

**STATE BUILDING AUTHORITY****State building authority projects for which bonds or notes not issued; authorization of bonds or notes by legislative concurrent resolution; state building authority projects for which bonds or notes have been issued.**

Sec. 725. (1) Subject to section 242 of the management and budget act, 1984 PA 431, MCL 18.1242, and upon the approval of the state building authority, the department may expend from the general fund of the state during the fiscal year ending September 30, 2009 an amount to meet the cash flow requirements of those state building authority projects solely for lease to a state agency identified in both part 1 and this section, and for which state building authority bonds or notes have not been issued, and for the sole acquisition by the state building authority of equipment and furnishings for lease to a state agency as permitted by 1964 PA 183, MCL 830.411 to 830.425, for which the issuance of bonds or notes is authorized by a legislative concurrent resolution that is effective for the fiscal year ending September 30, 2009. Any general fund advances for which state building authority bonds have not been issued shall bear an interest cost to the state building authority at a rate not to exceed that earned by the state treasurer's common cash fund during the period in which the advances are outstanding and are repaid to the general fund of the state.

(2) Upon sale of bonds or notes for the projects identified in part 1 or for equipment as authorized by legislative concurrent resolution and in this section, the state building authority shall credit the general fund of the state an amount equal to that expended from the general fund plus interest, if any, as defined in this section.

(3) For state building authority projects for which bonds or notes have been issued and upon the request of the state building authority, the state treasurer shall make advances without interest from the general fund as necessary to meet cash flow requirements for the projects, which advances shall be reimbursed by the state building authority when the investments earmarked for the financing of the projects mature.

(4) In the event that a project identified in part 1 is terminated after final design is complete, advances made on behalf of the state building authority for the costs of final design shall be repaid to the general fund in a manner recommended by the director and approved by the JCOS.

**Release of certain revenue to university or community college; agreement to reimburse excess revenue to state building authority; "revenue" defined.**

Sec. 726. (1) State building authority funding to finance construction or renovation of a facility that collects revenue in excess of money required for the operation of that facility shall not be released to a university or community college unless the institution agrees to reimburse that excess revenue to the state building authority. The excess revenue shall be credited to the general fund to offset rent obligations associated with the retirement of bonds issued for that facility. The auditor general shall annually identify and present an audit of those facilities that are subject to this section. Costs associated with the administration of the audit shall be charged against money recovered pursuant to this section.

(2) As used in this section, "revenue" includes state appropriations, facility opening money, other state aid, indirect cost reimbursement, and other revenue generated by the activities of the facility.

**Rent obligations and insurance premiums and deductibles; payment.**

Sec. 727. (1) The state building authority rent appropriations in part 1 may also be expended for the payment of required premiums for insurance on facilities owned by the state

building authority or payment of costs that may be incurred as the result of any deductible provisions in such insurance policies.

(2) If the amount appropriated in part 1 for state building authority rent is not sufficient to pay the rent obligations and insurance premiums and deductibles identified in subsection (1) for state building authority projects, there is appropriated from the general fund of the state the amount necessary to pay such obligations.

### **Status of construction projects; report.**

Sec. 728. The department of management and budget shall provide the JCOS and the senate and house fiscal agencies a report relative to the status of construction projects associated with state building authority bonds as of September 30 of each year, on or before October 15, or not more than 30 days after a refinancing or restructuring bond issue is sold. The report shall include, but is not limited to, the following:

(a) A list of all completed construction projects for which state building authority bonds have been sold, and which bonds are currently active.

(b) A list of all projects under construction for which sale of state building authority bonds is pending.

(c) A list of all projects authorized for construction or identified in an appropriations act for which approval of schematic/preliminary plans or total authorized cost is pending that have state building authority bonds identified as a source of financing.

### **Projects requiring approval of use and finance statement.**

Sec. 730. (1) Except as otherwise provided in subsection (3) or (4), a university shall not enter into a contract for new construction of a self-funded project estimated to cost at least \$3,000,000.00 unless the project is authorized by JCOS through approval of a use and finance statement defined by a policy adopted by JCOS. The request for authorization shall be initially submitted for review to JCOS, the senate and house fiscal agencies, and the department. The use and finance statement for a non-state-funded project shall contain the estimated total construction cost and all associated estimated operating costs, including a statement of anticipated project revenues. As used in this subsection, "new construction" includes land or property acquisition, remodeling and additions, maintenance projects, roads, landscaping, equipment, telecommunications, utilities, and parking lots and structures. Certificate of need forms may be submitted in lieu of a use and finance form where applicable.

(2) Except as otherwise provided in subsection (4), a community college shall not enter into a contract for new construction of a self-funded project estimated to cost at least \$2,000,000.00 unless the project is authorized by JCOS through approval of a use and finance statement defined by a policy adopted by JCOS. The request for legislative authorization shall be initially submitted for review to JCOS, the senate and house fiscal agencies, and the department. The use and finance statement for a non-state-funded project shall contain the estimated total construction cost and all associated estimated operating costs, including a statement of anticipated project revenues. As used in this subsection, "new construction" includes land or property acquisition, remodeling and additions, maintenance projects, roads, landscaping, equipment, telecommunications, utilities, and parking lots and structures. Certificate of need forms may be submitted in lieu of a use and finance form where applicable.

(3) The University of Michigan hospital and health center is not required to obtain JCOS authorization through approval of a use and finance statement defined by a policy adopted by JCOS.

(4) If health or safety concerns warrant, a project may be completed without prior approval of a use and finance statement defined by a policy adopted by JCOS. However, a

university or community college shall submit a use and finance statement as soon as possible after the project is completed and the health or safety concerns have abated.

(5) A project that is constructed in violation of this section shall not receive state appropriations for purposes of operating the project or for support for future infrastructure enhancements that are necessitated, in whole or in part, by construction of the project. In addition, a project constructed in violation of this section shall result in the loss of any state capital outlay funding for the institution for 2 years and a prohibition of doing self-funded projects of any kind, except for emergencies where health or safety concerns warrant, for 1 year.

(6) A state agency, including the department of military affairs, shall not enter into a contract, including those for a direct federally funded capital outlay construction or major maintenance or remodeling project if the total project is estimated to cost more than \$1,000,000.00 and is to be constructed on state-owned lands unless the project is approved by the department and JCOS through approval of a use and finance statement defined by a policy adopted by JCOS, unless the project is otherwise appropriated in a capital outlay appropriations act. For projects not appropriated in a capital outlay appropriations act that are over \$1,000,000.00, the state agency shall submit a use and finance statement defined by a policy adopted by JCOS. As used in this subsection, “direct federally funded” refers to a project for which federal payments are made directly to the construction vendor and not to the state of Michigan.

(7) A public body corporate created under section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal agreement between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund shall not enter into a contract for new construction estimated to cost more than \$1,000,000.00 unless the project is authorized by JCOS through the approval of a use and finance statement defined by a policy adopted by JCOS. For purposes of this subsection, the use and finance statement for a project shall contain the estimated total construction cost and all associated estimated operating costs. As used in this subsection, “new construction” means land or property acquisition, remodeling or additions, lease or lease purchase, and maintenance projects for the corporate office of the public body corporate described in this subsection.

(8) By not later than April 1 and October 1, each university shall report to the JCOS chairpersons, the senate and house fiscal agencies, and the department all self-funded capital projects commenced for the immediately preceding 6-month period that cost less than \$3,000,000.00 but at least \$1,000,000.00. Community colleges shall also submit these reports for self-funded capital projects that cost less than \$2,000,000.00 but at least \$1,000,000.00.

## **CIVIL SERVICE**

### **Contingency funds.**

Sec. 750. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 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 \$5,000,000.00 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.

### **Financing civil service commission; basis; adjustment.**

Sec. 751. (1) All restricted funds shall be assessed a sum not less than 1% of the total aggregate payroll paid from those funds for financing the civil service commission on the basis of actual 1% restricted sources total aggregate payroll of the classified service for fiscal year 2008 in accordance with section 5 of article XI of the state constitution of 1963. This includes, but is not limited to, restricted funds appropriated in part 1 of any appropriations act. Unexpended 1% appropriated funds shall be returned to each 1% fund source at the end of the fiscal year.

(2) The appropriations in part 1 are estimates of actual charges based on payroll appropriations. With the approval of the state budget director, the commission is authorized to adjust financing sources for civil service charges based on actual payroll expenditures, provided that such adjustments do not increase the total appropriation for the civil service commission.

(3) The financing from restricted sources shall be credited to the civil service commission by the end of the second fiscal quarter.

### **Financing civil service commission; insufficient spending authorization or revenues; shortage to be taken from carryforward authority; shortfall.**

Sec. 752. Except where specifically appropriated for this purpose, financing from restricted sources shall be credited to the civil service commission. For restricted sources of funding within the general fund that have the legislative authority for carryover, if current spending authorization or revenues are insufficient to accept the charge, the shortage shall be taken from carryforward balances of that funding source. Restricted revenue sources that do not have carryforward authority shall be utilized to satisfy commission operating deducts first and civil service obligations second. General fund dollars are appropriated for any shortfall, pursuant to approval by the state budget director.

### **Flexible spending account.**

Sec. 753. The appropriation in part 1 to the civil service commission, for state-sponsored group insurance, flexible spending accounts, and COBRA, represents amounts, in part, included within the various appropriations throughout state government for the current fiscal year to fund the flexible spending account program included within the civil service commission. Deposits against state-sponsored group insurance, flexible spending accounts, and COBRA for the flexible spending account program shall be made from assessments levied during the current fiscal year in a manner prescribed by the civil service commission. Unspent employee contributions to the flexible spending accounts may be used to offset administrative costs for the flexible spending account program, with any remaining balance of unspent employee contributions to be lapsed to the general fund.

## **CAPITAL OUTLAY**

### **Definitions.**

Sec. 760. As used in sections 761 through 768:

- (a) “Board” means the state administrative board.
- (b) “Community college” does not include a state agency or university.
- (c) “Department” means the department of management and budget.
- (d) “Director” means the director of the department of management and budget.
- (e) “Fiscal agencies” means the senate fiscal agency and the house fiscal agency.
- (f) “State agency” means an agency of state government. State agency does not include a community college or university.
- (g) “State building authority” means the authority created under 1964 PA 183, MCL 830.411 to 830.425.
- (h) “University” means a 4-year university supported by the state. University does not include a community college or a state agency.

### **Compliance with MCL 18.1101 to 18.1594.**

Sec. 761. Each capital outlay project authorized in this act or any previous capital outlay act shall comply with the procedures required by the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

### **Statement of proposed facility’s operating cost; inclusion with facility’s program statement.**

Sec. 762. A statement of a proposed facility’s operating cost shall be included with the facility’s program statement and planning documents when the plans are presented to JCOS for approval.

### **Projects at community colleges and universities; final planning and construction; agreement.**

Sec. 763. (1) Before proceeding with final planning and construction for projects at community colleges and universities included in an appropriations act, the community college or university shall sign an agreement with the department that includes the following provisions:

(a) The university or community college agrees to construct the project within the total authorized cost established by the legislature pursuant to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, and an appropriations act.

(b) The design and program scope of the project shall not deviate from the design and program scope represented in the program statement and preliminary planning documents approved by the department.

(c) Any other items as identified by the department that are necessary to complete the project.

(2) The department retains the authority and responsibility normally associated with the prudent maintenance of the public’s financial and policy interests relative to the state-financed construction projects managed by a community college or university.

### **Status of planning or construction projects; reports; “project” defined.**

Sec. 764. (1) The department shall provide the JCOS, state budget director, and the senate and house fiscal agencies with reports as considered necessary relative to the status

of each planning or construction project financed by the state building authority, by this act, or by previous acts.

(2) Before the end of each fiscal year, the department shall report to the JCOS, state budget director, and the senate and house fiscal agencies for each capital outlay project other than lump sums all of the following:

- (a) The account number and name of each construction project.
- (b) The balance remaining in each account.
- (c) The date of the last expenditure from the account.
- (d) The anticipated date of occupancy if the project is under construction.
- (e) The appropriations history for the project.
- (f) The professional service contractor.
- (g) The amount of the project financed with federal funds.
- (h) The amount of the project financed through the state building authority.
- (i) The total authorized cost for the project and the state authorized share if different than the total.

(3) Before the end of each fiscal year, the department shall report the following for each project by a state agency, university, or community college that is authorized for planning but is not yet authorized for construction:

- (a) The name of the project and account number.
- (b) Whether a program statement is approved.
- (c) Whether schematics are approved by the department.
- (d) Whether preliminary plans are approved by the department.
- (e) The name of the professional service contractor.

(4) As used in this section, “project” includes appropriation line items made for purchase of real estate.

### **Availability of federal or other money; matching requirements.**

Sec. 765. A state agency, college, or university shall take steps necessary to make available federal and other money indicated in this act, to make available federal or other money that may become available for the purposes for which appropriations are made in this act, and to use any part or all of the appropriations to meet matching requirements that are considered to be in the best interest of this state. However, the purpose, scope, and total estimated cost of a project shall not be altered to meet the matching requirements.

### **Lump-sum allocations.**

Sec. 766. (1) The director shall allocate lump-sum appropriations made in this act consistent with statutory provisions and the purposes for which funds were appropriated. Lump-sum allocations shall address priority program or facility needs and may include, but are not limited to, design, construction, remodeling and addition, special maintenance, major special maintenance, energy conservation, and demolition.

(2) The state budget director may authorize that funds appropriated for lump-sum appropriations shall be available for no more than 3 fiscal years following the fiscal year in which the original appropriation was made. Any remaining balance from allocations made in this section shall lapse to the fund from which it was appropriated pursuant to the lapsing of funds as provided in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

**Carrying forward appropriations consistent with MCL 18.1248.**

Sec. 767. The appropriations in part 1 for capital outlay shall be carried forward at the end of the fiscal year consistent with the provisions of section 248 of the management and budget act, 1984 PA 431, MCL 18.1248.

**Site preparation economic development fund.**

Sec. 768. (1) A site preparation economic development fund is created in the department of management and budget. As used in this section, “economic development sites” means those state-owned sites declared as surplus property pursuant to section 251 of the management and budget act, 1984 PA 431, MCL 18.1251, that would provide economic benefit to the area or to the state. The Michigan economic development corporation board and the state budget director shall determine whether or not a specific state-owned site qualifies for inclusion in the fund created under this subsection.

