in which a local tax collecting unit begins using a computerized data base system as the tax roll after approval under subsection (1) and every 3 years thereafter, the local tax collecting unit shall certify to the state tax commission that the requirements of this section are being met.

(4) A county treasurer or local tax collecting unit that provides a computer terminal for public viewing of the tax roll is considered having the tax roll available for public inspection.

(5) If at any time the state treasurer or the state tax commission believes that a local tax collecting unit is no longer in compliance with subsection (2), the state treasurer or the state tax commission shall provide written notice to that local tax collecting unit. The notice shall specify the reasons that use of the computerized data base system as the original tax roll is no longer in compliance with subsection (2). The local tax collecting unit has not less than 60 days to provide evidence that the local tax collecting unit is in compliance with subsection (2) or that action to correct noncompliance has been implemented. If, after the expiration of 60 days, the state tax commission or the state treasurer believes that the local tax collecting unit is not taking satisfactory steps to correct a condition of noncompliance, the state tax commission upon its own motion may,

and upon the request of the state treasurer shall, withdraw approval of the use of the computerized data base system as the original tax roll. Proceedings of the state tax commission under this subsection shall be in accordance with rules for other proceedings of the commission promulgated under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, and shall not be considered a contested case.

This act is ordered to take immediate effect.

Approved July 19, 2002.

Filed with Secretary of State July 19, 2002.

[No. 506]

(SB 1358)

AN ACT to amend 1966 PA 189, entitled "An act to provide procedures for making complaints for, obtaining, executing and returning search warrants; and to repeal certain acts and parts of acts," by amending section 1 (MCL 780.651), as amended by 2002 PA 128.

The People of the State of Michigan enact:

780.651 Issuance of search warrant; requirements; making affidavit for search warrant or search warrant by electronic or electromagnetic means; proof; paper quality and durability standards; oath or affirmation administered by electronic or electromagnetic means; impression seal; nonpublic information; suppression order.

Sec. 1. (1) When an affidavit is made on oath to a magistrate authorized to issue warrants in criminal cases, and the affidavit establishes grounds for issuing a warrant pursuant to this act, the magistrate, if he or she is satisfied that there is probable cause for the search, shall issue a warrant to search the house, building, or other location or place where the property or thing to be searched for and seized is situated.

(2) An affidavit for a search warrant may be made by any electronic or electromagnetic means of communication if both of the following occur:

(a) The judge or district court magistrate orally administers the oath or affirmation to an applicant for a search warrant who submits an affidavit under this subsection.

(b) The affiant signs the affidavit. Proof that the affiant has signed the affidavit may consist of an electronically or electromagnetically transmitted facsimile of the signed affidavit.

(3) A judge may issue a written search warrant in person or by any electronic or electromagnetic means of communication. If a court order required pursuant to section 625a of the Michigan vehicle code, 1949 PA 300, MCL 257.625a, is issued as a search warrant, the written search warrant may be issued in person or by any electronic or electromagnetic means of communication by a judge or by a district court magistrate.

(4) The peace officer or department receiving an electronically or electromagnetically issued search warrant shall receive proof that the issuing judge or district court magistrate has signed the warrant before the warrant is executed. Proof that the issuing judge or district court magistrate has signed the warrant may consist of an electronically or electromagnetically transmitted facsimile of the signed warrant.

(5) The state court administrator shall establish paper quality and durability standards for warrants issued under this section.

(6) If an oath or affirmation is orally administered by electronic or electromagnetic means of communication under this section, the oath or affirmation is considered to be administered before the judge or district court magistrate.

(7) If an affidavit for a search warrant is submitted by electronic or electromagnetic means of communication, or a search warrant is issued by electronic or electromagnetic means of communication, the transmitted copies of the affidavit or search warrant are duplicate originals of the affidavit or search warrant and are not required to contain an impression made by an impression seal.

(8) Except as provided in subsection (9), an affidavit for a search warrant contained in any court file or court record retention system is nonpublic information.

(9) On the fifty-sixth day following the issuance of a search warrant, or on August 1, 2002, whichever is later, the search warrant affidavit contained in any court file or court record retention system is public information unless, before the fifty-sixth day after the search warrant is issued, or before August 1, 2002, whichever is later, a peace officer or prosecuting attorney obtains a suppression order from a magistrate upon a showing under oath that suppression of the affidavit is necessary to protect an ongoing investigation or the privacy or safety of a victim or witness. The suppression order may be obtained ex parte in the same manner that the search warrant was issued. An initial suppression order issued under this subsection expires on the fifty-sixth day after the order is issued. A second or subsequent suppression order may be obtained in the same manner as the initial suppression order and shall expire on a date specified in the order. This subsection and subsection (8) do not affect a person's right to obtain a copy of a search warrant affidavit from the prosecuting attorney or law enforcement agency under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

This act is ordered to take immediate effect.

Approved July 19, 2002.

Filed with Secretary of State July 19, 2002.

[No. 507]

(HB 4719)

AN ACT to amend 1978 PA 368, entitled "An act to protect and promote the public health; to codify, revise, consolidate, classify, and add to the laws relating to public health; to provide for the prevention and control of diseases and disabilities; to provide for the classification, administration, regulation, financing, and maintenance of personal, environmental, and other health services and activities; to create or continue, and prescribe the powers and duties of, departments, boards, commissions, councils, committees, task forces, and other agencies; to prescribe the powers and duties of governmental entities and officials; to regulate occupations, facilities, and agencies affecting the public health; to regulate health maintenance organizations and certain third party administrators and insurers; to provide for the imposition of a regulatory fee; to promote the efficient and economical delivery of health care services, to provide for the appropriate utilization of health care facilities and services, and to provide for the closure of hospitals or consolidation of hospitals or services; to provide for the collection and use of data and information; to provide for the transfer of property; to provide certain immunity from liability; to regulate and prohibit the sale and offering for sale of drug paraphernalia under certain

circumstances; to provide for the implementation of federal law; to provide for penalties and remedies; to provide for sanctions for violations of this act and local ordinances; to provide for an appropriation and supplements; to repeal certain acts and parts of acts; to repeal certain parts of this act; and to repeal certain parts of this act on specific dates,” by amending section 12541 (MCL 333.12541).

The People of the State of Michigan enact:

333.12541 Testing and evaluating quality of water at bathing beaches; purpose; posting sign; injunction; definitions.

Sec. 12541. (1) The local health officer or an authorized representative of the local health department having jurisdiction may test and otherwise evaluate the quality of water at bathing beaches to determine whether the water is safe for bathing purposes. However, the local health officer or authorized representative shall notify the city, village, or township in which the bathing beach is located prior to conducting the test or evaluation.

(2) If a local health officer or an authorized representative of a local health department conducts a test or evaluation of a bathing beach under subsection (1), within 36 hours of conducting the test or evaluation, he or she shall notify the department, the city, village, or township in which the bathing beach is located, and the owner of the bathing beach of the results of the test or evaluation.

(3) The owner of the bathing beach shall post at the main entrance to the bathing beach or other visible location a sign that states whether or not the bathing beach has been tested or evaluated under subsection (1) and, if the bathing beach has been tested, the location of where test results may be reviewed. Open stretches of beach or beaches at road ends that are not advertised or posted as public bathing beaches do not need to have signs posted.

(4) If a local health officer or authorized representative of the local health department conducts a test or evaluation under subsection (1) and, based upon the standards promulgated under section 12544, the health officer or the authorized representative determines that the water is unsafe for bathing, he or she may petition the circuit court of the county in which the bathing beach is located for an injunction ordering the person owning or operating the bathing beach to close the bathing beach for use by bathers or ordering other measures to keep persons from entering on the bathing beach. Upon receipt of a petition under this subsection, the court may grant an injunction if circumstances warrant it.

(5) As used in this section:

(a) “Bathing beach” means a beach or bathing area offered to the public for recreational bathing or swimming. It does not include a public swimming pool as defined in section 12521.

(b) “Department” means the department of environmental quality.

Approved July 19, 2002.

Filed with Secretary of State July 19, 2002.

[No. 508]

(HB 6066)

AN ACT to amend 2001 PA 63, entitled “An act to create a department of history, arts, and libraries; to provide for its administration; and to provide for its powers, duties, functions, and responsibilities,” by amending sections 2 and 21 (MCL 399.702 and 399.721) and by adding sections 7 and 22.