(2) Proceeds from the sale of any sites designated in subsection (1) shall be deposited into the fund created in subsection (1) and shall be available for site preparation expenditures, unless otherwise provided by law. The economic development sites authorized in subsection (1) are authorized for sale consistent with state law. Expenditures from the fund are authorized for site preparation activities that enhance the marketable sale value of the sites. Site preparation activities include, but are not limited to, demolition, environmental studies and abatement, utility enhancement, and site excavation.

(3) A cash advance in an amount of not more than \$25,000,000.00 is authorized from the general fund to the site preparation economic development fund.

(4) An annual report shall be transmitted to the senate and house of representatives standing committees on appropriations not later than December 31 of each year. This report shall detail both of the following:

- (a) The revenue and expenditure activity in the fund for the preceding fiscal year.
- (b) The sites identified as economic development sites under subsection (1).

**DEPARTMENT OF STATE****Contingency funds.**

Sec. 801. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$2,000,000.00 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 \$7,500,000.00 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 \$50,000.00 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.

**Funds made available by MCL 500.3171.**

Sec. 802. All funds made available by section 3171 of the insurance code of 1956, 1956 PA 218, MCL 500.3171, are appropriated and made available to the department of state to be expended only for the uses and purposes for which the funds are received as provided by sections 3171 to 3177 of the insurance code of 1956, 1956 PA 218, MCL 500.3171 to 500.3177.

**Sale of copies of records.**

Sec. 803. From the funds appropriated in part 1, the department of state shall sell copies of records including, but not limited to, records of motor vehicles, off-road vehicles, snowmobiles, watercraft, mobile homes, personal identification cardholders, drivers, and boat operators and shall charge \$7.00 per record sold only as authorized in section 208b of the Michigan vehicle code, 1949 PA 300, MCL 257.208b, section 7 of 1972 PA 222, MCL 28.297, and sections 80130, 80315, 81114, and 82156 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.80130, 324.80315, 324.81114, and 324.82156. The revenue received from the sale of records shall be credited to the transportation administration collection fund created under section 810b of the Michigan vehicle code, 1949 PA 300, MCL 257.810b.

Sec. 803a. (1) In accordance with section 9 of article IX of the state constitution of 1963 and sections 814 and 815 of the Michigan vehicle code, 1949 PA 300, MCL 257.814 and 257.815, if the alternative transportation funding task force does not specifically address the costs described in this section, the secretary of state shall conduct a cost study that identifies the actual cost of the work performed for the administration and collection of transportation fees and taxes pursuant to sections 801 through 810 of the Michigan vehicle code and, when the actual cost cannot be identified, allocates combined costs that cannot be separately identified for the purpose of determining the necessary costs to collect all of the following:

- (a) Vehicle title and registration fees.
- (b) The costs of collecting all taxes on fuels used to propel vehicles upon state highways.
- (c) The department of state's costs for collecting sales and use taxes.
- (d) Any other specific taxes on motor vehicles driven upon state highways and on all registered motor vehicles.

(2) If a study is required under subsection (1), the study under subsection (1) shall be performed by an independent consulting firm with experience in cost allocation. Upon commencement of the study, the study components and methodology may be reviewed by the following:

- (a) The department of transportation or its representative.
- (b) The department of management and budget or its representative.
- (c) The department of treasury or its representative.
- (d) County road commissions or their representatives.
- (e) Municipalities or their representatives.

(3) If a study is required under subsection (1), the final cost study shall be submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government and transportation, the senate and house fiscal agencies, and the state budget director by April 1, 2009.

(4) Effective April 1, 2009, the study shall be used in determining the annual appropriation from restricted transportation funds. The cost study will be updated annually to reflect changes in efficiency and technology.



**Manufacture of vehicle registration plates; agreements with department of corrections.**

Sec. 804. From the funds appropriated in part 1, the secretary of state may enter into agreements with the department of corrections for the manufacture of vehicle registration plates 15 months before the registration year in which the registration plates will be used.

**Preparation and dissemination of departmental publication under Michigan vehicle code.**

Sec. 805. (1) The department of state may accept gifts, donations, contributions, and grants of money and other property from any private or public source to underwrite, in whole or in part, the cost of a departmental publication that is prepared and disseminated under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923. A private or public funding source may receive written recognition in the publication and may furnish a traffic safety message, subject to departmental approval, for inclusion in the publication. The department may reject a gift, donation, contribution, or grant. The department may furnish copies of a publication underwritten, in whole or in part, by a private source to the underwriter at no charge.

(2) The department of state may sell and accept paid advertising for placement in a departmental publication that is prepared and disseminated under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923. The department may charge and receive a fee for any advertisement appearing in a departmental publication and shall review and approve the content of each advertisement. The department may refuse to accept advertising from any person or organization. The department may furnish a reasonable number of copies of a publication to an advertiser at no charge.

(3) Pending expenditure, the funds received under this section shall be deposited in the Michigan department of state publications fund created by section 211 of the Michigan vehicle code, 1949 PA 300, MCL 257.211. Funds given, donated, or contributed to the department from a private source are appropriated and allocated for the purpose for which the revenue is furnished. Funds granted to the department from a public source are allocated and may be expended upon receipt. The department shall not accept a gift, donation, contribution, or grant if receipt is conditioned upon a commitment of state funding at a future date. Revenue received from the sale of advertising is appropriated and may be expended upon receipt.

(4) Any unexpended revenues received under this section shall be carried over into subsequent fiscal years and shall be available for appropriation for the purposes described in this section.

(5) On March 1 of each year, the department of state shall file a report with the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director. The report shall include all of the following information:

(a) The amount of gifts, contributions, donations, and grants of money received by the department under this section for the prior fiscal year.

(b) A listing of the expenditures made from the amounts received by the department as reported in subdivision (a).

(c) A listing of any gift, donation, contribution, or grant of property other than funding received by the department under this section for the prior year.

(d) The total revenue received from the sale of paid advertising accepted under this section and a statement of the total number of advertising transactions.

(6) In addition to copies delivered without charge as the secretary of state considers necessary, the department of state may sell copies of manuals and other publications regarding the sale, ownership, or operation or regulation of motor vehicles, with amendments, at

prices to be established by the secretary of state. As used in this subsection, the term “manuals and other publications” includes videos and proprietary electronic publications. All funds received from sales of these manuals and other publications shall be credited to the Michigan department of state publications fund.

**Costs of publication; expenditures.**

Sec. 806. Funds collected by the department of state under section 211 of the Michigan vehicle code, 1949 PA 300, MCL 257.211, are appropriated for all expenses necessary to provide for the costs of the publication. Funds are allotted for expenditure when they are received by the department of treasury and shall not lapse to the general fund at the end of the fiscal year.

**Payment to department of state police for services provided by traffic accident records program.**

Sec. 807. From the funds appropriated in part 1, the department of state shall use available balances at the end of the state fiscal year to provide payment to the department of state police in the amount of \$332,000.00 for the services provided by the traffic accident records program as first appropriated in 1990 PA 196 and 1990 PA 208.

**Cash shortages from branch office operations; coverage; restricted funds.**

Sec. 808. From the funds appropriated in part 1, the department of state may restrict funds from miscellaneous revenue to cover cash shortages created from normal branch office operations. This amount shall not exceed \$50,000.00 of the total funds available in miscellaneous revenue.

**Commemorative and specialty license plate fee revenue.**

Sec. 809. (1) Commemorative and specialty license plate fee revenue collected by the department of state and deposited into the transportation administration collection fund is authorized for expenditure up to the amount of revenue collected but not to exceed the amount appropriated to the department of state in part 1 to administer commemorative and specialty license plate programs.

(2) Commemorative and specialty license plate fee revenue collected by the department of state and deposited in the transportation administration collection fund, in addition to the amount appropriated in part 1 to the department of state, shall remain in the transportation administration collection fund and be available for future appropriation.

**Collector plate and fund-raising registration plate revenues.**

Sec. 810. (1) Collector plate and fund-raising registration plate revenues collected by the department of state are appropriated and allotted for distribution to the recipient university or public or private agency overseeing a state-sponsored goal when received. Distributions shall occur on a quarterly basis or as otherwise authorized by law. Any revenues remaining at the end of the fiscal year shall not lapse to the general fund but shall remain available for distribution to the university or agency in the next fiscal year.

(2) Funds or revenues in the Olympic education training center fund are appropriated for distribution to the Olympic education training center at Northern Michigan University. Distributions shall occur on a quarterly basis. Any undistributed revenue remaining at the end of the fiscal year shall be carried over into the next fiscal year.

**Auto repair facilities; training video.**

Sec. 811. The department of state may produce and sell copies of a training video designed to inform registered automotive repair facilities of their obligations under Michigan law.

The price shall not exceed the cost of production and distribution. The money received from the sale of training videos shall revert to the department of state and be placed in the auto repair facility account.

**Organ donor program; public information campaign.**

Sec. 812. (1) The department of state, in collaboration with the gift of life transplantation society or its successor federally designated organ procurement organization, may develop and administer a public information campaign concerning the Michigan organ donor program.

(2) The department may solicit funds from any private or public source to underwrite, in whole or in part, the public information campaign authorized by this section. The department may accept gifts, donations, contributions, and grants of money and other property from private and public sources for this purpose. A private or public funding source underwriting the public information campaign, in whole or in substantial part, shall receive sponsorship credit for its financial backing.

(3) Funds received under this section, including grants from state and federal agencies, shall not lapse to the general fund at the end of the fiscal year but shall remain available for expenditure for the purposes described in this section.

(4) Funding appropriated in part 1 for the organ donor program shall be used for producing a pamphlet to be distributed with driver licenses and personal identification cards regarding organ donations. The funds shall be used to update and print a pamphlet that will explain the organ donor program and encourage people to become donors by marking a checkoff on driver license and personal identification card applications.

(5) The pamphlet shall include a return reply form addressed to the gift of life organization. Funding appropriated in part 1 for the organ donor program shall be used to pay for return postage costs.

(6) In addition to the appropriations in part 1, the department of state may receive and expend funds from the organ and tissue donation education fund for administrative expenses.

**Closure, consolidation, or relocation of branch office; notice to certain legislators.**

Sec. 815. At least 180 days before closing or consolidating a branch office and at least 60 days before relocating a branch office, the department of state shall inform members of the senate and house of representatives standing committees on appropriations and legislators who represent affected areas regarding the details of the proposal. The information provided shall be in written form and include all analyses done regarding criteria for changes in the location of branch offices, including, but not limited to, branch transactions, revenue, and the impact on citizens of the affected area. The impact on citizens shall include information regarding additional distance to branch office locations resulting from the plan. The written notice provided by the department of state shall also include detailed estimates of costs and savings that will result from the overall changes made to the branch office structure and the same level of detail regarding costs for new leased facilities and expansions of current leased space.

**Online office transactions; report on number completed by residents.**

Sec. 815a. By December 15, the department of state shall report to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies the number of branch office transactions completed online by Michigan residents in the immediately preceding fiscal year.

**Service assessments from credit and debit card services.**

Sec. 816. (1) Any service assessment collected by the department of state from the user of a credit or debit card under section 3 of 1995 PA 144, MCL 11.23, is appropriated to the department for necessary expenses related to that service and may be remitted to a credit or debit card company, bank, or other financial institution. Funds are allocated for expenditure when they are received by the department of treasury.

(2) The service assessment imposed by the department of state for credit and debit card services may be based either on a percentage of each individual credit or debit card transaction, or on a flat rate per transaction, or both scaled to the amount of the transaction. However, the department shall not charge any amount for a service assessment which exceeds the costs billable to the department for service assessments.

(3) If there is a balance of service assessments received from credit and debit card services remaining on September 30, the balance may be carried forward to the following fiscal year and appropriated for the same purpose.

(4) As used in this section, "service assessment" means and includes costs associated with service fees imposed by credit and debit card companies and processing fees imposed by banks and other financial institutions.

**Motorcycle safety education program; grants and administration.**

Sec. 818. (1) Funds in part 1 for motorcycle safety education grants and administration are appropriated to the department of state for operation of the motorcycle safety education program previously operated by the department of education under section 811a of the Michigan vehicle code, 1949 PA 300, MCL 257.811a.

(2) Funds in part 1 for motorcycle safety education grants and administration shall be derived from original and renewal motorcycle license endorsements, annual motorcycle registration fees, and motorcycle operator driving test fees.

(3) Funds in part 1 for motorcycle safety education grants and administration shall be used to provide grants to colleges, universities, intermediate school districts, local school districts, law enforcement agencies, or other governmental agencies located in the state, to help subsidize safety training courses for individuals interested in operating motorcycles.

(4) Funds in part 1 for motorcycle safety education grants and administration may be used by the department of state for administration costs of the motorcycle safety education program, to include, but not be limited to, review and approval or disapproval of grant applications, monitoring eligibility of motorcycle safety instructors, conducting program evaluation, certifying third-party testers, and inspecting training sites.

**Business application modernization project.**

Sec. 819. (1) From the funds appropriated in part 1 to the department of state for information technology services and projects, there is appropriated \$4,550,000.00 for the business application modernization project. Funds shall only be used for the development, implementation, and maintenance of the business application modernization project.

(2) The unexpended funds appropriated in part 1 for the business application modernization project are designated as work project appropriations and shall not lapse at the end of the fiscal year. Any unencumbered or unallotted funds shall be carried over into the succeeding fiscal year and shall continue to be available for expenditure until the project has been completed. The total cost is estimated at \$30,000,000.00, and the tentative completion date is September 30, 2010.

**Gifts, donations, or contributions.**

Sec. 821. (1) The department of state may accept nonmonetary gifts, donations, or contributions of property from any private or public source to support, in whole or in part,

the operation of a departmental function relating to licensing, regulation, or safety. The department may recognize a private or public contributor for making the contribution. The department may reject a gift, donation, or contribution.

(2) The department of state shall not accept a gift, donation, or contribution under subsection (1) if receipt of the gift, donation, or contribution is conditioned upon a commitment of future state funding.

(3) On March 1 of each year, the department of state shall file a report with the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director. The report shall list any gift, donation, or contribution received by the department under subsection (1) for the prior calendar year.

### **Secretary of state branch office in Buena Vista township.**

Sec. 824. From the funds appropriated in part 1 to the department of state, branch operations, the department shall maintain a full service secretary of state branch office in Buena Vista Township.

### **Branch office placement; guidelines.**

Sec. 827. The funds appropriated in part 1 for department of state, branch operations, are contingent upon the department complying with the following guidelines for branch office placement:

(a) The department of state shall, whenever possible, avoid leasing space for branch offices on greenfield sites or other noncentral locations that require the construction of new infrastructure to service the office or facility, except in limited circumstances when the constituency served or programs supported require the use of a noncentral or open space location.

(b) The department shall encourage public investment in this state's urban areas by locating branch offices and facilities in urban areas. As used in this section, "urban areas" means a downtown area, town centers, or central business districts.

(c) The department shall, whenever possible, locate branch offices at locations consistent with local planning and zoning and compatible with existing land uses.

(d) In selecting a site for a branch office, the department shall give priority to locations in urban areas, whenever reasonably possible and consistent with state law. In making location decisions, the department shall also give consideration to the following:

(i) Use of existing space in state-owned facilities in urban areas.

(ii) Adaptive use or rehabilitation of historic buildings or reuse of other buildings within an urban area.

(iii) Use of vacant buildings in an urban area.

(iv) Use of vacant land in an urban area.

(v) Use and rehabilitation of brownfield areas.

## **DEPARTMENT OF TREASURY**

### **OPERATIONS**

#### **Contingency funds.**

Sec. 901. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 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 \$10,000,000.00 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 \$200,000.00 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 \$40,000.00 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.

### **Debt service on notes and bonds.**

Sec. 902. (1) Amounts needed to pay for interest, fees, principal, mandatory and optional redemptions, arbitrage rebates as required by federal law, and costs associated with the payment, registration, trustee services, credit enhancements, and issuing costs in excess of the amount appropriated to the department of treasury in part 1 for debt service on notes and bonds that are issued by the state under sections 14, 15, and 16 of article IX of the state constitution of 1963 as implemented by 1967 PA 266, MCL 17.451 to 17.455, are appropriated.

(2) In addition to the amount appropriated to the department of treasury for debt service in part 1, there is appropriated an amount for fiscal year cash-flow borrowing costs to pay for interest on interfund borrowing made under 1967 PA 55, MCL 12.51 to 12.53.

(3) In addition to the amount appropriated to the department of treasury for debt service in part 1, there is appropriated all repayments received by the state on loans made from the school bond loan fund not required to be deposited in the school loan revolving fund by or pursuant to MCL 388.984, to the extent determined by the state treasurer, for the payment of debt service, including, without limitation, optional and mandatory redemptions, on bonds, notes or commercial paper issued by the state pursuant to 1961 PA 112.

### **Collection costs and fees.**

Sec. 903. (1) From the funds appropriated in part 1, the department of treasury may contract with private collection agencies and law firms to collect taxes and other accounts due this state. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund collection costs and fees not to exceed 25% of the collections or 2.5% plus operating costs, whichever amount is prescribed by each contract. The appropriation to fund collection costs and fees for the collection of taxes or other accounts due this state are from the fund or account to which the revenues being collected are recorded or dedicated. However, if the taxes collected are constitutionally dedicated for a specific purpose, the appropriation of collection costs and fees are from the general purpose account of the general fund.

(2) From the funds appropriated in part 1, the department of treasury may contract with private collections agencies and law firms to collect defaulted student loans and other accounts due the Michigan guaranty agency. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund collection costs and fees not to exceed 22% of the collection or a lesser amount as prescribed by the contract. The appropriation to fund collection costs and fees for the auditing and collection of defaulted student loans due the Michigan guaranty agency is from the fund or account to which the revenues being collected are recorded or dedicated.

(3) The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the state budget director and the senate and house of representatives standing committees on appropriations not later than November 30 stating the agencies or law firms employed, the amount of collections for each, the costs of collection, and other pertinent information relating to determining whether this authority should be continued.

### **Retirement funds; charging investment service fee.**

Sec. 904. (1) The department of treasury, through its bureau of investments, may charge an investment service fee against the applicable retirement funds. The fees may be expended for necessary salaries, wages, contractual services, supplies, materials, equipment, travel, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement funds. Service fees shall not exceed the aggregate amount appropriated in part 1. The department of treasury shall maintain accounting records in sufficient detail to enable the retirement funds to be reimbursed periodically for fee revenue that is determined by the department of treasury to be surplus.

(2) In addition to the funds appropriated in part 1 from the retirement funds to the department of treasury, there is appropriated from retirement funds an amount sufficient to pay for the services of money managers, investment advisors, investment consultants, custodians, and other outside professionals, the state treasurer considers necessary to prudently manage the retirement funds' investment portfolios. The state treasurer shall report annually to the senate and house of representatives standing committees on appropriations and the state budget office concerning the performance of each portfolio by investment advisor.

### **Financial services; expenditures.**

Sec. 904a. (1) There is appropriated an amount sufficient to recognize and pay expenditures for financial services provided by financial institutions as provided under section 1 of 1861 PA 111, MCL 21.181.

(2) The appropriations under subsection (1) shall be funded by restricting revenues from common cash interest earnings and investment earnings in an amount sufficient to record these expenditures.

### **Tax manuals; copies.**

Sec. 905. (1) The department of treasury shall provide copies of the state tax manual via the department's website or provide for sale copies of the tax manuals on a compact disc or an electronically transmitted format. The revenue received from the sale of preparation and local government assistance manuals shall revert to the department of treasury and be placed in the local government assistance manual revolving fund.

(2) In addition to the funds appropriated in part 1, revenue received from the sale of those manuals is appropriated.

### **Audits.**

Sec. 906. (1) The department of treasury shall charge for audits as permitted by state or federal law or under contractual arrangements with local units of government, other principal executive departments, or state agencies. A report detailing audits performed and audit charges for the immediately preceding fiscal year shall be submitted to the state budget director and the senate and house fiscal agencies not later than November 30.

(2) The appropriation in part 1 to the department of treasury, for state compliance audits, shall be used to cover the cost of the state audits performed by independent certified public accountants or department of treasury auditors. The scope of the state audit shall be defined by the state treasurer. The state audits shall be performed by independent certified public accountants contracted with by the state treasurer or by department of treasury auditors,

if the county has agreed to contract with and pay the department for their financial single audit.

(3) The state audits shall be performed for the most current county fiscal year in conjunction with the financial single audit. The state audit may be performed either by certified public accountants contracted by the state treasurer or department of treasury staff, independent of the financial single audit, if a state audit has not been performed within the last 3 years.

#### **Assessor certification and training fund.**

Sec. 907. A revolving fund known as the assessor certification and training fund is created in the department of treasury. The assessor certification and training fund shall be used to organize and operate a property assessor certification and training program. Each participant certified and trained shall pay to the department of treasury an examination fee of \$50.00, an initial certification fee of \$50.00, an annual renewal fee of \$75.00 for levels 1 and 2, and \$125.00 for levels 3 and 4 to offset the cost of administering the certification and training program. Training courses shall be offered in assessment administration. Each participant shall pay a fee to cover the expenses incurred in offering the optional programs to certified assessing personnel and other individuals interested in an assessment career opportunity. The fees collected shall be credited to the assessor certification and training fund.

#### **Home heating assistance program.**

Sec. 908. The amount appropriated in part 1 to the department of treasury, home heating assistance program, is to cover the costs, including data processing, of administering federal home heating credits to eligible claimants and to administer the supplemental fuel cost payment program for eligible tax credit and welfare recipients.

#### **Airport parking tax act; distribution of revenue.**

Sec. 909. Revenue from the airport parking tax act, 1987 PA 248, MCL 207.371 to 207.383, is appropriated and shall be distributed under section 7a of the airport parking tax act, 1987 PA 248, MCL 207.377a.

#### **Bottle deposit fund; disbursement to dealers.**

Sec. 910. The disbursement by the department of treasury from the bottle deposit fund to dealers as required by section 3c(2) of the Initiated Law of 1976, MCL 445.573c, is appropriated.

#### **Refundable income tax credits; payment.**

Sec. 911. (1) There is appropriated an amount sufficient to recognize and pay refundable income tax credits as provided by the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

(2) The appropriations under subsection (1) shall be funded by restricting income tax revenue in an amount sufficient to record these expenditures.

#### **Plaintiff in garnishment action; payment to state treasurer.**

Sec. 912. A plaintiff in a garnishment action involving this state shall pay to the state treasurer 1 of the following:

(a) A fee of \$6.00 at the time a writ of garnishment of periodic payments is served upon the state treasurer, as provided in section 4012 of the revised judicature act of 1961, 1961 PA 236, MCL 600.4012.

(b) A fee of \$6.00 at the time any other writ of garnishment is served upon the state treasurer, except that the fee shall be reduced to \$5.00 for each writ of garnishment for individual income tax refunds or credits filed by magnetic media.



**Senior citizen cooperative housing units; appraisal and appeal by private firms; senior citizens' cooperative housing tax exemption program; audit.**

Sec. 913. (1) The department of treasury may contract with private firms to appraise and, if necessary, appeal the assessments of senior citizen cooperative housing units. Payment for this service shall be from savings resulting from the appraisal or appeal process.

(2) Of the funds appropriated in part 1 to the department of treasury for the senior citizens' cooperative housing tax exemption program, a portion is to be utilized for a program audit of the program. The department of treasury shall forward copies of the audit report to the senate and house of representatives standing committees on appropriations subcommittees on general government and to the state budget office. The department of treasury may utilize up to 1% of the funds for program administration and auditing.

**Ehlers internship award account; annual prize.**

Sec. 914. The department of treasury may provide a \$200.00 annual prize from the Ehlers internship award account in the gifts, bequests, and deposit fund to the runner-up of the Rosenthal prize for interns. The Ehlers internship award account is interest bearing.

**State campaign fund.**

Sec. 915. Pursuant to section 61 of the Michigan campaign finance act, 1976 PA 388, MCL 169.261, there is appropriated from the general fund to the state campaign fund an amount equal to the amounts designated for tax year 2007. Except as otherwise provided in this section, the amount appropriated shall not revert to the general fund and shall remain in the state campaign fund. Any amounts remaining in the state campaign fund in excess of \$10,000,000.00 on December 31, 2008 shall revert to the general fund.

**Customized unclaimed property listings of nonconfidential information; availability.**

Sec. 916. The department of treasury may make available to interested entities otherwise unavailable customized unclaimed property listings of nonconfidential information in its possession. The charge for this information is as follows: 1 to 100,000 records at 2.5 cents per record and 100,001 or more records at .5 cents per record. The revenue received from this service shall be deposited to the appropriate revenue account or fund. The department shall submit an annual report on or before June 1 to the state budget director and the senate and house of representatives standing committees on appropriations that states the amount of revenue received from the sale of information.

**Write-offs and advances.**

Sec. 917. (1) There is appropriated for write-offs and advances an amount equal to total write-offs and advances for departmental programs, but not to exceed current year authorizations that would otherwise lapse to the general fund.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than November 30, stating the amounts appropriated for write-offs and advances under subsection (1).

**Tax orientation workshops and seminars.**

Sec. 918. In addition to funds appropriated in part 1, the department of treasury may receive and expend funds for conducting tax orientation workshops and seminars. Funds received may not exceed costs incurred in conducting the workshops and seminars.

**Audit and collection of unclaimed property; contract with private auditing firms.**

Sec. 919. (1) From funds appropriated in part 1, the department of treasury may contract with private auditing firms to audit for and collect unclaimed property due this state in accordance with the Michigan uniform unclaimed property act. In addition to the amounts appropriated in part 1 to the department of treasury, there are appropriated amounts necessary to fund auditing and collection costs and fees not to exceed 12% of the collections, or a lesser amount as prescribed by the contract. The appropriation to fund collection costs and fees for the auditing and collection of unclaimed property due this state is from the fund or account to which the revenues being collected are recorded or dedicated.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the state budget director and the senate and house of representatives standing committees on appropriations not later than November 30 stating the auditing firms employed, the amount of collections for each, the costs of collection, and other pertinent information relating to determining whether this authority should be continued.

**Grants to counties in lieu of taxes; payment for Sleeping Bear Dunes national lakeshore.**

Sec. 920. Payments from the appropriation in part 1 to the department of treasury for grants to counties in lieu of taxes for lands transferred to the federal government include a payment for Sleeping Bear Dunes national lakeshore under 1974 PA 359, MCL 3.901 to 3.910.

**Reimbursement to public libraries under Michigan renaissance zone act.**

Sec. 921. The state general fund/general purpose appropriation in part 1 for renaissance zone reimbursement is allocated to reimburse public libraries as provided by section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2008. Reimbursements shall be made in amounts to each eligible recipient not later than 60 days after the department of treasury has received all necessary information to properly determine the amounts due each eligible recipient under section 12(4) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general fund.

**Amount of Michigan transportation fund revenue collected and cost of collection; report.**

Sec. 922. The department of treasury shall submit a report for the immediately preceding fiscal year ending September 30 to the senate and house of representatives standing committees on appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget director by November 30 stating the amount of Michigan transportation fund revenue collected and the cost of collection.

**Principal residence audit fund revenue; receipt and expenditure; report.**

Sec. 924. (1) In addition to the funds appropriated in part 1, the department of treasury may receive and expend principal residence audit fund revenue for administration of principal residence audits under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than December 31, stating the amount of revenue appropriated for principal residence audits under subsection (1).

**Public-private partnership investment fund.**

Sec. 925. (1) A public-private partnership investment fund is created in the department of treasury. Public-private partnership investments shall include, but are not limited to, all of the following:

- (a) Capital asset improvements including buildings, land, or structures.
- (b) Energy resource exploration, extraction, generation, and sales.
- (c) Financial and investment incentive opportunities.
- (d) Infrastructure construction, maintenance, and operation.
- (e) Public-private sector joint ventures that provide economic benefit to an area or to the state.

(2) The state treasurer and the state budget director shall determine whether or not a specific public-private partnership investment opportunity qualifies for funding from the fund created under subsection (1).

(3) Investment development revenue, including a portion of the proceeds from the sale of any public-private partnership investment designated in subsection (1) shall be deposited into the fund created in subsection (1) and shall be available for administration, development, financing, marketing, and operating expenditures associated with public-private partnerships, unless otherwise provided by law. Public-private partnership investments authorized in subsection (1) are authorized for public or private operation or sale consistent with state law. Expenditures from the fund are authorized for investment purposes as designated in subsection (1) to enhance the marketable value of each investment.

(4) An annual report shall be transmitted to the senate and house of representatives appropriations committees, the senate and house fiscal agencies, and the state budget office not later than December 31 of each year. This report shall detail both of the following:

- (a) The revenue and expenditure activity in the fund for the preceding fiscal year.
- (b) Public-private partnership investments as identified under subsection (1).