The People of the State of Michigan enact:

399.702 Definitions.

Sec. 2. As used in this act:

- (a) “Commission” means the Michigan film advisory commission created in section 22.
- (b) “Council” means the Michigan council for arts and cultural affairs established by Executive Order No. 1991-21.
- (c) “Department” means the department of history, arts, and libraries created in section 3.
- (d) “Director” means the director of the department.
- (e) “Office” means the Michigan film office created in section 21.
- (f) “Person” means an individual, partnership, corporation, association, governmental entity, or other legal entity.
- (g) “Type II transfer” means that term as it is defined in section 3 of the executive organization act of 1965, 1965 PA 380, MCL 16.103.

399.707 Agreements with other governmental entities; purpose.

Sec. 7. (1) The department may enter into cooperative agreements, contracts, or other agreements with 1 or more governmental entities to use the personnel, services, or facilities of the entity to assist with carrying out the duties, functions, and responsibilities of the department as provided in this act and as otherwise provided by law.

(2) The director may delegate his or her authority to execute an agreement authorized in subsection (1) to another officer or employee of the department under terms the director considers appropriate.

399.721 Michigan film office; creation; appointment of commissioner; duties of office.

Sec. 21. (1) The Michigan film office is created in the department and shall be headed by the Michigan film commissioner. The director shall appoint an individual to serve as the Michigan film commissioner.

(2) The office shall do all of the following:

- (a) Promote and market Michigan’s locations, talent, crews, facilities, and technical production and other services.
- (b) Provide to interested persons descriptive and pertinent information on locations, talent, crews, facilities, and technical production and other services.
- (c) Provide technical assistance to the film and television industry in locating and securing the use of locations, talent, crews, facilities, and services.
- (d) Encourage community and Michigan film and television production industry participation in, and coordination with, state efforts to attract film and television production in Michigan.
- (e) Serve as chief state liaison with the film and television production industry and with other governmental units and agencies for the purpose of promoting, encouraging, and facilitating film and television production in Michigan.

399.722 Michigan film advisory commission; creation; membership; chairperson; terms; vacancy; compensation; duties; meetings; compliance with open meetings act; writings subject to freedom of information act; exception; use of information for personal gain.

Sec. 22. (1) The Michigan film advisory commission is created in the department. The commission shall consist of the following members:

- (a) Thirteen individuals appointed by the governor as follows:
 - (i) Five members associated with broad areas of film and motion picture making, production of television programs and commercials, and related industries in Michigan.

(ii) Two members representing Michigan-based theater owners, 1 of whom shall be a large theater owner. As used in this subdivision, “large theater” means a theater with 10 screens or more or that seats 1,000 individuals or more.

(iii) Two members from film, television, or related industry unions.

(iv) Three members appointed from the public at large and not active in the film, television, and related industries.

(v) One member representing local units of government.

(b) One individual appointed by the speaker of the house of representatives.

(c) One individual appointed by the senate majority leader.

(2) The Michigan film commissioner shall serve as an ex officio nonvoting member of the commission.

(3) The governor shall appoint 1 member of the commission to serve as chairperson of the commission for a term of 1 year. The governor may reappoint the chairperson for an additional term of 1 year. A member shall not serve as chairperson for more than 2 consecutive terms.

(4) The term of office of each regular member of the commission shall be 3 years and until the appointment and qualification of the member’s successor. If a vacancy occurs on the commission, that vacancy shall be filled within 90 days after the vacancy occurs for the remainder of the unexpired term. The vacancy shall be filled in the same manner as the original appointment. An individual who is appointed to fill a vacancy is eligible for appointment to a subsequent full term.

(5) Members of the commission shall serve without compensation but, subject to appropriations, may receive reimbursement for their actual and necessary expenses while attending meetings or performing other authorized official business of the commission.

(6) The commission may do 1 or more of the following:

(a) Advise the governor, the department, the office, and the legislature on how to promote and market Michigan’s locations, crews, facilities, and technical production facilities and other services used by film, television, and related industries.

(b) Encourage community and Michigan film and television production industry participation in, and coordination with, state efforts to attract film, television, and related production to Michigan.

(c) Assist the office in promoting, encouraging, and facilitating film, television, and related production in Michigan.

(d) Develop strategies and methods to attract film, television, and related business to Michigan.

(e) Under direction of the office, provide assistance to film, television, and related service personnel who use Michigan as a business location.

(f) Sponsor and support official functions for film, television, and related industries.

(g) Assist in the establishment of film and television ventures and such related matters as the office or the department considers appropriate.

(7) The commission shall meet not less than 3 times each year. The commission shall also meet at the call of its chairperson.

(8) A meeting of the commission shall be conducted as a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the date, time, and place of a public meeting of the commission shall be given as prescribed in the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(9) A writing prepared, owned, used, in the possession of, or retained by the commission when performing business of the commission is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246, except that such a writing may be kept confidential for up to 6 months after the date a request to inspect, obtain, or copy the writing is received, if, in the judgment of the chairperson of the commission, disclosure of the record would compromise or otherwise undermine the ability of Michigan industry to compete in the promotion and marketing of Michigan's locations, crews, facilities, and technical production and other services.

(10) A member of the commission shall not use for personal gain information obtained by the member while performing business of the commission, nor shall a member of the commission disclose confidential information obtained by the member while conducting commission business, except as necessary to perform commission business.

This act is ordered to take immediate effect.

Approved July 23, 2002.

Filed with Secretary of State July 23, 2002.

[No. 509]

(HB 4414)

AN ACT to amend 1976 PA 451, entitled "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, and intermediate school districts; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, and intermediate school districts; 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," by amending sections 859, 1053, and 1059 (MCL 380.859, 380.1053, and 380.1059), section 1053 as amended by 1993 PA 9 and section 1059 as amended by 1992 PA 263.

The People of the State of Michigan enact:

380.859 Form of proposition; voting devices and election supplies; board of election inspectors; oath; affirmative vote of majority required; effective date of consolidation; compensation, expenses, and costs.

Sec. 859. (1) The proposition shall be in substantially the following form:

"Shall the territory of the following school districts be united to form 1 school district?

(Names of school districts to be consolidated to be listed here)

Yes ()

No ()"

(2) Printed ballots, voting machines, or other voting devices shall be used. The intermediate superintendent shall supply printed ballots, poll books, and other necessary election supplies to each board of election inspectors of the election unit of the school districts operating less than 12 grades.

(3) The secretary of the board of each school district operating 12 grades shall provide printed ballots for the election and supply all election materials necessary for the election. The board of each school district operating 12 grades shall appoint the necessary members to the board of election inspectors as determined under section 1059.

(4) The members of the intermediate school board shall act as the board of election inspectors for the election held in school districts operating less than 12 grades. The intermediate board may appoint additional persons to a board of election inspectors. If more than 1 place for holding the election is designated by the intermediate superintendent, the members of the intermediate school board shall be apportioned by the intermediate superintendent to the boards of election inspectors. If a member of the intermediate school board or other person appointed to a board of election inspectors is unable to be present at the election or is required to leave during the hours the polls are open, the remaining members of the board of election inspectors may appoint another person to fill the vacancy.

(5) Each member of a board of election inspectors shall take the constitutional oath of office before entering on the duties of an election inspector.

(6) The affirmative vote of a majority of the school electors voting on the question in each of the election units is necessary to effect the consolidation of the school districts. The consolidation is effective as of the date of the official canvass.

(7) The members of the intermediate school board and other election inspectors acting in the election unit of a school district operating less than 12 grades shall receive the same compensation for conducting the election as is authorized for election inspectors in a general election under the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992. If the consolidation becomes effective, expenses incurred for the election in each election unit shall be certified to the board of the consolidated school district. The school board shall pay election costs from the funds of the consolidated school district. If the proposition to consolidate is not approved, the intermediate school board shall determine the expenses of the election held in the election unit operating less than 12 grades and apportion the expenses equally among the school districts of the election unit. Each school board of the election unit shall pay the apportionment to the intermediate school board.

380.1053 Board situated wholly or partly in city or township; agreement to use registration records; election officials; expenses; conduct of annual and special elections; formation of voting precincts; time of registration; filing nominating petitions.