**Telephone/telegraph reappraisals.**

Sec. 927. It is the intent of the legislature that telephone/telegraph reappraisals be funded at \$1,500,000.00 through supplemental appropriations in fiscal year 2008-2009.

**User services provided to principal executive departments and state agencies.**

Sec. 928. The department of treasury may provide receipt, warrant and cash processing, data, collection, investment, fiscal agent, levy and warrant cost assessment, writ of garnishment, and other user services on a contractual basis for other principal executive departments and state agencies. Funds for the services provided are appropriated and shall be expended for salaries and wages, fees, supplies, and equipment necessary to provide the services. Any unobligated balance of the funds received shall revert to the general fund of this state as of September 30.

**Tax data service; agreements.**

Sec. 929. The department of treasury may enter into agreements to supply data or collection services to other executive principal departments or state agencies, the United States department of treasury, or local units of government within this state. The department of treasury shall charge for this tax data service and amounts received are appropriated and shall be expended for salaries and wages, fees, supplies, and equipment necessary to provide the service. Any unobligated balance of the fund shall revert to the general fund of this state as of September 30.

**Accounts receivable collection services; fees; report.**

Sec. 930. (1) The department of treasury shall provide accounts receivable collections services to other principal executive departments and state agencies under 1927 PA 375, MCL 14.131 to 14.134. The department of treasury shall deduct a fee equal to the cost of collections from all receipts except unrestricted general fund collections. Fees shall be credited to a restricted revenue account and appropriated to the department of treasury to pay for the cost of collections. The department of treasury shall maintain accounting records in sufficient detail to enable the respective accounts to be reimbursed periodically for fees deducted that are determined by the department of treasury to be surplus to the actual cost of collections.

(2) The department of treasury shall submit a report for the immediately preceding fiscal year to the state budget director and the senate and house fiscal agencies not later than November 30, stating the principal executive departments and state agencies served, funds collected, and costs of collection under subsection (1).

**Secondary collection activities; selection of private collection agency.**

Sec. 930a. The department shall select a private collection agency to perform secondary collection activities in an effort to benchmark primary agency performance for all individual tax, discontinued business tax, and state agency accounts, and all active business tax accounts older than 36 months. Consistent with sound collection practices and to maximize the effectiveness of those collection activities, the department shall not select a collection agency, or related entity, that has already attempted to collect the debt in question. The department shall report its progress on second placement collection activities on a quarterly basis during the fiscal year.

**Treasury fees; investment fees.**

Sec. 931. (1) The appropriation in part 1 to the department of treasury for treasury fees shall be assessed against all restricted funds that receive common cash earnings or other investment income. Treasury fees include all costs, including administrative overhead, relating to the investment of each restricted fund. The fee assessed against each restricted fund will be based on the size of the restricted fund (the absolute value of the average daily cash balance plus the market value of investments in the prior fiscal year) and the level of effort necessary to maintain the restricted fund as required by each department. The department of treasury shall provide a report to the state budget director, the senate and house of representatives standing committees on appropriations subcommittees on general government, and the senate and house fiscal agencies by November 30 of each year identifying the fees assessed against each restricted fund and the methodology used for assessment.

(2) In addition to the funds appropriated in part 1, the department of treasury may receive and expend investment fees relating to new restricted funding sources that participate in common cash earnings or other investment income during the current fiscal year. When a new restricted fund is created starting on or after October 1, that restricted fund shall be assessed a fee using the same criteria identified in subsection (1).

**Revenue received under Michigan education trust act; expenditures.**

Sec. 932. Revenue received under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, may be expended by the board of directors of the Michigan education trust for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

**Michigan education savings program; incentive program; state matching funds; availability.**

Sec. 933. (1) The \$800,000.00 appropriated in part 1 for the Michigan education savings program is from the Michigan merit award trust fund to fund an incentive program for the Michigan education savings program created under the Michigan education savings program act, 2000 PA 161, MCL 390.1471 to 390.1486.

(2) The funds appropriated for the Michigan education savings program shall be used to provide a state match to dollars invested on behalf of each child named as a designated beneficiary in the Michigan education savings program who is 6 years of age or less, who is a Michigan resident, and whose family's income is \$80,000.00 or less.

(3) During the current fiscal year, the state shall provide \$1.00 of matching funds for each \$3.00 of individual contributions to the educational savings accounts. The maximum state match for each designated beneficiary shall be \$200.00.

(4) The state match shall be available only in the first year the child is enrolled in the Michigan education savings program.

**Revenues received under hospital finance authority act; expenditures.**

Sec. 934. The department of treasury may expend revenues received under the hospital finance authority act, 1969 PA 38, MCL 331.31 to 331.84, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund. The department of treasury shall maintain accounting records in sufficient detail to enable the hospital clients to be reimbursed periodically for fees that are determined by the department of treasury to be surplus to needs.

**Revenues received under shared credit rating act; expenditures.**

Sec. 935. The department of treasury may expend revenue received under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1076, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

**Revenues received under higher education facilities authority act; expenditures.**

Sec. 936. The department of treasury shall establish a separate account for the funds related to the Michigan higher education facilities authority. The department of treasury may expend revenue received under the higher education facilities authority act, 1969 PA 295, MCL 390.921 to 390.934, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund. The department of treasury shall maintain accounting records in sufficient detail to enable the educational institution clients to be reimbursed periodically for fees that are determined by the department to be surplus to needs.

**Revenues received under Michigan public education facilities authority; expenditures.**

Sec. 937. The department of treasury may expend revenues received under the Michigan public educational facilities authority, Executive Order No. 2002-3, for necessary salaries, wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

**Payments in lieu of taxes on purchased lands; payments to local units of government.**

Sec. 938. For bills received by January 15 for payments in lieu of taxes on purchased lands, the department shall pay the local units of government by February 14.

**State treasurer as investment fiduciary; consideration to investments in early stage, university derived life science companies.**

Sec. 939. It is the intent of the legislature that the state treasurer, acting within his or her capacity as the investment fiduciary for public employee pension funds and consistent with 1965 PA 314, MCL 38.1132 to 38.1140m, give appropriate consideration to investments in early stage, university derived life science companies located in Michigan, or investments in venture capital funds that invest in those companies to the extent those investments offer the safety and rate of return comparable to other investments permitted and available at the time the investment decision is made.

**Revenue received under Michigan tobacco settlement finance authority act; expenditures.**

Sec. 940. The department of treasury may expend revenue received under the Michigan tobacco settlement finance authority act, 2005 PA 226, MCL 129.261 to 129.279, for necessary salaries and wages, supplies, contractual services, equipment, worker's compensation insurance premiums, and grants to the civil service commission and state employees' retirement fund.

**Dynamic algorithm-based product; use of product to address medical pension liability.**

Sec. 941. From the funds appropriated in part 1, the department will analyze the opportunity of using a dynamic algorithm-based product to utilize insurance products as a means of addressing the medical pension liability for state employee retirees, the possibility of initial implementation of such a program or pilot program in the fiscal year 2010 budget, and possible Michigan vendors available to manage the program. The department shall provide a report of its findings to the appropriations committees in each chamber and the appropriate appropriations subcommittees not later than March 31, 2009. The department shall consult with qualified vendors and provide necessary data information, including, but not limited to, date of birth and gender data, to complete the analysis and compile the report.

**Property tax appeal program; use of funds to assist local units of government and school districts.**

Sec. 942. The funds appropriated in part 1 for the property tax appeal program shall be used by the department to assist local units of government and school districts in defending appeals of property tax assessments on property classified as utility personal property under section 34c(3)(e) of the general property tax act, 1893 PA 206, MCL 211.34c, with a taxable value greater than \$50,000,000.00.

**Use of social security numbers prohibited.**

Sec. 943. The department of treasury shall not include complete social security numbers in form 1099-G mailings to taxpayers.

**Pension plan consultant; hiring with state funds; report.**

Sec. 944. If the department hires a pension plan consultant using any of the funds appropriated in part 1, the department shall forward any report provided to the department by that consultant to the senate and house of representatives standing committees on appropriations subcommittees on general government, the senate and house fiscal agencies, and the state budget director.

**Review of local unit assessment administration practices, procedures, and records.**

Sec. 945. The assessment and certification division of the department of treasury may conduct a review of local unit assessment administration practices, procedures, and records, also known as the 14-point review, in at least 1 assessment jurisdiction per county.

**Assessment and training activities.**

Sec. 946. Members of the state tax commission and management level staff of the assessment and certification division may meet with statewide assessment organizations on a quarterly basis for the purpose of coordinating assessment and training activities. Recertification and training activities may be conducted at regional locations chosen to maximize participation of local officials.

**Revenue collection enhancement activities; personal property tax audits; principal residence exemption compliance program; designation work project.**

Sec. 947. (1) Of the \$4,749,200.00 included in part 1 for the revenue enhancement program, \$4,249,200.00 shall be used for revenue collection enhancement activities including auditing functions.

(2) The department of treasury shall submit quarterly progress reports to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies, regarding personal property tax audits funded under subsection (1). The report shall include the number of audits, revenue generated, and number of complaints received by the department related to the audits.

(3) The \$500,000.00 balance of the \$4,749,200.00 shall be used for the principal residence exemption compliance program. Along with other program costs, expenditures shall include the development and maintenance of a statewide web-based database created for the purpose of enforcing the principal residence exemption compliance program. The department shall submit quarterly progress reports that include the number of exemptions denied and the revenue received under this program. The legislative auditor general shall complete a performance audit of the principal residence exemption compliance program prior to April 1, 2009. Revenue generated to the state from the principal residence exemption compliance program shall be used to reimburse the state general fund for the \$500,000.00 appropriation prior to any other allocation. Additional funds from the revenue enhancement program and carryforward appropriations may be used to support costs in excess of \$500,000.00.

(4) Unexpended appropriations of the revenue enhancement program are designated as work project appropriations and shall not lapse at the end of the fiscal year and shall continue to be available for expenditure until the project has been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

- (a) The purpose of the project is to enhance revenue collection activities.
- (b) The project will be accomplished by contract.
- (c) The total estimated cost of the project is \$24,600,000.00.
- (d) The tentative completion date is September 30, 2009.

**Tax returns; number filed online.**

Sec. 948. By December 15, the department of treasury shall report to the senate and house of representatives standing committees on appropriations subcommittees on general government and the senate and house fiscal agencies the number of tax returns, to include state income tax returns, single business tax returns, and Michigan business tax returns filed online by Michigan residents in the immediately preceding fiscal year.

**Administration and collection of transportation fees and taxes; actual cost of work performed; study; performance by independent consulting firm; submission of final cost study.**

Sec. 949. (1) In accordance with section 9 of article IX of the state constitution of 1963 and sections 814 and 815 of the Michigan vehicle code, 1949 PA 300, MCL 257.814 and 257.815, if the alternative transportation funding task force does not specifically address the costs described in this section, the secretary of state shall conduct a cost study that identifies the actual cost of the work performed for the administration and collection of transportation fees and taxes pursuant to sections 801 through 810 of the Michigan vehicle code and, when the actual cost cannot be identified, allocates combined costs that cannot be separately identified for the purpose of determining the necessary costs to collect all of the following:

- (a) Vehicle title and registration fees.
- (b) The costs of collecting all taxes on fuels used to propel vehicles upon state highways.
- (c) The department of state's costs for collecting sales and use taxes.
- (d) Any other specific taxes on motor vehicles driven upon state highways and on all registered motor vehicles.

(2) If a study is required under subsection (1), the study under subsection (1) shall be performed by an independent consulting firm with experience in cost allocation. Upon commencement of the study, the study components and methodology may be reviewed by the following:

- (a) The department of transportation or its representative.
- (b) The department of management and budget or its representative.
- (c) The department of treasury or its representative.
- (d) County road commissions or their representatives.
- (e) Municipalities or their representatives.

(3) If a study is required under subsection (1), the final cost study shall be submitted to the senate and house of representatives standing committees on appropriations subcommittees on general government and transportation, the senate and house fiscal agencies, and the state budget director by April 1, 2009.

(4) Effective April 1, 2009, the study shall be used in determining the annual appropriation from restricted transportation funds. The cost study will be updated annually to reflect changes in efficiency and technology.

**REVENUE SHARING****Revenue sharing; distribution; additional appropriation.**

Sec. 950. (1) The funds appropriated in part 1 for constitutional revenue sharing shall be distributed by the department to cities, villages, and townships, as required under section 10 of article IX of the state constitution of 1963. Revenue collected in accordance with section 10 of article IX of the state constitution of 1963 in excess of the amount appropriated in part 1 for constitutional revenue sharing is appropriated for distribution to cities, villages, and townships, on a population basis as required under section 10 of article IX of the state constitution of 1963.

(2) The funds appropriated in part 1 for statutory revenue sharing shall be distributed so that each city, village, and township shall receive a combined total 2009 state fiscal year constitutional distribution, under section 10 of article IX of the state constitution of 1963,



and statutory distribution, under this subsection, that is equal to the total distribution the city, village, or township received in the 2008 state fiscal year under section 10 of article IX of the state constitution of 1963 and the statutory distribution received under section 950(2) of PA 127 of 2007. In addition, each city, village, and township shall receive an amount equal to 2% of the statutory amount the city, village, or township received in the 2007 state fiscal year under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(3) If the amount appropriated in part 1 for statutory revenue sharing is insufficient to fund the distributions calculated in subsection (2), additional statutory revenue sharing shall be automatically appropriated.

### **Revenue sharing reductions; restoration.**

Sec. 952. Of the funds appropriated in part 1 for special grants to cities, \$212,000.00 shall be used to restore revenue sharing reductions contained in Executive Order No. 2003-23 to a city that had an emergency financial manager appointed under the local government fiscal responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, continuously from December 10, 2003 through September 30, 2009.

### **Distribution pursuant to Glenn Steil state revenue sharing act of 1971; certification of amount.**

Sec. 955. (1) There is appropriated to each county an amount equal to the amount distributed to each county for the fiscal year ending September 30, 2004, pursuant to the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, adjusted by the inflation rate as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, and reduced by the amount each county is authorized to annually expend in that county's fiscal year beginning after September 30, 2004, from its revenue sharing reserve fund pursuant to section 44a of the general property tax act, 1893 PA 206, MCL 211.44a.