Sec. 1053. (1) The board of a school district situated wholly or partly in a city or township, by agreement with the governing body of the city or township, may use the registration records of the city or township at an election held by the school district on terms and conditions, including the payment of the necessary expenses of an election, agreed upon by the school board and the governing body of the city or township. If a school district situated wholly or partly in a city or township holds an election at the same time that the city or township holds an election, the election commissioners and other election officials, except for election inspectors, conducting the city or township election may act in their respective capacities for the school election when agreed upon by the board of the school district and the governing body of the city or township for that portion of the school district situated in the city or township. If agreed upon by the board of the

school district and the governing body of the city or township, an election inspector conducting the city or township election may serve as an election inspector for the school election. The expense of the election shall be paid proportionately by the school district and the city or township.

(2) The board of a school district situated wholly or partly in a city or township, upon agreement with the governing body of the city or township, may determine that the city or township by its proper officials shall conduct annual and special elections on behalf of the school district in that portion of the school district lying within the boundaries of the city or township on terms and conditions, including the payment of the necessary expenses, agreed upon by the school district and the city or township.

(3) The agreement to use the registration records of the city or township for school elections and for conducting the school elections by the city or township officials shall be continuing and shall be terminated only on 12 months' notice by either party.

(4) The board of a school district shall form the school district into 1 or more voting precincts. If the city or township officials conduct an election for a school district under this section, the voting precincts of the school district shall be the same as those of the city or township for that portion of the school district lying within the boundaries of the city or township.

(5) A person registering after 5 p.m. on the thirtieth day immediately before an annual or special school election or, if that day is a Saturday, Sunday, or legal holiday, after 5 p.m. of the next following day that is not a Saturday, Sunday, or legal holiday, is not eligible to vote in the annual or special school election.

(6) An agreement under this section for conducting the school elections by the city or township officials may provide that nominating petitions for board members be filed with the city or township clerk not later than the twelfth Tuesday before the date of the election.

380.1059 Board of election inspectors; appointment and oath of members; vacancies; canvassing; returns.

Sec. 1059. (1) Except when the school election is conducted by city or township officials under section 1053, the school board shall appoint 3 or more qualified and registered electors for each voting precinct to serve as the board of election inspectors in that precinct. A member of the board of election inspectors shall be a qualified and registered elector of the county in which the school district is located or, if the school district is located in more than 1 county, a qualified and registered elector of any county in which the school district is located. Appointments shall be made at least 10 days before the date of an election. Each member shall take the constitutional oath of office and is entitled to administer oaths to persons in connection with the election. In case of inability or refusal of an election inspector to act, the school board may fill the vacancy. If all members are not present at the time of opening the polls, the members of the board of election inspectors present may fill vacancies. The election inspectors, including the election inspectors of an election conducted by city or township officials, immediately after canvassing the votes shall make their return of the canvas and deliver the same to the secretary of the school board.

(2) School district elections shall be canvassed in the manner prescribed in sections 1009 and 1010.

This act is ordered to take immediate effect.

Approved July 23, 2002.

Filed with Secretary of State July 23, 2002.

[No. 510]**(HB 6002)**

AN ACT to amend 1933 PA 167, entitled “An act to provide for the raising of additional public revenue by prescribing certain specific taxes, fees, and charges to be paid to the state for the privilege of engaging in certain business activities; to provide, incident to the enforcement thereof, for the issuance of licenses to engage in such occupations; to provide for the ascertainment, assessment and collection thereof; to appropriate the proceeds thereof; and to prescribe penalties for violations of the provisions of this act,” (MCL 205.51 to 205.78) by adding section 5b; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

205.55b Qualified athletic event; tax exemption.

Sec. 5b. (1) Notwithstanding the provisions of section 2, the organizing entity of a qualified athletic event that sells corporate sponsor contracts for the event that include both taxable tangible personal property and nontaxable services may apply the tax only to the amount charged for the sale of taxable tangible personal property if all of the following criteria have been met:

(a) The organizing entity is exempt or is wholly owned by an entity exempt under section 501(c)(6) of the internal revenue code of 1986.

(b) The organizing entity provided both of the following to the department at least 180 days in advance of entering into the first corporate sponsor contract:

(i) Written notice of its intent to enter into corporate sponsor contracts.

(ii) An itemized schedule of the taxable tangible personal property and nontaxable services that will be provided under each corporate sponsor contract.

(c) The department has given written approval to the organizing entity’s allocation of the tax among taxable tangible personal property and nontaxable services.

(2) As used in this section, “qualified athletic event” means either of the following:

(a) A professional sporting competition in which individuals officially representing at least 2 countries or nations compete.

(b) A professional football competition in which teams compete in a postseason event to determine the league champion.

(3) This section is repealed effective January 1, 2007.

This act is ordered to take immediate effect.

Approved July 23, 2002.

Filed with Secretary of State July 23, 2002.

[No. 511]**(SB 1370)**

AN ACT 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 sections 2 and 3 (MCL 205.92 and 205.93), section 2 as amended by 2000 PA 391 and section 3 as amended by 2002 PA 110, and by adding section 6a; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

205.92 Definitions.

Sec. 2. As used in this act:

(a) “Person” means an individual, firm, partnership, joint venture, association, social club, fraternal organization, municipal or private corporation whether or not organized for profit, company, limited liability company, estate, trust, receiver, trustee, syndicate, the United States, this state, county, or any other group or combination acting as a unit, and the plural as well as the singular number, unless the intention to give a more limited meaning is disclosed by the context.

(b) “Use” means the exercise of a right or power over tangible personal property incident to the ownership of that property including transfer of the property in a transaction where possession is given.

(c) “Storage” means a keeping or retention of property in this state for any purpose after the property loses its interstate character.

(d) “Seller” means the person from whom a purchase is made and includes every person selling tangible personal property or services for storage, use, or other consumption in this state. If, in the opinion of the department, it is necessary for the efficient administration of this act to regard a salesperson, representative, peddler, or canvasser as the agent of a dealer, distributor, supervisor, or employer under whom the person operates or from whom he or she obtains tangible personal property or services sold by him or her for storage, use, or other consumption in this state, irrespective of whether or not he or she is making the sales on his or her own behalf or on behalf of the dealer, distributor, supervisor, or employer, the department may so consider him or her, and may consider the dealer, distributor, supervisor, or employer as the seller for the purpose of this act.

(e) “Purchase” means to acquire for a consideration, whether the acquisition is effected by a transfer of title, of possession, or of both, or a license to use or consume; whether the transfer is absolute or conditional, and by whatever means the transfer is effected; and whether consideration is a price or rental in money, or by way of exchange or barter.

(f) “Price” means the aggregate value in money of anything paid or delivered, or promised to be paid or delivered, by a consumer to a seller in the consummation and complete performance of the transaction by which tangible personal property or services are purchased or rented for storage, use, or other consumption in this state, without a deduction for the cost of the property sold, cost of materials used, labor or service cost, interest or discount paid, or any other expense. The price of tangible personal property, for affixation to real estate, withdrawn by a construction contractor from inventory available for sale to others or made available by publication or price list as a finished product for sale to others is the finished goods inventory value of the property. If a construction contractor manufactures, fabricates, or assembles tangible personal property before affixing it to real estate, the price of the property is equal to 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 property at the site of affixation to real estate. For the purposes of the preceding sentence, for property withdrawn by a construction contractor from inventory available for sale to others or made available by publication or price list as a finished product for sale to others, the materials cost of the property means the finished goods inventory value of the property. For purposes of this subdivision, “manufacture” means to convert or condition tangible personal property by changing the form, composition, quality, combination, or character of the property and “fabricate” means to modify or prepare tangible personal property for affixation or assembly. The price of a motor vehicle, trailer

coach, or titled watercraft is the full retail price of the motor vehicle, trailer coach, or titled watercraft being purchased. The tax collected by the seller from the consumer or lessee under this act is not considered part of the price, but is a tax collection for the benefit of the state, and a person other than the state shall not derive a benefit from the collection or payment of this tax. A price does not include an assessment imposed under the convention and tourism marketing act, 1980 PA 383, MCL 141.881 to 141.889, 1974 PA 263, MCL 141.861 to 141.867, the state convention facility development act, 1985 PA 106, MCL 207.621 to 207.640, the regional tourism marketing act, 1989 PA 244, MCL 141.891 to 141.900, 1991 PA 180, MCL 207.751 to 207.759, or the community convention or tourism marketing act, 1980 PA 395, MCL 141.871 to 141.880, that was added to charges for rooms or lodging otherwise subject, pursuant to section 3a, to tax under this act. Price does not include specific charges for technical support or for adapting or modifying prewritten, standard, or canned computer software programs to a purchaser's needs or equipment if the charges are separately stated and identified. The tax imposed under this act shall not be computed or collected on rental receipts if the tangible personal property rented or leased has previously been subjected to a Michigan sales or use tax when purchased by the lessor.