(2) The department of treasury shall annually certify to the state budget director the amount each county is authorized to expend from its revenue sharing reserve fund.

## **LOTTERY**

### **Implementation and operation of lottery games.**

Sec. 960. In addition to the funds appropriated in part 1 to the bureau of state lottery, there is appropriated from lottery revenues the amount necessary for, and directly related to, implementing and operating lottery games. Appropriations under this section shall only be expended for contractually mandated payments for vendor commissions, contractually mandated payments for instant tickets intended for resale, the contractual costs of providing and maintaining the on-line system communications network, and incentive and bonus payments to lottery retailers.

### **State lottery; promotional efforts towards individuals less than 18 years of age; prohibition.**

Sec. 961. The funds appropriated in part 1 to the bureau of state lottery shall not be used for any promotional efforts directed towards individuals who are less than 18 years of age.

### **Use of department of human services bridge cards to purchase lottery tickets; prohibition.**

Sec. 963. The bureau of state lottery shall inform all lottery retailers that the cash side of department of human services bridge cards cannot be used to purchase lottery tickets.

**CASINO GAMING****Deposit in compulsive gaming prevention fund.**

Sec. 971. From the revenue collected by the Michigan gaming control board regarding the total annual assessment of each casino licensee, \$2,000,000.00 is appropriated and shall be deposited in the compulsive gaming prevention fund as described in section 12a(5) of the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.212a.

**Casino gaming oversight activities; use of funds.**

Sec. 972. In addition to the funds appropriated in part 1, funds distributed by the Michigan gaming control board to the department of treasury for oversight of casino gaming are appropriated upon receipt. These funds may be used to pay for costs incurred for casino gaming oversight activities.

**Agreement authorized by Indian gaming regulatory act.**

Sec. 973. (1) Funds appropriated in part 1 for local government programs may be used to provide assistance to a local revenue sharing board referenced in an agreement authorized by the Indian gaming regulatory act, Public Law 100-497.

(2) A local revenue sharing board described in subsection (1) shall comply with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, and the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(3) A county treasurer is authorized to receive and administer funds received for and on behalf of a local revenue sharing board. Funds appropriated in part 1 for local government programs may be used to audit local revenue sharing board funds held by a county treasurer. This section does not limit the ability of local units of government to enter into agreements with federally recognized Indian tribes to provide financial assistance to local units of government or to jointly provide public services.

(4) The director of the department of state police and the executive director of the Michigan gaming control board are authorized to assist the local revenue sharing boards in determining allocations to be made to local public safety organizations.

(5) The department of treasury shall submit a report by September 30 to the senate and house of representatives standing committees on appropriations and the state budget director on the receipts and distribution of revenues by local revenue sharing boards.

**Casino gaming regulation activities; distribution of shortfall.**

Sec. 974. If revenues collected in the state services fee fund are less than the amounts appropriated from the fund, available revenues shall be used to fully fund the appropriation in part 1 for casino gaming regulation activities before distributions are made to other state departments and agencies. If the remaining revenue in the fund is insufficient to fully fund appropriations to other state departments or agencies, the shortfall shall be distributed proportionally among those departments and agencies.

**MICHIGAN STRATEGIC FUND****Contingency funds.**

Sec. 1001. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$10,000,000.00 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 \$1,000,000.00 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 \$700,000.00 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.

**Economic development job training program; grants; applicants; application criteria, instructions, and forms; award process; priority; participants; charging tuition or fees to participants prohibited; exception; matching funds provided by employer; expenditure of grant funds; audit; report; limitation on expenditure; allocation to aerospace certification grants; allocation to Mack Alive.**

Sec. 1002. (1) The appropriation in part 1 to the fund for the economic development job training program is focused on skills businesses need to compete in the twenty-first century. The purpose of this program is to develop a specific skill, for Michigan residents identified for a particular Michigan business that assists that company to compete in the global economy and to create or retain high-paying jobs for Michigan residents.

(2) Not more than \$800,000.00 of the total appropriation in part 1 may be expended for administrative costs by the fund. Not more than 10% of the total grant award may be expended by a recipient for administration costs.

(3) No funds appropriated in part 1 to the fund for the economic development job training program grants may be expended for the training of permanent striker replacement workers, unless a strike exceeds 3 years and good faith negotiations are ongoing.

(4) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization whose primary purpose is to provide education programs or employment and training services or vocational rehabilitation programs or school-to-work transition programs, local workforce development board, the headquarters of a federal and state-sponsored manufacturing technology center, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection or a business which creates at least 100 new jobs at a single location in a period not to exceed 2 years from the date of the grant award, or a business with less than 50 employees and an individual grant award of less than \$20,000.00, or a consortium consisting of any combination of any of the applicants listed.

(5) On or before October 1, the fund shall publish proposed application criteria, instructions, and forms for use by eligible applicants. The fund shall provide at least a 2-week period for public comment prior to finalization of the application criteria, instructions, and forms.

(6) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted. Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

(a) The name, address, and total number of employees of each business organization whose employees are receiving job training.

(b) A description of the specific job skills that will be taught.

(c) A clear statement of the project's scope of activities and number of participants to be involved.

(d) A commitment to maintain participant records in a form and manner required by the fund.

(e) A budget which relates to the proposed activities and various program components.

(7) Priority in the fund's awarding of grants shall be based on the following criteria:

(a) Demonstrated need for the type of training offered.

(b) Creation or retention of high wage and high skilled level jobs within a predetermined time period. If the employer does not create or retain the number of jobs specified within the predetermined time period, the employer shall reimburse the state for the entire direct grant awarded under this program, prorated to the number of actual jobs created or trained compared to the number in the original jobs identified in the grant application. The number of jobs created and retained will be verified by the employer via audit after the training is completed.

(c) Other criteria determined by the fund to be important.

(8) Participants in the economic development job training program shall be 16 years or older and not enrolled and counted in membership in a school district, intermediate school district, or community college, or any other program funded with state funding. Any training provider that receives state appropriated funds shall not include in the enrollment data reported for determining state aid any student credit hours or student contact hours for a student who is a participant in the economic development job training program. Exclusions of these students is intended to avoid payment of state aid for the same individuals for whom training costs are paid for through the economic development job training program.

(9) A recipient of a grant under this section shall not charge tuition or fees to participants in the program funded by the economic development job training program grant. However, a nonprofit organization may charge tuition or fees if the tuition plan or fees are recognized by the state and the nonprofit organization receives additional funding from other governmental or private funding sources for its programs.

(10) For training delivered to incumbent workers, the employer receiving the benefit of the training shall provide a minimum of 30% and a maximum of 50% of the program costs in matching funds as necessitated by the program.

(11) Grant funds shall be expended on a cost reimbursement basis.

(12) A recipient of a grant under this section shall allow the fund or the agency's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient or contractor shall reimburse the state for all disallowances found in the audit. Costs disallowed under subsection (7)(b) based on the employer job creation and retention requirements are not the same as the training costs that are disallowed in this subsection.

(13) The fund shall provide to the state budget director and the fiscal agencies by November 1 of each year a report on the economic development job training program grants. The report shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain all of the following:

(a) The amount and recipient of each grant or contract.

(b) The number of participants under each grant or contract and the number of new hires who are in training under the grant.

(c) The names, addresses, and total number of employees of all business organizations for whom training is or will be provided.

(d) The matching funds, if any, to be provided by a business organization.

(e) The number of jobs created as a result of the grant.

(14) As a condition of receiving funds under part 1 of this act, the fund shall not expend any of the economic development job training program funds to train any employee who is an officer of a corporation in a corporation employing more than 250 employees.

(15) The Michigan strategic fund shall allocate \$500,000.00 for aerospace certification grants as described in this subsection. The grants shall be funded from the appropriation in part 1 for economic development job training grants or work project funds available for the defense contract coordination center, or both. The Michigan strategic fund shall report to the senate and house subcommittees on general government, the fiscal agencies, and the state budget office by January 15, 2009 on the sources of funding for this program. The funds shall be allocated for the following purposes:

(a) \$250,000.00 shall be allocated for aerospace certification grants to assist manufacturers in becoming certified for aerospace manufacturing. Priority shall be given to ISO or TS certified companies that are members of a state of Michigan nonprofit, tax-exempt aerospace manufacturers association and have received a request for quotes or request for proposal from an aerospace company. Grant awards of up to \$10,000.00 shall be given to a qualifying company seeking such certification. As used in this section, “ISO” means international organization for standardization and “TS” means technical specification.

(b) \$250,000.00 shall be provided to the Michigan aerospace manufacturers association, a nonprofit, tax-exempt, aerospace-based manufacturing association. Funding shall be used for organizational assistance and to advance and promote the aerospace manufacturing community in the state of Michigan within the global economy.

(c) The fund shall report to the subcommittees and fiscal agencies by September 30 a listing of all grant recipients and the amount of the awards allocated.

(16) Of the funds appropriated in part 1 for economic development job training grants, \$50,000.00 shall be allocated to Mack Alive for employment readiness, job training, and other eligible activities under this section.

### **Michigan growth capital fund; use to develop technology business sector.**

Sec. 1003. The Michigan growth capital fund shall be used to develop the technology business sector in Michigan. The Michigan growth capital fund will be used to encourage private and public investment in the technology business sector, and all of the following apply:

(a) An applicant must match state funds on a 1:1 basis.

(b) Eligible uses of the Michigan growth capital fund include investments in organizations and programs that promote the development of new industry sectors in Michigan; inducements to attract additional venture capital funds to finance technology development; support organizations, initiatives, or events that promote entrepreneurship; provide match for university federal research grants; and support technology transfer and commercialization programs with universities and the private sector.

(c) The Michigan economic development corporation shall administer the Michigan growth capital fund.

(d) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the Michigan growth capital fund, shall be received, held, and applied by the fund for the purposes described in this section.

(e) The Michigan economic development corporation shall provide an annual report on the status of the Michigan growth capital fund to the senate appropriations subcommittee on economic development, the house appropriations subcommittee on general government, the senate and house fiscal agencies, and the state budget office by January 31.

**Travel Michigan; photographic prints, slides, videotapes, and travel product database information; use of fees.**

Sec. 1004. Travel Michigan may establish and collect a fee to cover the cost of materials and processing of photographic prints, slides, videotapes, and travel product database information that are requested by the media and other segments of the public and private sectors. The fees collected shall be appropriated for all expenses necessary to purchase and distribute these photographic prints, slides, videotapes, and travel product database information. The funds are available for expenditure when they are received by the department of treasury.

**Use of copyrighted slogans and images; receipt and expenditure of revenue.**

Sec. 1005. Travel Michigan may receive and expend private revenue related to the use of the “Michigan Great Lakes. Great Times.”, “The Upper Hand”, and “Pure Michigan” copyrighted slogans and images. This revenue may come from the direct licensing of the name and image or from the royalty payments from various merchandise sales. Revenue collected is appropriated for the marketing of the state as a travel destination. The funds are available for expenditure when they are received by the department of treasury.

**List of grant awards.**

Sec. 1006. The fund shall submit on February 15 to the subcommittees, the state budget office, and the fiscal agencies a listing of all grants which have been awarded by the fund or by the Michigan economic development corporation from the funds appropriated in part 1. The list shall include all of the following:

- (a) The name of the recipient.
- (b) The amount awarded to the recipient.
- (c) The purpose of the grant.

**Michigan economic development corporation grants and investment programs; report on activities.**

Sec. 1007. (1) The fund shall provide reports to the relevant subcommittees, the state budget director, and the fiscal agencies concerning the activities of the Michigan economic development corporation grants and investment programs financed from the fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund. The report shall include, but not be limited to, the following programs funded in part 1:

(a) Travel Michigan, including any expenditures authorized under section 89b of the Michigan strategic fund act, 1984 PA 270, MCL 125.2089b, to supplement the Michigan promotion program. The report shall include the number of commercials produced, the markets in which media buys have been made, and any web-based products that were created with these funds.

(b) Business attraction, retention, and growth, including any expenditures authorized under section 89b of the Michigan strategic fund act, 1984 PA 270, MCL 125.2089b, to supplement the Michigan business marketing program. The report shall include the number of commercials produced, the markets in which media buys have been made, and any web-based products that were created as a result of this appropriation.

- (c) Business services.
- (d) Community development block grants.
- (e) Strategic fund administration.
- (f) Renaissance zones.
- (g) 21st century investment program.

- (h) Business and clean air ombudsman.
- (i) Economic development job training program grants.
- (j) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 15. The report for each program in subsection (1)(a) through (j) shall include details on all revenue sources, actual expenditures, and number of FTEs for that program for the previous fiscal year.

### **Interlocal agreement; work with private economic development agency.**

Sec. 1008. As a condition of receiving funds under part 1, any interlocal agreement entered into by the fund shall include language which states that if a local unit of government has a contract or memorandum of understanding with a private economic development agency, the Michigan economic development corporation will work cooperatively with that private organization in that local area.

### **Expenditures for purchase of options on land or purchase of land; conditions; “economically distressed area” defined.**

Sec. 1009. (1) Of the funds appropriated to the fund or through grants to the Michigan economic development corporation, no funds shall be expended for the purchase of options on land or the purchase of land unless at least 1 of the following conditions applies:

- (a) The land is located in an economically distressed area.
- (b) The land is obtained through a purchase or exercise of an option at the invitation of the local unit of government and local economic development agency.

(2) Consideration may be given to purchases where the proposed use of the land is consistent with a regional land use plan, will result in the redevelopment of an economically distressed area, can be supported by existing infrastructure, and will not cause shifts in population away from the area’s population centers.

(3) As used in this section, “economically distressed area” means an area in a city, village, or township that has been designated as blighted; a city, village, or township that shows negative population change from 1970 and a poverty rate and unemployment rate greater than the statewide average; or an area certified as a neighborhood enterprise zone.

### **Advertising material involving personal effects or apparel; limitation.**

Sec. 1010. The money appropriated in part 1 to the fund is subject to the condition that none is spent for premiums or advertising material involving personal effects or apparel including, but not limited to, T-shirts, hats, coffee mugs, or other promotional items, except travel Michigan.

### **Unexpended or unencumbered balance; disposal; use.**

Sec. 1011. (1) From the general fund/general purpose appropriations in part 1 to the fund and granted or transferred to the Michigan economic development corporation, any unexpended or unencumbered balance shall be disposed of in accordance with the requirements in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward authorization has been otherwise provided for.

(2) Any encumbered funds shall be used for the same purposes for which funding was originally appropriated in this act.