(g) "Consumer" means the person who has purchased tangible personal property or services for storage, use, or other consumption in this state and includes a person acquiring tangible personal property if engaged in the business of constructing, altering, repairing, or improving the real estate of others.

(h) "Business" means all activities engaged in by a person or caused to be engaged in by a person with the object of gain, benefit, or advantage, either direct or indirect.

(i) "Department" means the revenue division of the department of treasury.

(j) "Tax" includes all taxes, interest, or penalties levied under this act.

(k) "Tangible personal property" includes computer software offered for general use by the public or software modified or adapted to the user's needs or equipment by the seller, only if the software is available from a seller of software on an as is basis or as an end product without modification or adaptation. Tangible personal property does not include computer software originally designed for the exclusive use and special needs of the purchaser. As used in this subdivision, "computer software" means a set of statements or instructions that when incorporated in a machine usable medium is capable of causing a machine or device having information processing capabilities to indicate, perform, or achieve a particular function, task, or result.

(l) "Tangible personal property" beginning September 20, 1999, includes electricity, natural or artificial gas, or steam and also the transmission and distribution of electricity used by the consumer or user of the electricity, whether the electricity is purchased from the delivering utility or from another provider.

(m) "Tangible personal property" does not include a commercial advertising element if the commercial advertising element is used to create or develop a print, radio, television, or other advertisement, the commercial advertising element is discarded or returned to the provider after the advertising message is completed, and the commercial advertising element is custom developed by the provider for the purchaser. As used in this subdivision, "commercial advertising element" means a negative or positive photographic image, an audiotape or videotape master, a layout, a manuscript, writing of copy, a design, artwork, an illustration, retouching, and mechanical or keyline instructions. "Tangible personal property" includes black and white or full color process separation elements, an audiotape reproduction, or a videotape reproduction.

(n) "Textiles" means goods that are made of or incorporate woven or nonwoven fabric, including, but not limited to, clothing, shoes, hats, gloves, handkerchiefs, curtains, towels, sheets, pillows, pillowcases, tablecloths, napkins, aprons, linens, floor mops, floor mats,

and thread. Textiles also include materials used to repair or construct textiles, or other goods used in the rental, sale, or cleaning of textiles.

205.93 Tax rate; penalties and interest; presumption; collection; price tax base; exemptions; services, information, or records.

Sec. 3. (1) There is levied upon and there shall be collected from every person in this state a specific tax for the privilege of using, storing, or consuming tangible personal property in this state at a rate equal to 6% of the price of the property or services specified in section 3a or 3b. Penalties and interest shall be added to the tax if applicable as provided in this act. For the purpose of the proper administration of this act and to prevent the evasion of the tax, it is presumed that tangible personal property purchased is subject to the tax if brought into the state within 90 days of the purchase date and is considered as acquired for storage, use, or other consumption in this state.

(2) The tax imposed by this section for the privilege of using, storing, or consuming a vehicle, ORV, manufactured housing, aircraft, snowmobile, or watercraft shall be collected before the transfer of the vehicle, ORV, manufactured housing, aircraft, snowmobile, or watercraft, except a transfer to a licensed dealer or retailer for purposes of resale that arises by reason of a transaction made by a person who does not transfer vehicles, ORVs, manufactured housing, aircraft, snowmobiles, or watercraft in the ordinary course of his or her business done in this state. The tax on a vehicle, ORV, snowmobile, and watercraft shall be collected by the secretary of state before the transfer of the vehicle, ORV, snowmobile, or watercraft registration. The tax on manufactured housing shall be collected by the department of consumer and industry services, mobile home commission, or its agent before the transfer of the certificate of title. The tax on an aircraft shall be collected by the department of treasury. Notwithstanding any limitation contained in section 2 and except as provided in this subsection, the price tax base of any vehicle, ORV, manufactured housing, aircraft, snowmobile, or watercraft subject to taxation under this act shall be not less than its retail dollar value at the time of acquisition as fixed pursuant to rules promulgated by the department. The price tax base of a new or previously owned car or truck held for resale by a dealer and that is not exempt under section 4(1)(c) is the purchase price of the car or truck multiplied by 2.5% plus \$30.00 per month beginning with the month that the dealer uses the car or truck in a nonexempt manner.

(3) The following transfers or purchases are not subject to use tax:

(a) A transaction or a portion of a transaction if the transferee or purchaser is the spouse, mother, father, brother, sister, child, stepparent, stepchild, stepbrother, stepsister, grandparent, grandchild, legal ward, or a legally appointed guardian with a certified letter of guardianship, of the transferor.

(b) A transaction or a portion of a transaction if the transfer is a gift to a beneficiary in the administration of an estate.

(c) If a vehicle, ORV, manufactured housing, aircraft, snowmobile, or watercraft that has once been subjected to the Michigan sales or use tax is transferred in connection with the organization, reorganization, dissolution, or partial liquidation of an incorporated or unincorporated business and the beneficial ownership is not changed.

(d) If an insurance company licensed to conduct business in this state acquires ownership of a late model distressed vehicle as defined in section 12a of the Michigan vehicle code, 1949 PA 300, MCL 257.12a, through payment of damages in response to a claim or when the person who owned the vehicle before the insurance company reacquires ownership from the company as part of the settlement of a claim.

(4) The department may utilize the services, information, or records of any other department or agency of state government in the performance of its duties under this act, and other departments or agencies of state government are required to furnish those services, information, or records upon the request of the department.

205.96a Qualified athletic event; applicability of tax; repeal of section.

Sec. 6a. (1) Notwithstanding the provisions of section 2, the organizing entity of a qualified athletic event that sells corporate sponsor contracts for the event may apply the tax under this act only to the amount charged for the rental of taxable tangible personal property or taxable services if all of the following criteria have been met:

(a) The organizing entity is exempt or is wholly owned by an entity exempt under section 501(c)(6) of the internal revenue code of 1986.

(b) The organizing entity provided both of the following to the department at least 180 days in advance of entering into the first corporate sponsor contract:

(i) Written notice of its intent to enter into corporate sponsor contracts.

(ii) An itemized schedule of the taxable tangible personal property and taxable services that will be provided under each corporate sponsor contract.

(c) The department has given written approval to the organizing entity's allocation of the tax.

(2) As used in this section, "qualified athletic event" means either of the following:

(a) A professional sporting competition in which individuals officially representing at least 2 countries or nations compete.

(b) A professional football competition in which teams compete in a postseason event to determine the league champion.

(3) This section is repealed effective January 1, 2007.

This act is ordered to take immediate effect.

Approved July 23, 2002.

Filed with Secretary of State July 23, 2002.

[No. 512]**(HB 6071)**

AN ACT to amend 1996 PA 376, entitled "An act to create and expand certain renaissance zones; to foster economic opportunities in this state; to facilitate economic development; to stimulate industrial, commercial, and residential improvements; to prevent physical and infrastructure deterioration of geographic areas in this state; to authorize expenditures; to provide exemptions and credits from certain taxes; to create certain obligations of this state and local governmental units; to require disclosure of certain transactions and gifts; to provide for appropriations; and to prescribe the powers and duties of certain state and local departments, agencies, and officials," by amending section 8a (MCL 125.2688a), as amended by 2000 PA 259.

The People of the State of Michigan enact:

125.2688a Additional renaissance zones; designation; property located in alternative energy zone.

Sec. 8a. (1) Except as provided in subsections (2), (3), and (4), the board shall not designate more than 9 additional renaissance zones within this state under this section. Not more than 6 of the renaissance zones shall be located in urban areas and not more than 5 of the renaissance zones shall be located in rural areas. For purposes of determining whether a renaissance zone is located in an urban area or rural area under this section, if any part of a renaissance zone is located within an urban area, the entire renaissance zone shall be considered to be located in an urban area.

(2) The board of the Michigan strategic fund described in section 4 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2004, may designate not more than 5 additional renaissance zones within this state in 1 or more cities, villages, or townships if that city, village, or township or combination of cities, villages, or townships consents to the creation of a renaissance zone within their boundaries. The board of the Michigan strategic fund may designate not more than 1 of the 5 additional renaissance zones described in this subsection as an alternative energy zone. An alternative energy zone shall promote and increase the research, development, and manufacturing of alternative energy technology as that term is defined in the Michigan next energy authority act. An alternative energy zone shall have a duration of renaissance zone status for a period not to exceed 20 years as determined by the board of the Michigan strategic fund.

(3) In addition to the not more than 9 additional renaissance zones described in subsection (1), the board may designate additional renaissance zones within this state in 1 or more qualified local governmental units if that qualified local governmental unit or units contain a military installation that was operated by the United States department of defense and was closed in 1977 or after 1990.

(4) Land owned by a county or the qualified local governmental unit or units adjacent to a zone as described in subsection (3) may be included in this zone.

(5) Notwithstanding any other provision of this act, property located in the alternative energy zone that is classified as commercial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, and that the authority, with the concurrence of the assessor of the local tax collecting unit, determines is not used to directly promote and increase the research, development, and manufacturing of alternative energy technology is not eligible for any exemption, deduction, or credit under section 9.

This act is ordered to take immediate effect.

Approved July 23, 2002.

Filed with Secretary of State July 23, 2002.

[No. 513]

(HB 5457)

AN ACT to amend 1976 PA 448, entitled “An act to prescribe the powers and duties of municipalities and governmental units to acquire, finance, maintain, and operate generating, transmission, and distribution facilities of electric power and energy, fuel and energy sources and reserves and all necessary related properties, equipment and facilities; to permit the exercise of those powers in joint venture or joint agency agreements; to provide for the issuance of bonds and notes; to prescribe the powers and duties of the municipal finance commission or its successor agency and of certain other state officers and agencies with respect to municipal electric utility financing; to create certain funds and prescribe their operation; to provide for tax exemptions and other exemptions; and to prescribe penalties and provide remedies,” by amending section 5 (MCL 460.805).

The People of the State of Michigan enact:

460.805 Definitions; P.

Sec. 5. (1) “Project” means a system or facility for the generation, transmission, or transformation of electricity by a municipal electric utility system by any means. Project

also means stock, membership units, or any other interest in a multistate regional transmission system organization approved by the federal government and operating in this state or a transmission-owning entity which is a member of a multistate regional transmission system organization approved by the federal government and operating in this state.

(2) “Project cost” includes, but is not limited to, the cost of acquisition, construction, improvement, or extension of a project, the cost of studies, plans, specifications, surveys, and estimates of related costs and revenues, the cost of land, land rights, rights of way, easements, water rights, fees, permits, approvals, licenses, certificates, franchises, and the preparation of any required applications, engineering and inspection expenses, financing costs, working capital, fuel costs, interest on bonds, establishment of reserves, and all other costs of the municipality or joint agency that are incidental, necessary, or convenient to the acquisition, construction, improvement, or extension of a project.

This act is ordered to take immediate effect.

Approved July 23, 2002.

Filed with Secretary of State July 23, 2002.

[No. 514]

(HB 5649)

AN ACT to make appropriations for the department of military and veterans affairs for the fiscal year ending September 30, 2003; to provide for the expenditure of the appropriations; to provide for certain powers and duties of the department of military and veterans affairs, other state agencies, and local units of government related to the appropriations; and to provide for the preparation of certain reports related to the appropriations.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; department of military and veterans affairs.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of military and veterans affairs for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
APPROPRIATION SUMMARY:**

Full-time equated unclassified positions	7.0	
Full-time equated classified positions	1,072.0	
GROSS APPROPRIATION		\$ 103,364,700
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		200,000
ADJUSTED GROSS APPROPRIATION		\$ 103,164,700
Federal revenues:		
Total federal revenues		39,114,500

For Fiscal Year
Ending Sept. 30,
2003

Special revenue funds:		
Total local revenues	\$	0
Total private revenues.....		530,000
Total other state restricted revenues.....		23,437,600
State general fund/general purpose	\$	40,082,600

Headquarters and armories.

Sec. 102. HEADQUARTERS AND ARMORIES

Full-time equated unclassified positions		7.0
Full-time equated classified positions.....		140.0
Headquarters and armories—99.5 FTE positions.....	\$	9,706,600
Unclassified military personnel.....		660,300
Military appeals tribunal.....		900
Michigan emergency volunteers		5,000
State active duty.....		70,100
Challenge program—40.5 FTE positions		3,296,900
GROSS APPROPRIATION.....	\$	13,739,800

Appropriated from:

Interdepartmental grant revenues:

IDG, challenge grant.....		200,000
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Federal revenues:

DOD-DOA-NGB.....		3,564,500
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Special revenue funds:

Rental fees		350,000
Mackinac Bridge authority		40,000
Private donations.....		105,000
State general fund/general purpose	\$	9,480,300

Military training sites and support facilities.

Sec. 103. MILITARY TRAINING SITES AND SUPPORT FACILITIES

Full-time equated classified positions		229.0
Military training sites and support facilities—229.0 FTE positions...	\$	14,930,200
Military training sites and support facilities test projects		100,000
GROSS APPROPRIATION.....	\$	15,030,200

Appropriated from:

Federal revenues:

DOD-DOA-NGB.....		12,140,400
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Special revenue funds:

Test project fees		100,000
State general fund/general purpose	\$	2,789,800

Departmentwide appropriations.

Sec. 104. DEPARTMENTWIDE APPROPRIATIONS

Departmentwide accounts.....	\$	1,830,000
Special maintenance - state		401,200
Special maintenance - federal.....		4,300,000

	For Fiscal Year Ending Sept. 30, 2003
Military retirement	\$ 2,500,000
Counternarcotic operations.....	50,000
Starbase grant.....	600,000
GROSS APPROPRIATION.....	\$ 9,681,200
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	6,171,800
Federal counternarcotic revenues	50,000
State general fund/general purpose	\$ 3,459,400

Veterans service organizations.

Sec. 105. VETERANS SERVICE ORGANIZATIONS

American legion	\$ 886,000
Disabled American veterans.....	732,400
Marine corps league	336,300
American veterans of World War II and Korea.....	464,800
Veterans of foreign wars.....	886,000
Michigan paralyzed veterans of America	165,700
Purple heart.....	157,900
Veterans of World War I.....	100
Polish legion of American veterans.....	41,200
Jewish veterans of America.....	41,200
State of Michigan council - Vietnam veterans of America.....	159,500
Catholic war veterans	41,200
GROSS APPROPRIATION.....	\$ 3,912,300
Appropriated from:	
State general fund/general purpose	\$ 3,912,300

Grand Rapids veterans' home.

Sec. 106. GRAND RAPIDS VETERANS' HOME

Full-time equated classified positions.....	536.0
Grand Rapids veterans' home—536.0 FTE positions	\$ 42,264,700
Board of managers	300,000
GROSS APPROPRIATION.....	\$ 42,564,700
Appropriated from:	
Federal revenues:	
DVA-VHA	11,910,000
HHS-HCFA, title XIX, Medicaid.....	500,000
HHS-HCFA, Medicare, hospital insurance.....	692,900
Special revenue funds:	
Private - veterans' home post and posthumous funds.....	300,000
Income and assessments	13,925,700
Lease revenue	35,000
State general fund/general purpose	\$ 15,201,100

D.J. Jacobetti veterans' home.

Sec. 107. D.J. JACOBETTI VETERANS' HOME

Full-time equated classified positions.....151.0

	For Fiscal Year Ending Sept. 30, 2003
D.J. Jacobetti veterans' home—151.0 FTE positions	\$ 12,832,800
Board of managers	125,000
GROSS APPROPRIATION	\$ 12,957,800
Appropriated from:	
Federal revenues:	
DVA-VHA	3,356,100
HHS-HCFA, Medicare, hospital insurance.....	208,700
Special revenue funds:	
Private - veterans' home post and posthumous funds	125,000
Income and assessments	4,068,800
State general fund/general purpose	\$ 5,199,200

Michigan veterans' trust fund.