### **Condition of receiving funds; compliance with certain requirements.**

Sec. 1012. (1) As a condition of receiving funds under part 1, the fund shall ensure that the MEDC and the fund comply with all of the following:

- (a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(c) Annual audits of all financial records by the auditor general or his or her designee.

(d) All reports required by law to be submitted to the legislature.

(2) If the MEDC is unable for any reason to perform duties under this act, the fund may exercise those duties.

### **Involvement of staff in private fund-raising activities; decisions regarding grant awards.**

Sec. 1013. As a condition for receiving the appropriations in part 1, any staff of the Michigan economic development corporation involved in private fund-raising activities shall not be party to any decisions regarding the awarding of grants or tax abatements from the fund, the Michigan economic development corporation, or the Michigan economic growth authority.

### **Urban revitalization infrastructure program.**

Sec. 1014. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may be used to create an urban revitalization infrastructure program in the fund for economic development awards to create new jobs or contribute to redevelopment and encourage private investment in core communities.

(2) Awards may be provided to qualified local governmental units as defined in the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797, or certified technology parks, as defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(3) Awards can be used for land and property acquisition and assembly, demolition, site development, utility modifications and improvements, street and road improvements, telecommunication infrastructure, site location and relocation, infrastructure improvements, and any other costs related to the successful development and implementation of core community or certified technology park projects, at the discretion of the Michigan economic development corporation.

(4) Funding may be provided in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination of these. A cash match of at least 10%, or local repayment guarantee with a dedicated funding source, is required. Priority shall be given to projects which are integrated with existing economic development programs and to projects in proportion to the amount that local matching rates exceed 10%.

(5) The Michigan economic development corporation shall have all administrative responsibility for the Michigan core communities fund and shall establish application and application scoring criteria and approve awards. The Michigan economic development corporation may utilize up to 1/2 of 1% of the fund for administrative purposes.

(6) Funds will be awarded through an open competitive process based on criteria including the following: project impact, project marketability, lack of adequate infrastructure or land assembly financing sources, local administrative capacity, and the level of local matching funds. Awardees shall agree to expedite the local development process, such as fast-track permitting procedures, streamlined regulatory requirements, standardized construction and building codes, and the use of competitive construction permitting fees.

(7) No single applicant shall be awarded more than \$10,000,000.00 per project.

(8) Fifteen days prior to the award of the funds, notification shall be provided to the speaker of the house of representatives, the senate majority leader, the members of the house and senate appropriations committees, the fiscal agencies, and the state budget director.

(9) Funds shall not be awarded for any of the following purposes:

(a) Land sited for use as, or support for, a gaming facility.



(b) Land or other facilities owned or operated by a gaming facility.

(c) Publicly owned land or facilities which may directly or indirectly support a gaming facility.

(10) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the core communities fund, shall be received, held, and applied by the fund for the purposes described in this part.

(11) The fund shall provide an annual report on the status of this fund. The report shall be provided to the subcommittees, the fiscal agencies, and the state budget office by January 31.

### **Contracts with regional planning commissions; technical assistance.**

Sec. 1015. The fund shall continue to contract with regional planning commissions for technical assistance to member municipalities. The contracts shall be awarded at the fiscal year 2007-2008 level.

### **Audit of job claims.**

Sec. 1016. The Michigan economic development corporation shall utilize the audit procedures developed in section 1016 of 2007 PA 127 to audit the jobs claims from firms receiving financial or tax incentives from the state. The agency shall review the results of the audit and report the findings to the legislature by May 1.

### **Promotion of business development of Michigan agricultural products; collaboration with department of agriculture.**

Sec. 1019. In accordance with chapter 8B of 1984 PA 270, MCL 125.2089 to 125.2089d, it is the intent of the legislature that the Michigan strategic fund, its employees, contract employees, and individuals working on its behalf collaborate with the Michigan department of agriculture to promote business development of Michigan agricultural products to achieve outcomes that include, but are not limited to, increases in export sales, increases in the number of retailers carrying Michigan commodities both within and outside of this state, and increased sales of Michigan products at chain grocers.

### **Receipt of additional pass-through funds.**

Sec. 1020. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended. The fund may carry forward into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. The fund shall report the amount and source of the funds to the senate appropriation subcommittee on economic development, the house appropriation subcommittee on general government, the senate and house fiscal agencies, and the state budget office within 10 business days after receiving any additional pass-through funds.

### **Tourism promotion and business marketing.**

Sec. 1021. There is \$50,000,000.00 general fund/general purpose revenue appropriated in 2008 PA 98 available for tourism promotion and business marketing in accordance with that act.

### **Tourism promotion; included activities.**

Sec. 1023. Tourism promotion shall include, but is not limited to, the Mackinac Island state park, Michigan state historic parks, cultural, vacation, recreational, leisure, hunting-related,

motor sports entertainment-related, and agriculture-related travel across this state that includes activities that promote tourism in all 4 seasons.

**Grants to Michigan small business and technology development centers; use of funds to provide match.**

Sec. 1024. From the funds appropriated in part 1 for the jobs for Michigan investment program: 21st century jobs fund, \$1,400,000.00 shall be granted by the Michigan strategic fund board to the Michigan small business and technology development centers to be used for the SBIR or STTR grant or loan matching program. These funds shall only be used to provide the required match. Grants or loans under this section shall not exceed 25% of the federal funds and must leverage third-party commercialization funding at both the phase I and phase II levels.

Sec. 1027. Of the funds appropriated in part 1 for the jobs for Michigan investment program: 21st century jobs fund, \$3,000,000.00 shall be allocated to Lakeshore Advantage for the same purposes as the fiscal year 2007-2008 allocation.

**Tax breaks or incentives; companies giving preference to Michigan workers.**

Sec. 1029. It is the intent of the legislature that the fund only award tax breaks or other economic development incentives to companies that give preference to Michigan workers.

**Film tax credit program; report.**

Sec. 1032. The Michigan film office shall report to the subcommittees and the fiscal agencies by September 30 on the status of the new film tax credit program. The report shall include all of the following information:

- (a) The number of contracts signed.
- (b) The number of films that have completed shooting.
- (c) The total amount of the tax credits provided.
- (d) The counties where the films were made.
- (e) The number of temporary and permanent jobs created.

**Michigan film office advisory council; availability of minutes.**

Sec. 1033. The fund shall make available to the public the minutes of the Michigan film office advisory council.

**Business incubator program; award of funds.**

Sec. 1034. (1) The funds appropriated in part 1 for the business incubator program shall be awarded on a competitive basis within each of the following counties:

- (a) Berrien.
- (b) Genesee.
- (c) Macomb.
- (d) Washtenaw.
- (e) Wayne.

(2) Eligible recipients for these awards must be operational on October 1, 2008 and submit a comprehensive business plan that demonstrates sustainable operating capacity.

(3) Awards shall be announced by March 31, 2009.

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**Compiler's note:** The shaded text was vetoed by the Governor, whose veto message appears in this volume under the heading "Vetoed."

**REVENUE STATEMENT****Fund balances and estimates; statement.**

Sec. 1101. Pursuant to section 18 of article V of the state constitution of 1963, fund balances and estimates are presented in the following statement:

## BUDGET RECOMMENDATIONS BY OPERATING FUNDS

(Amounts in millions)

Fiscal Year 2008-2009

	Fund	Beginning Unreserved Fund Balance	Estimated Revenue	Ending Balance
<b>OPERATING FUNDS</b>				
General fund/general purpose .....	0110	125.5	9,425.6	10.9
General fund/special purpose.....		448.0	16,309.7	473.4
Special Revenue Funds:				
Countercyclical budget and economic stabilization .....	0111	102.2	4.3	106.5
Game and fish protection.....	0112	5.1	61.0	4.0
Michigan employment security act administration.....	0113	8.1	13.5	3.5
State aeronautics .....	0114	5.8	177.7	4.8
Michigan veterans' benefit trust....	0115	0.0	4.3	0.0
State trunkline.....	0116	0.0	2,181.8	0.0
Michigan state waterways .....	0117	1.1	29.7	0.1
Blue Water Bridge.....	0118	0.0	14.5	0.0
Michigan transportation.....	0119	0.0	1,929.4	0.0
Comprehensive transportation.....	0120	0.0	312.6	0.0
School aid .....	0122	0.0	13,312.4	0.0
Game and fish protection trust.....	0124	6.0	12.8	6.0
State park improvement.....	0125	1.6	39.4	0.0
Forest development .....	0126	0.0	24.0	0.0
Michigan civilian conservation corps endowment.....	0128	0.3	0.0	0.3
Michigan natural resources trust...	0129	33.5	52.5	37.4
Michigan state parks endowment...	0130	7.6	16.7	5.0
Safety education and training.....	0131	2.8	9.0	2.8
Bottle deposit .....	0136	0.0	16.9	0.0
State construction code.....	0138	0.2	9.5	(2.8)
Children's trust .....	0139	1.3	10.1	1.0
State casino gaming.....	0140	1.6	34.3	1.6
Homeowner construction lien recovery .....	0141	3.0	1.4	2.4
Michigan nongame fish and wildlife .....	0143	0.2	0.6	0.1
Michigan merit award trust .....	0154	15.0	203.1	0.0
Outdoor recreation legacy .....	0162	0.0	2.3	0.0
Off-road vehicle account .....	0163	2.5	3.5	1.0

Snowmobile account .....	0164	2.2	9.6	0.2
Silicosis dust disease and logging...	0870	3.2	1.3	2.5
Utility consumer representation....	0893	3.5	1.3	3.6
TOTALS.....		\$780.3	\$44,697.1	\$664.3

This act is ordered to take immediate effect.  
 Approved August 5, 2008.  
 Filed with Secretary of State August 6, 2008.

**[No. 262]**  
**(SB 1270)**

AN ACT to amend 1995 PA 24, entitled “An act to promote economic growth and job creation within this state; to create and regulate the Michigan economic growth authority; to prescribe the powers and duties of the authority and of state and local officials; to assess and collect a fee; to approve certain plans and the use of certain funds; and to provide qualifications for and determine eligibility for tax credits and other incentives for authorized businesses and for qualified taxpayers,” by amending section 6 (MCL 207.806), as amended by 2008 PA 110.

*The People of the State of Michigan enact:*

**207.806 Michigan economic growth authority; powers.**

Sec. 6. The authority shall have powers necessary or convenient to carry out and effectuate the purpose of this act, including, but not limited to, the following:

- (a) To authorize eligible businesses to receive tax credits to foster job creation in this state.
- (b) To determine which businesses qualify for tax credits under this act.
- (c) To determine the amount and duration of tax credits authorized under this act.
- (d) To issue certificates and enter into written agreements specifying the conditions under which tax credits are authorized and the circumstances under which those tax credits may be reduced or terminated.
- (e) To charge and collect reasonable administrative fees.
- (f) To delegate to the chairperson of the authority, staff, or others the functions and powers it considers necessary and appropriate to administer the programs under this act.
- (g) To assist an eligible business to obtain the benefits of a tax credit, incentive, or inducement program provided by this act or by law.
- (h) To determine the eligibility of and issue certificates to certain qualified taxpayers for credits allowed under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431, and to develop the application process and necessary forms to claim the credit under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431. The Michigan economic growth authority annually shall prepare and submit to the house of representatives and senate committees responsible for tax policy and economic development issues a report on the credits under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business

tax act, 2007 PA 36, MCL 208.1431. The report shall include, but is not limited to, all of the following:

(i) A listing of the projects under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431, that were approved in the previous calendar year.

(ii) The total amount of eligible investment approved under former section 38g(3) of 1975 PA 228 and section 431 of the Michigan business tax act, 2007 PA 36, MCL 208.1431, in the previous calendar year.

(i) To approve the capture of school operating taxes and work plans as provided in sections 13 and 15 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2663 and 125.2665.

(j) To determine the eligibility of and issue certificates to certain qualified taxpayers for credits allowed under section 407 of the Michigan business tax act, 2007 PA 36, MCL 208.1407.

(k) To determine the eligibility of and issue certificates to certain taxpayers for credits allowed under sections 431a and 431b of the Michigan business tax act, 2007 PA 36, MCL 208.1431a and 208.1431b.

(l) To determine the eligibility of and issue certificates to certain taxpayers for credits allowed under sections 432 to 432d of the Michigan business tax act, 2007 PA 36, MCL 208.1432 to 208.1432d.

This act is ordered to take immediate effect.

Approved August 6, 2008.

Filed with Secretary of State August 6, 2008.

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**[No. 263]**

**(HB 5972)**

AN ACT to amend 2007 PA 36, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations,” (MCL 208.1101 to 208.1601) by adding section 432.

*The People of the State of Michigan enact:*

**208.1432 Agreement to manufacture polycrystalline silicon; tax credit; certificate; definitions.**

Sec. 432. (1) A qualified taxpayer that has entered into an agreement with the Michigan economic growth authority that provides that the qualified taxpayer will construct and operate a new or expanded facility described in the agreement under this section for the manufacture of polycrystalline silicon may claim a credit against the tax imposed by this act for a period of 12 years calculated as provided in sections 432a through 432d and claimed for the tax years as provided in sections 432a through 432d. This credit shall be taken after all other credits provided under this act.

(2) The Michigan economic growth authority shall not enter into more than 1 agreement under this section and shall not enter into an agreement after December 31, 2008.

(3) A qualified taxpayer shall not claim a credit under sections 432a through 432d unless the Michigan economic growth authority has issued a certificate to that taxpayer. The qualified taxpayer shall attach the certificate to the annual return filed under this act on which a credit under this section is claimed.

(4) The certificate required under subsection (3) shall state all of the following:

(a) The taxpayer is a qualified taxpayer.

(b) The amount of the credit under this section for the qualified taxpayer for the designated tax year.

(c) The taxpayer's federal employer identification number or the Michigan department of treasury number assigned to the taxpayer and for a taxpayer that is a unitary business group, the federal employer identification number or Michigan department of treasury number assigned to the member of the group engaged in this state in the manufacture of polycrystalline silicon for solar cells and semiconductor microchips.

(5) For purposes of this section and sections 432a through 432d:

(a) "Guaranteed cost of electricity" means the following:

(i) For a tax year that begins after December 31, 2011 and before January 1, 2019, 4.85 cents per kilowatt hour.

(ii) For a tax year that begins after December 31, 2018 and before January 1, 2021, 5.20 cents per kilowatt hour.

(iii) For a tax year that begins after December 31, 2020 and before January 1, 2024, 6.00 cents per kilowatt hour.

(b) "Projected cost of electricity" means the following:

(i) For a tax year that begins after December 31, 2011 and before January 1, 2013, 6.49 cents per kilowatt hour.

(ii) For a tax year that begins after December 31, 2012 and before January 1, 2014, 6.66 cents per kilowatt hour.

(iii) For a tax year that begins after December 31, 2013 and before January 1, 2015, 6.84 cents per kilowatt hour.

(iv) For a tax year that begins after December 31, 2014 and before January 1, 2016, 7.02 cents per kilowatt hour.

(v) For a tax year that begins after December 31, 2015 and before January 1, 2017, 7.20 cents per kilowatt hour.

(vi) For a tax year that begins after December 31, 2016 and before January 1, 2018, 7.40 cents per kilowatt hour.

(vii) For a tax year that begins after December 31, 2017 and before January 1, 2019, 7.59 cents per kilowatt hour.

(viii) For a tax year that begins after December 31, 2018 and before January 1, 2020, 7.79 cents per kilowatt hour.

(ix) For a tax year that begins after December 31, 2019 and before January 1, 2021, 8.00 cents per kilowatt hour.

(x) For a tax year that begins after December 31, 2020 and before January 1, 2022, 8.21 cents per kilowatt hour.

(xi) For a tax year that begins after December 31, 2021 and before January 1, 2023, 8.43 cents per kilowatt hour.

(vii) For a tax year that begins after December 31, 2022 and before January 1, 2024, 8.65 cents per kilowatt hour.

(c) “Qualified taxpayer” means a taxpayer whose business activity conducted in this state includes the manufacturing of polycrystalline silicon for solar cells and semiconductor microchips.

**Conditional effective date.**

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

- (a) Senate Bill No. 1267.
- (b) Senate Bill No. 1268.
- (c) Senate Bill No. 1270.

This act is ordered to take immediate effect.

Approved August 6, 2008.

Filed with Secretary of State August 6, 2008.

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**Compiler's note:** The bills referred to in enacting section 1 were enacted into law as follows:

Senate Bill No. 1267 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 265, Imd. Eff. Aug. 6, 2008.

Senate Bill No. 1268 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 266, Imd. Eff. Aug. 6, 2008.

Senate Bill No. 1270 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 262, Imd. Eff. Aug. 6, 2008.

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**[No. 264]**

**(HB 5976)**

AN ACT to amend 2007 PA 36, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations,” (MCL 208.1101 to 208.1601) by adding section 432d.

*The People of the State of Michigan enact:*

**208.1432d For 2023 tax year; tax credit; electricity; “qualified consumption of electricity” defined.**

Sec. 432d. (1) For the 2023 tax year, a qualified taxpayer that has received a certificate under section 432 may claim a credit equal to the product obtained by multiplying 25% of the qualified consumption of electricity times the difference between the projected cost of electricity and the guaranteed cost of electricity.

(2) If the credit allowed under this section exceeds the tax liability of the qualified taxpayer for the tax year, the qualified taxpayer may elect to have that portion that exceeds the tax liability of the qualified taxpayer refunded or to have the excess carried forward to offset the tax liability in subsequent years for 10 years or until used up, whichever occurs first.

(3) As used in this section, “qualified consumption of electricity” means up to 1,445,400 megawatt hours of electricity consumed during the tax year at a facility described by an agreement entered into under section 432.

**Conditional effective date.**

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

- (a) Senate Bill No. 1267.
- (b) Senate Bill No. 1268.
- (c) Senate Bill No. 1270.

This act is ordered to take immediate effect.

Approved August 6, 2008.

Filed with Secretary of State August 6, 2008.

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**Compiler's note:** The bills referred to in enacting section 1 were enacted into law as follows:

Senate Bill No. 1267 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 265, Imd. Eff. Aug. 6, 2008.

Senate Bill No. 1268 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 266, Imd. Eff. Aug. 6, 2008.

Senate Bill No. 1270 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 262, Imd. Eff. Aug. 6, 2008.

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**[No. 265]**

**(SB 1267)**

AN ACT to amend 2007 PA 36, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations,” (MCL 208.1101 to 208.1601) by adding section 432b.

*The People of the State of Michigan enact:*

**208.1432b Tax years beginning after December 31, 2015 and before January 1, 2022; tax credit; “qualified consumption of electricity” defined.**

Sec. 432b. (1) For tax years that begin after December 31, 2015 and before January 1, 2022, a qualified taxpayer that has received a certificate under section 432 may claim a credit equal to the product obtained by multiplying the qualified consumption of electricity times the difference between the projected cost of electricity and the guaranteed cost of electricity.

(2) If the credit allowed under this section exceeds the tax liability of the qualified taxpayer for the tax year, the qualified taxpayer may elect to have that portion that exceeds the tax liability of the qualified taxpayer refunded or to have the excess carried forward to offset the tax liability in subsequent years for 10 years or until used up, whichever occurs first.

(3) As used in this section, “qualified consumption of electricity” means up to 1,445,400 megawatt hours of electricity consumed during the tax year at a facility described by an agreement entered into under section 432.

This act is ordered to take immediate effect.

Approved August 6, 2008.

Filed with Secretary of State August 6, 2008.



**[No. 266]****(SB 1268)**

AN ACT to amend 2007 PA 36, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations,” (MCL 208.1101 to 208.1601) by adding section 432c.

*The People of the State of Michigan enact:*

**208.1432c For 2022 tax year; tax credit; “qualified consumption of electricity” defined.**

Sec. 432c. (1) For the 2022 tax year, a qualified taxpayer that has received a certificate under section 432 may claim a credit equal to the product obtained by multiplying 50% of the qualified consumption of electricity times the difference between the projected cost of electricity and the guaranteed cost of electricity.

(2) If the credit allowed under this section exceeds the tax liability of the qualified taxpayer for the tax year, the qualified taxpayer may elect to have that portion that exceeds the tax liability of the qualified taxpayer refunded or to have the excess carried forward to offset the tax liability in subsequent years for 10 years or until used up, whichever occurs first.

(3) As used in this section, “qualified consumption of electricity” means up to 1,445,400 megawatt hours of electricity consumed during the tax year at a facility described by an agreement entered into under section 432.

This act is ordered to take immediate effect.

Approved August 6, 2008.

Filed with Secretary of State August 6, 2008.

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**[No. 267]****(HB 5973)**

AN ACT to amend 2007 PA 36, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations,” (MCL 208.1101 to 208.1601) by adding section 432a.

*The People of the State of Michigan enact:*

**208.1432a Tax years beginning after December 31, 2011 and before January 1, 2016; tax credit; electricity; “qualified consumption of electricity” defined.**

Sec. 432a. (1) For tax years that begin after December 31, 2011 and before January 1, 2016, a qualified taxpayer that has received a certificate under section 432 may claim a credit equal to the product obtained by multiplying the qualified consumption of electricity times the difference between the guaranteed cost of electricity and the actual delivered price of electricity billed to the qualified taxpayer under a tariff rate approved by the public service commission or the projected cost of electricity, whichever is less.

(2) If the credit allowed under this section exceeds the tax liability of the qualified taxpayer for the tax year, the qualified taxpayer may elect to have that portion that exceeds the tax liability of the qualified taxpayer refunded or to have the excess carried forward to offset the tax liability in subsequent years for 10 years or until used up, whichever occurs first.

(3) As used in this section, “qualified consumption of electricity” means up to 1,445,400 megawatt hours of electricity consumed during the tax year at a facility described by an agreement entered into under section 432.

**Conditional effective date.**

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

- (a) Senate Bill No. 1267.
- (b) Senate Bill No. 1268.
- (c) Senate Bill No. 1270.

This act is ordered to take immediate effect.

Approved August 6, 2008.

Filed with Secretary of State August 6, 2008.

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**Compiler’s note:** The bills referred to in enacting section 1 were enacted into law as follows:  
Senate Bill No. 1267 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 265, Imd. Eff. Aug. 6, 2008.  
Senate Bill No. 1268 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 266, Imd. Eff. Aug. 6, 2008.  
Senate Bill No. 1270 was filed with the Secretary of State Aug. 6, 2008, and became 2008 PA 262, Imd. Eff. Aug. 6, 2008.

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**[No. 268]**

**(SB 1107)**

AN ACT to amend 1979 PA 94, entitled “An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts,” by amending sections 3, 4, 6, 11, 11a, 11g, 11j, 11k, 11m, 15, 18, 18b, 19, 20, 20d, 20j, 22a, 22b, 22d, 24, 24a, 24c, 25b, 25c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 38, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 54a, 54c, 56, 57, 61a, 62, 64, 65, 74, 81, 94a, 98, 99, 99e, 99i, 99j, 99k, 99p, 104, 104b, 105,

105c, 107, 147, 151, 164c, and 166e (MCL 388.1603, 388.1604, 388.1606, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d, 388.1620j, 388.1622a, 388.1622b, 388.1622d, 388.1624, 388.1624a, 388.1624c, 388.1625b, 388.1625c, 388.1626a, 388.1626b, 388.1629, 388.1631a, 388.1631d, 388.1631f, 388.1632b, 388.1632c, 388.1632d, 388.1632j, 388.1632l, 388.1637, 388.1638, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1654a, 388.1654c, 388.1656, 388.1657, 388.1661a, 388.1662, 388.1664, 388.1665, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699e, 388.1699i, 388.1699j, 388.1699k, 388.1699p, 388.1704, 388.1704b, 388.1705, 388.1705c, 388.1707, 388.1747, 388.1751, 388.1764c, and 388.1766e), sections 3, 6, 11a, 11g, 11k, 11m, 15, 18, 19, 20, 20j, 24, 24a, 24c, 26a, 26b, 29, 31a, 31d, 31f, 32b, 32c, 32d, 32j, 32l, 37, 39, 39a, 41, 51d, 53a, 54, 54a, 57, 61a, 64, 65, 74, 81, 94a, 98, 99, 99e, 107, and 151 as amended and sections 99i, 99j, and 99k as added by 2007 PA 137, sections 4 and 164c as amended by 2005 PA 155, sections 11, 11j, 22a, 22b, 22d, 51a, 51c, 56, 62, and 104 as amended and sections 54c and 99p as added by 2008 PA 112, section 18b as added by 2000 PA 297, section 20d as amended and section 166e as added by 1997 PA 93, section 25b as amended and section 25c as added by 2001 PA 121, section 38 as amended by 2003 PA 158, section 104b as added by 2004 PA 593, sections 105 and 105c as amended by 2006 PA 342, and section 147 as amended by 2007 PA 92, and by adding sections 11n, 22e, and 99a; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

### **388.1603 Definitions; A to D.**

Sec. 3. (1) “Average daily attendance”, for the purposes of complying with federal law, means 92% of the pupils counted in membership on the pupil membership count day, as defined in section 6(7).

(2) “Board” means the governing body of a district or public school academy.

(3) “Center” means the center for educational performance and information created in section 94a.

(4) “Cooperative education program” means a written voluntary agreement between and among districts to provide certain educational programs for pupils in certain groups of districts. The written agreement shall be approved by all affected districts at least annually and shall specify the educational programs to be provided and the estimated number of pupils from each district who will participate in the educational programs.

(5) “Department”, except in section 107, means the department of education.

(6) “District” means a local school district established under the revised school code or, except in sections 6(4), 6(6), 11n, 13, 20, 22a, 23, 29, 31a, 99j, 99k, 51a(15), 105, and 105c, a public school academy. Except in sections 6(4), 6(6), 11n, 13, 20, 22a, 29, 99j, 99k, 51a(15), 105, and 105c, district also includes a university school.

(7) “District of residence”, except as otherwise provided in this subsection, means the district in which a pupil’s custodial parent or parents or legal guardian resides. For a pupil described in section 24b, the pupil’s district of residence is the district in which the pupil enrolls under that section. For a pupil described in section 6(4)(d), the pupil’s district of residence shall be considered to be the district or intermediate district in which the pupil is counted in membership under that section. For a pupil under court jurisdiction who is placed outside the district in which the pupil’s custodial parent or parents or legal guardian resides, the pupil’s district of residence shall be considered to be the educating district or educating intermediate district.

(8) “District superintendent” means the superintendent of a district, the chief administrator of a public school academy, or the chief administrator of a university school.

**388.1604 Definitions; E to H.**

Sec. 4. (1) “Elementary pupil” means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade. For the purposes of calculating universal service fund (e-rate) discounts, “elementary pupil” includes children enrolled in a preschool program operated by a district in its facilities.

(2) “Extended school year” means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. The mandatory clock hours shall be completed by each pupil not more than 365 calendar days after the pupil’s first day of classes for the school year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements for the educational program.

(3) “Fiscal year” means the state fiscal year that commences October 1 and continues through September 30.

(4) “General educational development testing preparation program” means a program that has high school level courses in English language arts, social studies, science, and mathematics and that prepares a person to successfully complete the general educational development (GED) test.

(5) “High school pupil” means a pupil in membership in grades 7 to 12, except in a district not maintaining grades above the eighth grade.

**388.1606 Additional definitions.**

Sec. 6. (1) “Center program” means a program operated by a district or intermediate district for special education pupils from several districts in programs for pupils with autism spectrum disorder, pupils with severe cognitive impairment, pupils with moderate cognitive impairment, pupils with severe multiple impairments, pupils with hearing impairment, pupils with visual impairment, and pupils with physical impairment or other health impairment. Programs for pupils with emotional impairment housed in buildings that do not serve regular education pupils also qualify. Unless otherwise approved by the department, a center program either shall serve all constituent districts within an intermediate district or shall serve several districts with less than 50% of the pupils residing in the operating district. In addition, special education center program pupils placed part-time in noncenter programs to comply with the least restrictive environment provisions of section 612 of part B of the individuals with disabilities education act, 20 USC 1412, may be considered center program pupils for pupil accounting purposes for the time scheduled in either a center program or a noncenter program.

(2) “District and high school graduation rate” means the annual completion and pupil dropout rate that is calculated by the center pursuant to nationally recognized standards.

(3) “District and high school graduation report” means a report of the number of pupils, excluding adult participants, in the district for the immediately preceding school year, adjusted for those pupils who have transferred into or out of the district or high school, who leave high school with a diploma or other credential of equal status.