Sec. 108. MICHIGAN VETERANS' TRUST FUND

Full-time equated classified positions	16.0
Veterans' affairs directorate administration—3.0 FTE positions	\$ 344,200
Administration—13.0 FTE positions	1,030,000
Veterans' trust fund grants	3,746,500
GROSS APPROPRIATION	\$ 5,120,700
Appropriated from:	
Special revenue funds:	
Michigan veterans' trust fund	4,776,500
State general fund/general purpose	\$ 344,200

Information technology.

Sec. 109. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$ 1,230,800
GROSS APPROPRIATION	\$ 1,230,800
Appropriated from:	
Federal revenues:	
DOD-DOA-NGB.....	394,900
DVA-VHA	125,200
Special revenue funds:	
Income and assessments	141,600
State general fund/general purpose	\$ 569,100

Early retirement and budgetary savings.

Sec. 110. EARLY RETIREMENT AND BUDGETARY SAVINGS

Early retirement savings	\$ (463,200)
Budgetary savings	(409,600)
GROSS APPROPRIATION	\$ (872,800)
Appropriated from:	
State general fund/general purpose	\$ (872,800)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$63,520,200.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$120,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS	
MILITARY TRAINING SITES AND SUPPORT FACILITIES	
Payments in lieu of taxes	\$ 70,000
MICHIGAN VETERANS' TRUST FUND	
County counselor travel expenses	\$ 50,000
TOTAL	\$ 120,000

Appropriations subject to §§ 18.1101 to 18.1594.

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Definitions.

Sec. 203. As used in this act:

- (a) "Department" means the department of military and veterans affairs.
- (b) "Director" means the director of the department of military and veterans affairs.
- (c) "DOD" means the United States department of defense.
- (d) "DOD-DOA-NGB" means the DOD department of the army, national guard bureau.
- (e) "DVA" means the United States department of veterans' affairs.
- (f) "DVA-VHA" means the DVA veterans' health administration.
- (g) "FTE" means full-time equated.
- (h) "HHS" means the United States department of health and human services.
- (i) "HHS-HCFA" means the HHS health care financing administration.
- (j) "IDG" means interdepartmental grant.

Billing by department of civil service; payments.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Hiring freeze; exceptions.

Sec. 205. (1) Beginning October 1, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state

classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report by the last business day of each month to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous month and the justification for the exception.

Contingency funds; availability for expenditure.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$5,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Privatization; project plan.

Sec. 207. Sixty days before beginning any effort to privatize, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Use of Internet; electronic transmission of reports.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

Purchase of foreign goods or services.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available.

Businesses in deprived and depressed communities; contracts for services or supplies.

Sec. 210. The director of each department receiving appropriations in part 1 shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. Each director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Creation and retention of appropriation reports.

Sec. 211. The department shall create and retain reports for all money appropriated under part 1.

Michigan national guard education assistance program.

Sec. 212. (1) Of the funds appropriated in section 103 for military training sites and support facilities, there shall be established a Michigan national guard education assistance program. Disbursements to the educational assistance program shall not exceed \$2,000,000.00 without legislative approval. Under the program, a member of the national guard who is in active service and who enrolls as a full- or part-time student at a public or private state college or university may be eligible to receive up to an equivalent of 50% of the total cost of tuition not to exceed \$2,000.00, as education assistance, in any academic year.

(2) An eligible person means a member of the Michigan national guard who is in active service, as defined in section 105 of the Michigan military act, 1967 PA 150, MCL 32.505. An eligible person does not include a member of the Michigan national guard or air national guard who is absent without leave or who is under charges as described in the Michigan code of military justice of 1980, 1980 PA 523, MCL 32.1001 to 32.1148.

(3) The department of military and veterans affairs, office of the adjutant general shall administer the education assistance program and prescribe forms and procedures to effectively carry out the education assistance program.

(4) An eligible person shall apply to the department of military and veterans affairs, office of the adjutant general for education assistance and shall provide evidence of attendance and completion of the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent. The adjutant general shall approve the application for reimbursement if the applicant meets the definition of an eligible person under subsection (2) and other criteria as established by the adjutant general.

(5) The education assistance program applies to any course of instruction that is included in an associate, undergraduate, or postgraduate degree program offered by a college or university of this state.

(6) The education assistance program applies to an eligible person notwithstanding any other educational incentive or benefit received by the eligible person under any other educational assistance program provided by any other state.

(7) An eligible person who successfully completes the course of study with a grade of at least 2.0 on a 4.0 scale, or its equivalent, shall be eligible for reimbursement.

(8) The department of military and veterans affairs may use funds from the appropriated funds to administer the education assistance program.

(9) Reimbursed members who do not complete their national guard obligation shall pay the state for money received from the state for tuition. Members who fail to repay the state within the time limits established by the adjutant general shall be indebted to the state. The department shall work in conjunction with the department of treasury for inclusion in the tax intercept program for amounts due the state.

(10) A portion of the funds for the Michigan national guard education assistance program may be used by the department for the purpose of promoting the program and for encouraging those persons the department wishes to have enlist or reenlist in the Michigan national guard.

National guard armories; closing or consolidation.

Sec. 213. The department shall consult with the house and senate appropriations subcommittees on military and veterans affairs regarding the projected closing or consolidation of any national guard armories.

Technology-related services and projects; payment of user fees to department of information technology.

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. User fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Information technology; designation as work projects; availability of funds for expenditure.

Sec. 260. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Retirement and budgetary savings; negative appropriation.

Sec. 261. (1) The negative appropriation for early retirement savings in part 1 shall be satisfied by savings realized from not filling all of the positions lost due to the early retirement plan for state employees enacted in 2002 PA 93 amendments to the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) The negative appropriation for budgetary savings in part 1 shall be satisfied by savings from the hiring freeze imposed under section 205, efficiencies, and other savings identified by the department director and approved by the state budget director.

(3) Appropriation authorization adjustments required due to negative appropriations for early retirement savings and budgetary savings shall be made only after the approval of transfers by the legislature pursuant to section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

HEADQUARTERS AND ARMORIES

Rental and equipment usage fees.

Sec. 301. The department may charge reasonable rental and equipment usage fees for renting an armory or using the distance learning network. The fee shall include the cost of overtime compensation, insurance coverage, and any maintenance required.

Challenge program; funds; fee.

Sec. 302. (1) The funds appropriated in this act for private donations to the challenge program shall be considered state restricted revenue, and unexpended funds remaining at

the close of the fiscal year shall not lapse to the general fund but shall be carried forward to the subsequent fiscal year.

(2) The department may charge a parent or guardian of a participant in the challenge program a fee for participating in the program if the participant is a member of a family with an income that exceeds 200% of the federal poverty guidelines as published by the United States department of health and human services. The amount charged the parent or guardian shall not exceed the per student state share cost of administering the program. The parent or guardian shall be notified of any charge to be assessed under this subsection prior to enrollment of the child in the program.

Oak Park armory property; appraisal; sale; disposition of proceeds; special regulation.

Sec. 303. (1) The department shall obtain a new appraisal to determine the fair market value of the Oak Park armory property. The results of that appraisal shall be forwarded to the city of Oak Park. For a period of 60 days following receipt of the appraisal by the city, the city of Oak Park shall have the right to purchase the armory property at a price equal to the appraised value under the appraisal obtained pursuant to this section. Any agreement regarding the sale of the property to the city of Oak Park shall comply with the provisions of section 382 of the Michigan military act, 1967 PA 150, MCL 32.782, and shall include a restriction that the city not receive any remuneration from the subsequent resale of the property to an outside party beyond the purchase price paid by the city and any reasonable expenses incurred by the city in developing the property. If the city has not formally notified the department within 60 days of its decision to purchase the property, the department shall proceed with the sale of the property under the provisions of the Michigan military act, 1967 PA 150, MCL 32.501 to 32.851. Proceeds from the sale of the property shall be deposited in the Michigan national guard armory construction fund, as provided in section 382a of the Michigan military act, 1967 PA 150, MCL 32.782a.