(4) “Membership”, except as otherwise provided in this act, means for a district, public school academy, university school, or intermediate district the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .25 times the final audited count from the supplemental count day for the immediately preceding school year. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the

superintendent, and as corrected by a subsequent department audit. The amount of the foundation allowance for a pupil in membership is determined under section 20. In making the calculation of membership, all of the following, as applicable, apply to determining the membership of a district, public school academy, university school, or intermediate district:

(a) Except as otherwise provided in this subsection, and pursuant to subsection (6), a pupil shall be counted in membership in the pupil's educating district or districts. An individual pupil shall not be counted for more than a total of 1.0 full-time equated membership.

(b) If a pupil is educated in a district other than the pupil's district of residence, if the pupil is not being educated as part of a cooperative education program, if the pupil's district of residence does not give the educating district its approval to count the pupil in membership in the educating district, and if the pupil is not covered by an exception specified in subsection (6) to the requirement that the educating district must have the approval of the pupil's district of residence to count the pupil in membership, the pupil shall not be counted in membership in any district.

(c) A special education pupil educated by the intermediate district shall be counted in membership in the intermediate district.

(d) A pupil placed by a court or state agency in an on-grounds program of a juvenile detention facility, a child caring institution, or a mental health institution, or a pupil funded under section 53a, shall be counted in membership in the district or intermediate district approved by the department to operate the program.

(e) A pupil enrolled in the Michigan schools for the deaf and blind shall be counted in membership in the pupil's intermediate district of residence.

(f) A pupil enrolled in a vocational education program supported by a millage levied over an area larger than a single district or in an area vocational-technical education program established pursuant to section 690 of the revised school code, MCL 380.690, shall be counted only in the pupil's district of residence.

(g) A pupil enrolled in a university school shall be counted in membership in the university school.

(h) A pupil enrolled in a public school academy shall be counted in membership in the public school academy.

(i) For a new district, university school, or public school academy beginning its operation after December 31, 1994, membership for the first 2 full or partial fiscal years of operation shall be determined as follows:

(i) If operations begin before the pupil membership count day for the fiscal year, membership is the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year and on the supplemental count day for the current school year, as determined by the department and calculated by adding the number of pupils registered for attendance on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

(ii) If operations begin after the pupil membership count day for the fiscal year and not later than the supplemental count day for the fiscal year, membership is the final audited count of the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the supplemental count day for the current school year.

(j) If a district is the authorizing body for a public school academy, then, in the first school year in which pupils are counted in membership on the pupil membership count day in the

public school academy, the determination of the district's membership shall exclude from the district's pupil count for the immediately preceding supplemental count day any pupils who are counted in the public school academy on that first pupil membership count day who were also counted in the district on the immediately preceding supplemental count day.

(k) In a district, public school academy, university school, or intermediate district operating an extended school year program approved by the superintendent, a pupil enrolled, but not scheduled to be in regular daily attendance on a pupil membership count day, shall be counted.

(l) Pupils to be counted in membership shall be not less than 5 years of age on December 1 and less than 20 years of age on September 1 of the school year except a special education pupil who is enrolled and receiving instruction in a special education program or service approved by the department and not having a high school diploma who is less than 26 years of age as of September 1 of the current school year shall be counted in membership.

(m) An individual who has obtained a high school diploma shall not be counted in membership. An individual who has obtained a general educational development (G.E.D.) certificate shall not be counted in membership. An individual participating in a job training program funded under former section 107a or a jobs program funded under former section 107b, administered by the Michigan strategic fund or the department of labor and economic growth, or participating in any successor of either of those 2 programs, shall not be counted in membership.

(n) If a pupil counted in membership in a public school academy is also educated by a district or intermediate district as part of a cooperative education program, the pupil shall be counted in membership only in the public school academy unless a written agreement signed by all parties designates the party or parties in which the pupil shall be counted in membership, and the instructional time scheduled for the pupil in the district or intermediate district shall be included in the full-time equated membership determination under subdivision (q). However, for pupils receiving instruction in both a public school academy and in a district or intermediate district but not as a part of a cooperative education program, the following apply:

(i) If the public school academy provides instruction for at least 1/2 of the class hours specified in subdivision (q), the public school academy shall receive as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the public school academy provides divided by the number of hours specified in subdivision (q) for full-time equivalency, and the remainder of the full-time membership for each of those pupils shall be allocated to the district or intermediate district providing the remainder of the hours of instruction.

(ii) If the public school academy provides instruction for less than 1/2 of the class hours specified in subdivision (q), the district or intermediate district providing the remainder of the hours of instruction shall receive as its prorated share of the full-time equated membership for each of those pupils an amount equal to 1 times the product of the hours of instruction the district or intermediate district provides divided by the number of hours specified in subdivision (q) for full-time equivalency, and the remainder of the full-time membership for each of those pupils shall be allocated to the public school academy.

(o) An individual less than 16 years of age as of September 1 of the current school year who is being educated in an alternative education program shall not be counted in membership if there are also adult education participants being educated in the same program or classroom.

(p) The department shall give a uniform interpretation of full-time and part-time memberships.

(q) The number of class hours used to calculate full-time equated memberships shall be consistent with section 101(3). In determining full-time equated memberships for pupils who are enrolled in a postsecondary institution, a pupil shall not be considered to be less than a full-time equated pupil solely because of the effect of his or her postsecondary enrollment, including necessary travel time, on the number of class hours provided by the district to the pupil.

(r) Except as otherwise provided in this subdivision, full-time equated memberships for pupils in kindergarten shall be determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by a number equal to  $\frac{1}{2}$  the number used for determining full-time equated memberships for pupils in grades 1 to 12. Beginning in 2009-2010, full-time equated memberships for pupils enrolled in developmental kindergarten, prekindergarten, or a similar class intended to be the first of 2 school years before a pupil enters grade 1 shall be determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by the number used for determining full-time equated memberships for pupils in grades 1 to 12. For 2010-2011, full-time equated memberships for pupils enrolled in kindergarten shall be determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by a number equal to 60% of the number used for determining full-time equated memberships for pupils in grades 1 to 12. Beginning in 2011-2012, full-time equated memberships for pupils enrolled in kindergarten shall be determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by a number equal to 70% of the number used for determining full-time equated memberships for pupils in grades 1 to 12.

(s) For a district, university school, or public school academy that has pupils enrolled in a grade level that was not offered by the district, university school, or public school academy in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

(t) A pupil enrolled in a cooperative education program may be counted in membership in the pupil's district of residence with the written approval of all parties to the cooperative agreement.

(u) If, as a result of a disciplinary action, a district determines through the district's alternative or disciplinary education program that the best instructional placement for a pupil is in the pupil's home or otherwise apart from the general school population, if that placement is authorized in writing by the district superintendent and district alternative or disciplinary education supervisor, and if the district provides appropriate instruction as described in this subdivision to the pupil at the pupil's home or otherwise apart from the general school population, the district may count the pupil in membership on a pro rata basis, with the proration based on the number of hours of instruction the district actually provides to the pupil divided by the number of hours specified in subdivision (q) for full-time equivalency. For the purposes of this subdivision, a district shall be considered to be providing appropriate instruction if all of the following are met:

(i) The district provides at least 2 nonconsecutive hours of instruction per week to the pupil at the pupil's home or otherwise apart from the general school population under the supervision of a certificated teacher.

(ii) The district provides instructional materials, resources, and supplies, except computers, that are comparable to those otherwise provided in the district's alternative education program.

(iii) Course content is comparable to that in the district's alternative education program.

(iv) Credit earned is awarded to the pupil and placed on the pupil's transcript.

(v) For 2007-2008 only, a pupil enrolled in an alternative or disciplinary education program described in section 25 shall be counted in membership in the district or public school academy that expelled the pupil.

(w) If a pupil was enrolled in a public school academy on the pupil membership count day, if the public school academy's contract with its authorizing body is revoked or the public school academy otherwise ceases to operate, and if the pupil enrolls in a district within 45 days after the pupil membership count day, the department shall adjust the district's pupil count for the pupil membership count day to include the pupil in the count.

(x) For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of .75 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .25 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent.

(y) If a district's membership for a particular fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils and the district has 4.5 or fewer pupils per square mile, as determined by the department, and, beginning in 2007-2008, if the district does not receive funding under section 22d(2), the district's membership shall be considered to be the membership figure calculated under this subdivision. If a district educates and counts in its membership pupils in grades 9 to 12 who reside in a contiguous district that does not operate grades 9 to 12 and if 1 or both of the affected districts request the department to use the determination allowed under this sentence, the department shall include the square mileage of both districts in determining the number of pupils per square mile for each of the districts for the purposes of this subdivision. The membership figure calculated under this subdivision is the greater of the following:

(i) The average of the district's membership for the 3-fiscal-year period ending with that fiscal year, calculated by adding the district's actual membership for each of those 3 fiscal years, as otherwise calculated under this subsection, and dividing the sum of those 3 membership figures by 3.

(ii) The district's actual membership for that fiscal year as otherwise calculated under this subsection.

(z) If a public school academy that is not in its first or second year of operation closes at the end of a school year and does not reopen for the next school year, the department shall adjust the membership count of the district in which a former pupil of the public school academy enrolls and is in regular daily attendance for the next school year to ensure that the district receives the same amount of membership aid for the pupil as if the pupil were counted in the district on the supplemental count day of the preceding school year.

(aa) Full-time equated memberships for preprimary-aged special education pupils who are not enrolled in kindergarten but are enrolled in a classroom program under R 340.1754 of the Michigan administrative code shall be determined by dividing the number of class hours scheduled and provided per year by 450. Full-time equated memberships for preprimary-aged



special education pupils who are not enrolled in kindergarten but are receiving nonclassroom services under R 340.1755 of the Michigan administrative code shall be determined by dividing the number of hours of service scheduled and provided per year per pupil by 180.

(bb) A pupil of a district that begins its school year after Labor day who is enrolled in an intermediate district program that begins before Labor day shall not be considered to be less than a full-time pupil solely due to instructional time scheduled but not attended by the pupil before Labor day.

(cc) For the first year in which a pupil is counted in membership on the pupil membership count day in a middle college program described in section 64, the membership is the average of the full-time equated membership on the pupil membership count day and on the supplemental count day for the current school year, as determined by the department. If a pupil was counted by the operating district on the immediately preceding supplemental count day, the pupil shall be excluded from the district's immediately preceding supplemental count for purposes of determining the district's membership.

(5) "Public school academy" means a public school academy, urban high school academy, or strict discipline academy operating under the revised school code.

(6) "Pupil" means a person in membership in a public school. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence is not required for any of the following:

(a) A nonpublic part-time pupil enrolled in grades 1 to 12 in accordance with section 166b.

(b) A pupil receiving 1/2 or less of his or her instruction in a district other than the pupil's district of residence.

(c) A pupil enrolled in a public school academy or university school.

(d) A pupil enrolled in a district other than the pupil's district of residence under an intermediate district schools of choice pilot program as described in section 91a or former section 91 if the intermediate district and its constituent districts have been exempted from section 105.

(e) A pupil enrolled in a district other than the pupil's district of residence if the pupil is enrolled in accordance with section 105 or 105c.

(f) A pupil who has made an official written complaint or whose parent or legal guardian has made an official written complaint to law enforcement officials and to school officials of the pupil's district of residence that the pupil has been the victim of a criminal sexual assault or other serious assault, if the official complaint either indicates that the assault occurred at school or that the assault was committed by 1 or more other pupils enrolled in the school the pupil would otherwise attend in the district of residence or by an employee of the district of residence. A person who intentionally makes a false report of a crime to law enforcement officials for the purposes of this subdivision is subject to section 411a of the Michigan penal code, 1931 PA 328, MCL 750.411a, which provides criminal penalties for that conduct. As used in this subdivision:

(i) "At school" means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.

(ii) "Serious assault" means an act that constitutes a felony violation of chapter XI of the Michigan penal code, 1931 PA 328, MCL 750.81 to 750.90g, or that constitutes an assault and infliction of serious or aggravated injury under section 81a of the Michigan penal code, 1931 PA 328, MCL 750.81a.

(g) A pupil whose district of residence changed after the pupil membership count day and before the supplemental count day and who continues to be enrolled on the supplemental count day as a nonresident in the district in which he or she was enrolled as a resident on the pupil membership count day of the same school year.

(h) A pupil enrolled in an alternative education program operated by a district other than his or her district of residence who meets 1 or more of the following:

(i) The pupil has been suspended or expelled from his or her district of residence for any reason, including, but not limited to, a suspension or expulsion under section 1310, 1311, or 1311a of the revised school code, MCL 380.1310, 380.1311, and 380.1311a.

(ii) The pupil had previously dropped out of school.

(iii) The pupil is pregnant or is a parent.

(iv) The pupil has been referred to the program by a court.

(v) The pupil is enrolled in an alternative or disciplinary education program described in section 25.

(i) A pupil enrolled in the Michigan virtual high school, for the pupil's enrollment in the Michigan virtual high school.

(j) A pupil who is the child of a person who is employed by the district. As used in this subdivision, "child" includes an adopted child, stepchild, or legal ward.

(k) An expelled pupil who has been denied reinstatement by the expelling district and is reinstated by another school board under section 1311 or 1311a of the revised school code, MCL 380.1311 and 380.1311a.

(l) A pupil enrolled in a district other than the pupil's district of residence in a program described in section 64 if the pupil's district of residence and the enrolling district are both constituent districts of the same intermediate district.

(m) A pupil enrolled in a district other than the pupil's district of residence who attends a United States Olympic education center.

However, if a district that is not a first class district educates pupils who reside in a first class district and if the primary instructional site for those pupils is located within the boundaries of the first class district, the educating district must have the approval of the first class district to count those pupils in membership. As used in this subsection, "first class district" means a district organized as a school district of the first class under the revised school code.

(7) "Pupil membership count day" of a district or intermediate district means:

(a) Except as provided in subdivision (b), the fourth Wednesday after Labor day each school year or, for a district or building in which school is not in session on that Wednesday due to conditions not within the control of school authorities, with the approval of the superintendent, the immediately following day on which school is in session in the district or building.

(b) For a district or intermediate district maintaining school during the entire school year, the following days:

(i) Fourth Wednesday in July.

(ii) Fourth Wednesday after Labor day.

(iii) Second Wednesday in February.

(iv) Fourth Wednesday in April.

(8) "Pupils in grades K to 12 actually enrolled and in regular daily attendance" means pupils in grades K to 12 in attendance and receiving instruction in all classes for which they