(2) This section is a special regulation adopted by the legislature as authorized by section 356 of the Michigan military act, 1967 PA 150, MCL 32.756 and does not amend the Michigan military act, 1967 PA 150, MCL 32.501 to 32.851.

Challenge program; identification of eligible youth.

Sec. 304. The department will partner with the family independence agency to identify youth who may be eligible for the challenge program from those youth served by family independence agency programs. Such eligible youth shall be given priority for enrollment in the program.

VETERANS SERVICE ORGANIZATIONS

Veterans service organizations; grants.

Sec. 501. (1) Money appropriated in section 105 for grants to veterans service organizations shall be used only for salaries, wages, related personnel costs, training, and equipment for accredited veteran service advocacy officers and necessary support and managerial staff. Training shall be provided for service advocacy officers and shall be conducted by accredited advocacy officers.

(2) To receive a grant from the money appropriated in section 105, a veterans service organization shall meet the following eligibility requirements:

(a) Be congressionally chartered by the United States Congress.

(b) Be an active participating member of the Michigan veterans organizations' rehabilitation and veterans service committee and abide by its rules, guidelines, and programs.

(c) Demonstrate the receipt of monetary or service support from its own organization.

(d) Comply with the department's and the legislature's requirements of accounting audits, service work activity, accounting of recoveries, listing of volunteer hours, budget requests, and other requirements specified in subsection (3).

(e) For a veterans service organization founded after September 30, 1989, be in operation and providing service to Michigan veterans for not less than 2 years before receiving an initial state grant. During this 2-year period of time, the organization shall file a listing of service work activity and an accounting of recoveries with the department, the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office on forms as prescribed by the department.

(3) A veterans service organization receiving a grant from the money appropriated in section 105 shall file with the department an accounting of its expenditures, audited and certified by a certified public accountant, within 120 days after the organization's fiscal year end. Each organization shall provide a detailed budget request for the fiscal year ending September 30, 2004, to the department by November 15, 2002, within the format as prescribed by the department to be used in the development of the budget for the fiscal year ending September 30, 2004. Each veterans service organization shall provide 5 copies of a listing of all service activity, an accounting of recoveries, and a listing of volunteer hours for the fiscal year ending September 30, 2002, to the department by January 31, 2003. The listing of volunteer hours shall include the hours, services, and donations provided to residents of the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home. Each veterans service organization shall provide a copy of the most recent and completed internal revenue service form 990 to the department at the end of the fiscal year ending September 30, 2002. A veterans service organization receiving a grant from the money appropriated in section 105 shall use the forms recommended by the Michigan veterans organizations' rehabilitation and veterans service committee for filing reports required by this act. The department shall forward information required under this section to the senate and house fiscal agencies, the senate and house of representatives appropriations subcommittees on military affairs, and the state budget office.

VETERANS' HOMES

Grand Rapids veterans' home and D.J. Jacobetti veterans' home; use of funds.

Sec. 601. Appropriations in this act for the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home shall not be used for any purpose other than for veterans and veterans' families.

Grand Rapids veterans' home and D.J. Jacobetti veterans' home; annual report.

Sec. 602. The Grand Rapids veterans' home and the D.J. Jacobetti veterans' home, together with the department and the department of management and budget, shall produce and deliver to the senate and house of representatives appropriations subcom-

mittees on state police and military affairs an annual written report. The report shall include an accounting of member populations and bed space available; a description and accounting of services and activities provided to members; financial information; current state nursing home licensure status; the steps required for Medicaid certification, including a listing of any personnel, equipment, supplies, or budgetary increases required; and whether or not steps are being taken toward Medicaid certification. The annual report shall be submitted to the senate and house of representatives appropriations subcommittees on military affairs no later than February 1, 2003.

Appropriation for boards of managers; expenditures benefitting veterans' homes.

Sec. 603. The money appropriated in this act for the boards of managers may be expended for facility improvements, the purchase and repair of equipment and furnishings, member services, and other purposes that benefit the Grand Rapids veterans' home and the D.J. Jacobetti veterans' home.

VETERANS' TRUST FUND

Michigan veterans' trust fund; annual report.

Sec. 703. (1) By April 1, 2003, the department shall submit to the senate and house of representatives appropriations subcommittees on military affairs and the state budget office a detailed annual report of the Michigan veterans' trust fund for fiscal year 2001-2002. The report shall include information on grants provided from the emergency grant program and the veterans survivor tuition program, including details concerning the methodology of allocations, the selection of emergency grant program authorized agents, and a detailed breakdown of trust fund expenditures for that year. The report shall also provide an update on the department's efforts to reduce program administrative costs.

(2) The annual report required under subsection (1) shall provide detailed information on the number of emergency grant applications denied during fiscal year 2001-2002, including an accounting of the reasons for denial. This information also shall include the number of persons denied an emergency grant because of individual ineligibility, because of insufficient funds, and because the applicant's request did not meet minimum program criteria.

(3) The annual report required under subsection (1) shall contain information on the veterans survivors tuition program, including the number of participants, where the participants attended school, payments made to each school, the average grade point and number of college credits earned by each participant, the number of participants suspended by the program, and the number of participants who earned a degree during fiscal year 2001-2002.

Assistance to county veterans counselors.

Sec. 704. The Michigan veterans affairs directorate administration and the Michigan veterans' trust fund administration shall take steps to assist the county veterans counselors of the state to obtain training necessary for the execution of their duties.

This act is ordered to take immediate effect.

Approved July 19, 2002.

Filed with Secretary of State July 25, 2002.

[No. 515]**(HB 5648)**

AN ACT to make appropriations for the judicial branch for the fiscal year ending September 30, 2003; to provide for the expenditure of these appropriations; to place certain restrictions on the expenditure of these appropriations; to prescribe the powers and duties of certain officials and employees; to require certain reports; and to provide for the disposition of fees and other income received by the judicial branch.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Appropriations; judiciary.

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the judicial branch for the fiscal year ending September 30, 2003, from the funds indicated in this part. The following is a summary of the appropriations in this part:

JUDICIARY

APPROPRIATION SUMMARY:

Full-time equated exempted positions.....	582.5		
GROSS APPROPRIATION.....		\$	245,245,800
Interdepartmental grant revenues:			
Total interdepartmental grants and intradepartmental transfers			2,833,500
ADJUSTED GROSS APPROPRIATION.....		\$	242,412,300
Federal revenues:			
Total federal revenues			3,901,000
Special revenue funds:			
Total local revenues			2,941,800
Total private revenues.....			842,500
Total other state restricted revenues			57,727,700
State general fund/general purpose		\$	176,999,300

Supreme court.**Sec. 102. SUPREME COURT**

Full-time equated exempted positions.....	284.0		
Supreme court administration—114.0 FTE positions.....		\$	10,846,300
Judicial institute—20.0 FTE positions.....			3,107,000
State court administrative office—80.0 FTE positions			9,987,700
Judicial information systems—21.0 FTE positions			4,772,500
Direct trial court automation support—33.0 FTE positions.....			2,900,500
Foster care review board—12.0 FTE positions.....			1,253,200
Community dispute resolution—4.0 FTE positions			2,511,300
Drug treatment courts.....			1,293,700
GROSS APPROPRIATION.....		\$	36,672,200
Appropriated from:			
Interdepartmental grant revenues:			
IDG from department of career development.....			95,000
IDG from state police - criminal justice improvement			2,015,000

	For Fiscal Year Ending Sept. 30, 2003
IDG from state police - Michigan justice training fund.....	\$ 300,000
Federal revenues:	
USDA, agriculture mediation grant.....	125,000
DOE, special education grant.....	150,000
DOJ, enforcing underage drinking law.....	50,000
DOJ, victims assistance programs.....	50,000
DOT, national highway safety traffic administration	215,300
HHS, access and visitation grant	387,000
HHS, court improvement project.....	1,160,000
HHS, title IV-D child support program.....	907,700
HHS, title IV-E foster care program	500,000
HHS, TANF	50,000
HHS, domestic violence prevention	269,500
Special revenue funds:	
Local - user fees.....	2,941,800
Private	169,000
Private - interest on lawyers trust accounts.....	232,700
Private - state justice institute	370,800
Community dispute resolution fees.....	1,665,600
Law exam fees	482,100
Miscellaneous revenue	227,900
State court fund	319,000
State general fund/general purpose	\$ 23,988,800

Court of appeals.

Sec. 103. COURT OF APPEALS

Full-time equated exempted positions.....	230.5
Court of appeals operations—230.5 FTE positions	\$ 17,914,100
GROSS APPROPRIATION.....	\$ 17,914,100
Appropriated from:	
Special revenue funds:	
Court filing/motion fees	1,571,000
Miscellaneous revenue	77,800
State general fund/general purpose	\$ 16,265,300

Branchwide appropriations.

Sec. 104. BRANCHWIDE APPROPRIATIONS

Full-time equated exempted positions.....	3.0
Branchwide appropriations.....	\$ 9,458,100
GROSS APPROPRIATION.....	\$ 9,458,100
Appropriated from:	
Special revenue funds:	
State general fund/general purpose	\$ 9,458,100

Justices' and judges' compensation.

Sec. 105. JUSTICES' AND JUDGES' COMPENSATION

Full-time judges positions.....	615.0
Supreme court justices' salaries—7.0 judges	\$ 1,169,600

	For Fiscal Year Ending Sept. 30, 2003
Court of appeals judges' salaries—28.0 judges	\$ 4,304,000
District court judges' state base salaries—258.0 judges	24,412,400
District court judicial salary standardization	11,796,800
Probate court judges' state base salaries—106.0 judges.....	9,254,500
Probate court judicial salary standardization.....	4,347,100
Circuit court judges' state base salaries—216.0 judges	20,658,100
Circuit court judicial salary standardization	9,807,800
Judges' retirement system defined contributions	2,570,000
OASI, social security.....	4,637,600
GROSS APPROPRIATION.....	\$ 92,957,900
Appropriated from:	
Special revenue funds:	
Court fee fund	7,090,200
State general fund/general purpose	\$ 85,867,700

Judicial agencies.

Sec. 106. JUDICIAL AGENCIES

Full-time equated exempted positions.....	10.0
Judicial tenure commission—10.0 FTE positions	\$ 1,014,100
GROSS APPROPRIATION.....	\$ 1,014,100
Appropriated from:	
State general fund/general purpose	\$ 1,014,100

Indigent defense - criminal.

Sec. 107. INDIGENT DEFENSE - CRIMINAL

Full-time equated exempted positions.....	55.0
Appellate public defender program—47.0 FTE positions.....	\$ 4,891,400
Appellate assigned counsel administration—8.0 FTE positions	920,400
GROSS APPROPRIATION.....	\$ 5,811,800
Appropriated from:	
Interdepartmental grant revenues:	
IDG from state police - Michigan justice training fund.....	423,500
Federal revenues:	
DOJ, assigned criminal defense	36,500
Special revenue funds:	
Private - interest on lawyers trust accounts.....	70,000
Miscellaneous revenue	113,100
State general fund/general purpose	\$ 5,168,700

Indigent civil legal assistance.

Sec. 108. INDIGENT CIVIL LEGAL ASSISTANCE

Indigent civil legal assistance.....	\$ 7,587,000
GROSS APPROPRIATION.....	\$ 7,587,000
Appropriated from:	
Special revenue funds:	
State services fee fund	250,000
State court fund	7,337,000
State general fund/general purpose	\$ 0

Trial court operations.

Sec. 109. TRIAL COURT OPERATIONS

Court equity fund reimbursements.....	\$	71,005,700
Judicial technology improvement fund		1,943,700
Court boundary realignment costs.....		150,000
GROSS APPROPRIATION.....	\$	<u>73,099,400</u>
Appropriated from:		
Special revenue funds:		
Court equity fund		36,044,000
State general fund/general purpose	\$	37,055,400

Grants and reimbursements to local government.

Sec. 110. GRANTS AND REIMBURSEMENTS TO

LOCAL GOVERNMENT

Drunk driving case-flow program.....	\$	2,300,000
Drug case-flow program.....		250,000
GROSS APPROPRIATION.....	\$	<u>2,550,000</u>
Appropriated from:		
Special revenue funds:		
Drug fund		250,000
Drunk driving fund.....		2,300,000
State general fund/general purpose	\$	0

Early retirement and budgetary savings.

Sec. 113. EARLY RETIREMENT AND BUDGETARY SAVINGS

Early retirement savings.....	\$	(891,200)
Budgetary savings.....		<u>(927,600)</u>
GROSS APPROPRIATION.....	\$	(1,818,800)
Appropriated from:		
State general fund/general purpose	\$	(1,818,800)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$234,727,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$113,428,100.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

SUPREME COURT

State court administrative office - administration	\$	511,900
Drug treatment courts.....		1,293,700

TRIAL COURT OPERATIONS

Court equity fund reimbursements.....	\$	71,005,700
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Judicial technology improvement fund	1,943,700
Court boundary realignment costs	150,000

JUSTICES' AND JUDGES' COMPENSATION

District court judicial salary standardization	\$ 11,796,800
Probate court judges' state base salaries.....	9,254,500
Probate court judicial salary standardization.....	4,347,100
Circuit court judicial salary standardization	9,807,800
Grant to OASI contribution fund, employers share, social security ..	766,900

GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT

Drunk driving case-flow program.....	\$ 2,300,000
Drug case-flow program.....	250,000
TOTAL	\$ <u>113,428,100</u>

Appropriations subject to §§ 18.1101 to 18.1594; written approval for expenditure or transfer required.

Sec. 202. (1) The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) Funds appropriated in part 1 to an entity within the judicial branch shall not be expended or transferred to another account without written approval of the authorized agent of the judicial entity. If the authorized agent of the judicial entity notifies the state budget director of its approval of an expenditure or transfer, the state budget director shall immediately make the expenditure or transfer. The authorized judicial entity agent shall be designated by the chief justice of the supreme court.

Definitions.

Sec. 203. As used in this act:

- (a) "DOE" means the United States department of education.
- (b) "DOJ" means the United States department of justice.
- (c) "DOT" means the United States department of transportation.
- (d) "FTE" means full-time equated.
- (e) "HHS" means the United States department of health and human services.
- (f) "HHS-OCSE" means the office of child support enforcement.
- (g) "IDG" means interdepartmental grant.
- (h) "MDCD" means the Michigan department of career development.
- (i) "OASI" means old age survivor's insurance.
- (j) "TANF" means temporary assistance for needy families.
- (k) "USDA" means the United States department of agriculture.

Contingency funds.

Sec. 206. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$500,000.00 for federal contingency funds.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$500,000.00 for state restricted contingency funds.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for private contingency funds.

(5) A transfer of contingency funds within the judicial branch shall not be made by the authorized agent of the judicial entity unless approved by both appropriations committees. If the state budget director does not approve contingency fund transfers adopted by both appropriations committees under this section, the state budget director shall notify the appropriations committees of his or her action within 15 days.

Privatization; project plan.

Sec. 207. At least 90 days before beginning any effort to privatize, the judicial branch shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 30 months.

Reporting requirements; use of Internet.

Sec. 208. Unless otherwise specified, the judicial branch shall use the Internet to fulfill the reporting requirements of this act. This may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site. Quarterly, the judicial branch shall provide to the appropriations subcommittees members, state budget office, and the fiscal agencies an electronic and paper copy listing of the reports submitted during the most recent 3-month period along with the Internet or Intranet site of each report, if any.

Purchase of foreign goods or services.

Sec. 209. (1) Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and comparable quality American goods and services, or both, are available.

(2) Funds appropriated in part 1 shall not be used for the purchase of out-of-state goods or services, or both, if competitively priced and comparable quality Michigan goods or services, or both, are available.

Businesses in deprived and depressed communities; contracts to provide services or supplies.

Sec. 210. (1) The chief justice of the supreme court shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both, for the judicial branch. The chief justice shall strongly encourage firms with which the courts of this state contract to subcontract with certified businesses in depressed and deprived communities for services or supplies, or both.

(2) The chief justice shall take all reasonable steps to ensure equal opportunity for all who compete for and perform contracts to provide services or supplies, or both, for the department. The chief justice shall strongly encourage firms with which the department contracts to provide equal opportunity for subcontractors to provide services or supplies, or both.

Personal service contracts; report.

Sec. 211. (1) The judicial branch shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly