

**SUBSTITUTE FOR
HOUSE BILL NO. 5831**

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
by amending sections 115, 221, 237a, 241, 242, 246, 248, 249, and
393 (MCL 18.1115, 18.1221, 18.1237a, 18.1241, 18.1242, 18.1246,
18.1248, 18.1249, and 18.1393), sections 115, 221, 242, 246, 248,
and 393 as amended and section 237a as added by 1999 PA 8 and
section 241 as amended by 2010 PA 22, and by adding sections 221a,
238, and 242a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 115. (1) "Institution of higher education" **OR**
2 **"UNIVERSITY"** means a state supported 4-year college or university.
3 (2) "JCOS" means the joint capital outlay subcommittee of the
4 appropriations committees.

1 (3) Except as used in sections 284 to 292, "record" means a
2 public record as defined in section 2 of the freedom of information
3 act, 1976 PA 442, MCL 15.232.

4 (4) "State agency" means a department, board, commission,
5 office, agency, authority, or other unit of state government. State
6 agency does not include an institution of higher education or a
7 community college or, for purposes of article 2 or 3, the
8 legislative branch of government. For purposes of article 2 or 3,
9 except for those sections pertaining to the authorization,
10 planning, construction, and funding of a capital outlay project,
11 including construction of a facility to house offices or functions
12 necessary for operation of the judicial branch of government, state
13 agency does not include the judicial branch of government.

14 (5) "Unit of local government" means a political subdivision
15 of this state, including school districts, community college
16 districts, intermediate school districts, cities, villages,
17 townships, counties, and authorities, if the political subdivision
18 has as its primary purpose the providing of local governmental
19 service for citizens in a geographically limited area of the state
20 and has the power to act primarily on behalf of that area.

21 Sec. 221. (1) The director may provide for the rental and
22 lease of land and facilities for the use of state agencies in the
23 manner provided by law. The rentals and leases shall not be
24 effective unless approved by the board.

25 ~~—— (2) If a project costs more than \$1,000,000.00 and consists of~~
26 ~~less than 25,000 gross square feet, the department shall notify the~~
27 ~~joint capital outlay subcommittee in writing of its intent to~~

1 ~~proceed with such a facility. The notice shall be given 30 days~~
2 ~~before the lease contract providing for the proposed constructions~~
3 ~~is entered into.~~

4 (2) ~~(3)~~ If the director proposes to lease space or a facility
5 ~~which meets either of the following criteria~~ **FOR WHICH THE ANNUAL**
6 **BASE COST OF THE PROPOSED LEASE IS MORE THAN \$500,000.00**, approval
7 of the joint capital outlay subcommittee is required prior to board
8 approval. +

9 ~~(a) The space or facility exceeds 25,000 gross square feet.~~

10 ~~(b) The annual base cost of the proposed lease is more than~~
11 ~~\$500,000.00.~~

12 (3) **THE DEPARTMENT SHALL PROVIDE NOTIFICATION TO THE JCOS AND**
13 **TO THE FISCAL AGENCIES WITHIN 5 BUSINESS DAYS OF RENTAL AGREEMENTS**
14 **ENTERED INTO IN WHICH THE BASE COST IS MORE THAN \$500,000.00.**

15 (4) For the purposes of this section, the renewal of an
16 existing lease will require the approval of the joint capital
17 outlay subcommittee if the renewal results in changes to the lease
18 that would cause it to meet the requirements outlined in subsection
19 ~~(3)~~ (2).

20 (5) The department may grant easements, upon terms and
21 conditions the board determines are just and reasonable, for
22 highway and road purposes, and for constructing, operating, and
23 maintaining pipelines or electric, telephone, telegraph,
24 television, gas, sanitary sewer, storm sewer, or other utility
25 lines including all supporting fixtures and other appurtenances
26 over, through, under, upon, and across any land belonging to this
27 state, except lands under the jurisdiction of the department of

1 natural resources, the department of military **AND VETERANS** affairs,
2 or the state transportation department.

3 (6) The department shall determine annually the prevailing
4 market rental values of all state owned office facilities and
5 private facilities which provide housing for state employees. The
6 rental values determined pursuant to this subsection shall not be
7 effective unless approved by the board. The renting, leasing, or
8 licensing of ~~state-owned~~ **STATE-OWNED** land and facilities to private
9 and public entities shall be at prevailing market rental values or
10 at actual costs as determined by the director.

11 (7) The department shall charge state agencies for building
12 occupancy in ~~state-owned~~ **STATE-OWNED** facilities under the
13 jurisdiction of the department. The rates to be charged for
14 building occupancy shall be coordinated with the budget cycle. The
15 rates shall reflect the actual cost for occupancy of the
16 facilities.

17 **SEC. 221A. (1) THE DEPARTMENT SHALL PROVIDE THE JCOS AND THE**
18 **FISCAL AGENCIES WITH THE FOLLOWING REPORTS:**

19 **(A) BY NOVEMBER 1 OF EACH YEAR, FOR STATE-OWNED SPACE AS OF**
20 **SEPTEMBER 30 OF THAT YEAR, ALL OF THE FOLLOWING:**

21 **(i) THE DEPARTMENT OCCUPYING OR USING THE SPACE.**

22 **(ii) THE BUILDING LOCATION, INCLUDING STREET ADDRESS, CITY OR**
23 **TOWNSHIP, AND COUNTY.**

24 **(iii) THE TYPE OF BUILDING, SUCH AS OFFICE, WAREHOUSE, GARAGE,**
25 **STORAGE, OR OTHER USE.**

26 **(iv) THE SQUARE FOOTAGE.**

27 **(v) THE OCCUPANCY AND USAGE OF SPACE COMPARED TO TOTAL SPACE**

1 AVAILABLE.

2 (vi) THE CONDITION OF FACILITY AND ESTIMATED FUTURE SPECIAL
3 MAINTENANCE COSTS.

4 (B) BY NOVEMBER 1 OF EACH YEAR, FOR PRIVATELY OWNED STATE-
5 LEASED SPACE AS OF SEPTEMBER 30 OF THAT YEAR, ALL OF THE FOLLOWING:

6 (i) THE DEPARTMENT OCCUPYING OR USING THE SPACE.

7 (ii) THE LEASE NUMBER.

8 (iii) THE BUILDING LOCATION, INCLUDING STREET ADDRESS, CITY OR
9 TOWNSHIP, AND COUNTY.

10 (iv) THE TYPE OF BUILDING, SUCH AS OFFICE, WAREHOUSE, GARAGE,
11 STORAGE, OR OTHER USE.

12 (v) THE NAME AND ADDRESS OF LESSOR.

13 (vi) THE SQUARE FOOTAGE AND NET SQUARE FOOTAGE RATE.

14 (vii) THE OCCUPANCY AND USAGE OF SPACE COMPARED TO TOTAL SPACE
15 AVAILABLE.

16 (viii) THE MONTHLY AND ANNUAL COST.

17 (ix) THE DATE THE LEASE STARTS AND EXPIRES.

18 (x) THE OPTIONS AND SERVICES.

19 (xi) THE TOTAL MONTHLY AND ANNUAL COST FOR ALL LEASES DESCRIBED
20 IN THIS SUBDIVISION.

21 (C) AT LEAST 2 WEEKS PRIOR TO A STATE LEASE PROPOSAL BEING
22 INCLUDED ON A JCOS MEETING AGENDA FOR REVIEW AND APPROVAL, ALL OF
23 THE FOLLOWING:

24 (i) THE LEASE NUMBER.

25 (ii) THE DEPARTMENT.

26 (iii) THE LOCATION.

27 (iv) THE LESSOR.

1 (v) THE TOTAL SQUARE FOOTAGE AND USE OF SPACE.

2 (vi) LEASE COSTS, TO INCLUDE ANNUAL COSTS OF LEASE, MONTHLY
3 COSTS OF LEASE, COST PER SQUARE FOOT, AND INCREASES, IF ANY, FROM
4 PRIOR LEASE TO NEW LEASE.

5 (vii) THE COSTS TO RENOVATE.

6 (viii) THE COSTS FOR UTILITIES.

7 (ix) THE MANAGEMENT FEES.

8 (x) THE AMOUNT PAID FOR AD VALOREM PROPERTY TAXES.

9 (xi) THE OPERATING COSTS.

10 (xii) THE LEASE TERMS.

11 (xiii) IF AN OPTION TO PURCHASE IS INCLUDED, THE TERMS OF THE
12 OFFER TO PURCHASE AND RATIONALE FOR NOT FUNDING CONSTRUCTION
13 THROUGH THE STATE BUILDING AUTHORITY.

14 (xiv) THE EXISTING SPACE, INCLUDING YEARS IN EXISTING LOCATION,
15 COST, TERMS OF THE LEASE, AND DISADVANTAGES RELATED TO CONTINUING
16 IN CURRENT LOCATION.

17 (xv) THE BID PROCESS, INCLUDING AN OVERVIEW INCLUDING DATES,
18 NUMBER OF PROPOSALS SUBMITTED, COST RANGE OF PROPOSALS, COMPARABLE
19 MARKET RATES, AND AN EXPLANATION IF LOWEST BID WAS NOT ACCEPTED.

20 (xvi) A COST COMPARISON LISTING THE TOTAL SQUARE FOOTAGE, BASE
21 COST PER SQUARE FOOT, ANNUAL LEASE COST, COST FOR UTILITIES, TAXES,
22 OPERATING COSTS, AND TOTAL ANNUAL COST FOR THE PROPOSED LEASE AND
23 THE CURRENT LEASE, AND SHOW THE DIFFERENCE IN COSTS.

24 (D) NOT LATER THAN 45 DAYS AFTER THE CLOSE OF THE FISCAL YEAR,
25 THE STATUS OF ALL ACTIVE PLANNING AND CONSTRUCTION PROJECTS
26 APPROVED BY JCOS AND FINANCED THROUGH THE STATE BUILDING AUTHORITY
27 OR STATE GENERAL FUND/GENERAL PURPOSE REVENUES, INCLUDING ALL OF

1 THE FOLLOWING:

2 (i) THE NAME OF EACH PROJECT.

3 (ii) THE APPLICABLE APPROPRIATION ACTS.

4 (iii) THE APPROPRIATION YEAR AND ACCOUNT NUMBERS.

5 (iv) THE TOTAL AUTHORIZED COST FOR THE PROJECT AND STATE
6 AUTHORIZED SHARE.

7 (v) THE UNENCUMBERED BALANCE REMAINING IN EACH ACCOUNT.

8 (vi) THE EXPIRATION DATE OF AUTHORIZATION.

9 (vii) THE CURRENT PROJECT STATUS: PLANNING, PRECONSTRUCTION,
10 CONSTRUCTION, OR POSTCONSTRUCTION.

11 (viii) THE ESTIMATED COMPLETION DATE.

12 (ix) AS APPLICABLE, THE QUALIFYING CARRYFORWARD EXEMPTION UNDER
13 SECTION 248(4) OR (6).

14 (2) THIS SECTION IS IN EFFECT UNTIL MARCH 31, 2015.

15 (3) AS USED IN THIS SECTION, "PROJECT" INCLUDES APPROPRIATION
16 LINE ITEMS MADE FOR PURCHASE OF REAL ESTATE.

17 Sec. 237a. (1) This section pertains to capital outlay
18 projects for community colleges and universities.

19 (2) The department shall review documents associated with
20 community college and university capital outlay projects for which
21 an appropriation or other authorization has been made.

22 (3) The department shall provide architectural and
23 professional engineering review of documents including designs,
24 plans, and change orders at each stage of the project to ensure
25 that the project or facility is in compliance with approved
26 program, appropriation, and capital outlay requirements.

27 (4) The department shall review the award and selection of

1 architects, professional engineers, construction managers, and
2 other design or construction professional service contractors.

3 (5) The department shall do all of the following:

4 (a) Review the construction bid.

5 (b) Review monthly reports to ensure appropriate construction
6 progress, evaluate change orders, and watch for potential problems.

7 (c) Respond to college and university requests for assistance
8 on the capital outlay process, contractor issues, and other capital
9 outlay related issues.

10 (d) Provide for field checks and audits throughout the project
11 in order to meet the trustee requirements of the state building
12 authority.

13 (6) THE DEPARTMENT MAY REQUIRE THAT COMMUNITY COLLEGES AND
14 UNIVERSITIES SELF-MANAGING CONSTRUCTION OF A CAPITAL OUTLAY PROJECT
15 ENTER INTO AN AGREEMENT WITH THE DEPARTMENT IN WHICH THE COMMUNITY
16 COLLEGE OR UNIVERSITY AGREES TO CONSTRUCT THE PROJECT WITHIN THE
17 TOTAL AUTHORIZED COST, DESIGN, AND PROGRAM SCOPE ESTABLISHED BY THE
18 LEGISLATURE. THIS AGREEMENT SHALL INCLUDE, BUT IS NOT LIMITED TO,
19 CERTIFICATION FROM THE COMMUNITY COLLEGE OR UNIVERSITY THAT THE
20 OPERATING COSTS RESULTING FROM THE CAPITAL OUTLAY PROJECT ARE THE
21 RESPONSIBILITY OF THE COMMUNITY COLLEGE OR UNIVERSITY. THE
22 AGREEMENT MAY INCLUDE OTHER REQUIREMENTS AS IDENTIFIED BY THE
23 DEPARTMENT THAT ARE NECESSARY TO COMPLETE THE PROJECT AND FULFILL
24 THE PROJECT OVERSIGHT REQUIREMENTS OF THIS ACT.

25 (7) THE DEPARTMENT RETAINS THE AUTHORITY AND FIDUCIARY
26 RESPONSIBILITY NORMALLY ASSOCIATED WITH THE PRUDENT MAINTENANCE OF
27 THE PUBLIC'S FINANCIAL AND POLICY INTERESTS RELATIVE TO THE STATE-

1 FINANCED CONSTRUCTION PROJECTS MANAGED BY A COMMUNITY COLLEGE OR
2 UNIVERSITY. THE DIRECTOR MAY TAKE APPROPRIATE ACTION TO BRING THE
3 CAPITAL OUTLAY PROJECT TO CONCLUSION IF THE PUBLIC'S FINANCIAL AND
4 POLICY INTERESTS ARE IN JEOPARDY AND THERE IS A FAILURE ON THE PART
5 OF A COMMUNITY COLLEGE OR UNIVERSITY TO ADHERE TO THE REQUIREMENTS
6 OF THIS ACT. THE DIRECTOR SHALL PROVIDE NOTICE TO THE JOINT CAPITAL
7 OUTLAY SUBCOMMITTEE WITHIN 10 DAYS OF EXERCISING AUTHORITY UNDER
8 THIS SUBSECTION.

9 (8) ~~(6)~~—The department may charge a fee for the services
10 described in this section at a rate not to exceed actual costs.

11 (9) ~~(7)~~—In the event that a college or university chooses to
12 have the department provide for the complete administration of a
13 capital outlay project, then the provisions of section 237 apply to
14 the project.

15 (10) ~~(8)~~—Prior to state building authority financing, the
16 department shall provide final review of the capital outlay project
17 to ensure compliance with the authorized program, plans, and
18 specifications.

19 SEC. 238. (1) UNIVERSITIES AND COMMUNITY COLLEGES SHALL REPORT
20 ON ALL CONTRACTS ENTERED INTO FOR NEW CONSTRUCTION OF SELF-FUNDED
21 PROJECTS COSTING IN EXCESS OF \$1,000,000.00. NEW CONSTRUCTION
22 INCLUDES LAND OR PROPERTY ACQUISITION, REMODELING AND ADDITIONS,
23 MAINTENANCE PROJECTS, ROADS, LANDSCAPING, EQUIPMENT,
24 TELECOMMUNICATIONS, UTILITIES, AND PARKING LOTS AND STRUCTURES.
25 REPORTS SHALL BE SUBMITTED TO THE JCOS, THE FISCAL AGENCIES, AND
26 THE STATE BUDGET OFFICE ON OR BEFORE JUNE 30 AND DECEMBER 31 OF
27 EACH YEAR. EACH REPORT SHALL INCLUDE, BUT NOT BE LIMITED TO, THE

1 FOLLOWING INFORMATION ON ALL SELF-FUNDED CAPITAL PROJECTS COMMENCED
2 FOR THE IMMEDIATELY PRECEDING 6-MONTH PERIOD:

3 (A) DESCRIPTION OF THE PROJECT, TO INCLUDE PURPOSE, NEED,
4 JUSTIFICATION, AND START AND COMPLETION DATES.

5 (B) STATEMENT OF GROSS ESTIMATED CAPITAL IMPROVEMENT OR
6 PROJECT COSTS INCLUDING A BREAKDOWN OF LAND COSTS, SITE DEVELOPMENT
7 AND DEMOLITION COSTS, CONSTRUCTION COSTS, COSTS OF FURNISHINGS AND
8 EQUIPMENT, FEES, AND ANY OTHER SPECIAL COSTS.

9 (C) LISTING OF ALL SOURCES OF FUNDING FOR PROJECT COSTS TO
10 INCLUDE BORROWED FUNDS, UNIVERSITY OR COLLEGE FUNDS, GIFTS, GRANTS,
11 FEDERAL FUNDS, PRIVATE FUNDS, STATE FUNDS, STUDENT FEES OR TUITION,
12 ANY OTHER FUNDS, AND ANY COMBINATION OF FUNDS.

13 (D) STATEMENT OF THE IMPACT OF PROJECT FINANCING ON STUDENT
14 TUITION.

15 (2) IF CHANGES OCCUR IN ANY INFORMATION PROVIDED IN A
16 PREVIOUSLY SUBMITTED REPORT, THOSE CHANGES SHALL BE INCLUDED IN THE
17 NEXT REPORT ISSUED. FAILURE TO COMPLY WITH THIS SECTION WILL RESULT
18 IN PENALTIES AS PROVIDED FOR IN THE HIGHER EDUCATION AND COMMUNITY
19 COLLEGES APPROPRIATIONS BILLS. THE UNIVERSITY OF MICHIGAN HOSPITAL
20 AND HEALTH CENTER IS EXCLUDED FROM THIS REPORTING REQUIREMENT.

21 Sec. 241. (1) Except for the contracts permitted in section
22 240, a contract shall not be awarded for the construction, repair,
23 remodeling, or demolition of a facility unless the contract is let
24 pursuant to a bidding procedure that is approved by the board. The
25 department shall issue directives prescribing procedures to be used
26 to implement this section. The procedures shall require a
27 competitive solicitation in the award of any contract for

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1 construction, repair, remodeling, or demolition of a facility.

2 (2) The department may award or approve the award, if the
3 board approves, of construction contracts to construct a project
4 for which the director is the agent and may expend, for the
5 purposes and in the manner set forth, the amounts appropriated. The
6 director is not the agent for a community college or institution of
7 higher education, but may act in that capacity upon the specific
8 request of a community college or institution of higher education.

9 (3) In awarding a contract under this section, the department
10 shall give a preference of up to 10% []

11 of the amount of the contract to a qualified disabled veteran, as
12 defined in section 261. If the qualified disabled veteran otherwise
13 meets the requirements of the contract solicitation and with the
14 preference is the lowest bidder, the department shall enter into a
15 construction contract with the qualified disabled veteran under
16 this act. If 2 or more qualified disabled veterans are the lowest
17 bidders on a contract, all other things being equal, the qualified
18 disabled veteran with the lowest bid shall be awarded the contract
19 under this act.

20 (4) **SUBJECT TO SUBSECTION (3), FOR PROJECTS FUNDED IN WHOLE OR**
21 **PART WITH STATE FUNDS, THE CONSTRUCTION CONTRACT AWARD SHALL BE**
22 **MADE TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER WHO SUBMITS A BID**
23 **THAT CONFORMS IN ALL MATERIAL RESPECTS WITH THE REQUIREMENTS OF THE**
24 **BIDDING DOCUMENTS.**

25 Sec. 242. ~~(1) This section applies to a project authorized~~
26 ~~pursuant to an appropriation act.~~

27 (1) ~~(2)~~ State agencies, community colleges, and universities

1 shall develop 5-year capital outlay ~~requests~~, **PLANS**, which shall
2 ~~include the need for remodeling and renovations~~. **IDENTIFY CAPITAL**
3 **OUTLAY NEEDS, INCLUDING NEW CONSTRUCTION, OR THE ADDITION,**
4 **RENOVATION, ADAPTIVE REUSE, AND IMPROVEMENT OF EXISTING FACILITIES.**
5 For **STATE AGENCIES**, community colleges, and universities, the 5-
6 year capital outlay ~~requests~~ **PLANS** shall also include the need for
7 special maintenance. These ~~requests~~ **PLANS** shall be submitted
8 ~~annually~~ **IN ELECTRONIC FORMAT** to the department, ~~and to~~ **MEMBERS OF**
9 **the JCOS, AND TO THE FISCAL AGENCIES NOT LATER THAN NOVEMBER 1 OF**
10 **EACH YEAR.**

11 (2) ~~(3)~~ The department and the JCOS shall review **STATE AGENCY,**
12 **COMMUNITY COLLEGE, AND UNIVERSITY** capital outlay ~~requests~~ **PLANS.**
13 The department **AND THE JCOS** shall prioritize requests. ~~and THE~~
14 **DEPARTMENT** shall include the **DEPARTMENT**-recommended requests in the
15 ~~annual~~-executive budget recommendation. **IF A STATE AGENCY,**
16 **COMMUNITY COLLEGE, OR UNIVERSITY** SUBSEQUENTLY MODIFIES A REQUEST,
17 **THE REVISION SHALL BE SUBMITTED TO THE DEPARTMENT, MEMBERS OF THE**
18 **JCOS, AND THE FISCAL AGENCIES.**

19 (3) **THE DEPARTMENT AND THE CHAIRPERSON AND VICE-CHAIRPERSON OF**
20 **THE JCOS SHALL REVIEW AND EVALUATE BY MARCH 1 OF EACH YEAR CAPITAL**
21 **OUTLAY PROJECT REQUESTS RECEIVED FROM COMMUNITY COLLEGES,**
22 **UNIVERSITIES, AND STATE AGENCIES. ALL OF THE FOLLOWING SHALL BE**
23 **CONSIDERED WHEN REVIEWING AND EVALUATING PROJECT REQUESTS:**

- 24 (A) **INVESTMENT IN EXISTING FACILITIES AND INFRASTRUCTURE.**
25 (B) **LIFE AND SAFETY DEFICIENCIES.**
26 (C) **OCCUPANCY AND UTILIZATION OF EXISTING FACILITIES.**
27 (D) **INTEGRATION OF SUSTAINABLE DESIGN TO ENHANCE THE**

1 **EFFICIENCY AND OPERATIONS OF THE FACILITY.**

2 (E) **ESTIMATED COST.**

3 (F) **INSTITUTIONAL SUPPORT.**

4 (G) **ESTIMATED OPERATING COSTS.**

5 (H) **IMPACT ON TUITION, IF ANY.**

6 (I) **IMPACT ON JOB CREATION IN THIS STATE.**

7 (J) **HISTORY OF PRIOR APPROPRIATIONS RECEIVED BY THE**

8 **INSTITUTION THROUGH THE CAPITAL OUTLAY PROCESS.**

9 (4) ~~Each recommended request included in the executive budget~~
10 ~~shall include sufficient state funds for state agency projects and~~
11 ~~institution funds for college and university projects to provide~~
12 ~~for professionally developed program statements and schematic~~
13 ~~plans. The request for program development and schematic planning~~
14 ~~must be approved by the JCOS and the legislature through the~~
15 ~~appropriation process.~~

16 (5) Program statements and schematic planning documents shall
17 be reviewed by the department and, when the review is completed,
18 shall be submitted to the JCOS as either approved or not approved.

19 (6) Upon review and approval by the JCOS, the JCOS and the
20 legislature may authorize the project for final design and
21 construction with a line-item appropriation in an appropriation

22 **bill. THE AUTHORIZATION SHALL INCLUDE THE LEGISLATIVE LEASE**
23 **APPROVAL REQUIRED FOR STATE BUILDING AUTHORITY FINANCING.**

24 (7) Preliminary plans shall be submitted to the department for
25 review and approval. The department shall review and approve final
26 plans to be prepared for bidding. ~~Bid-A~~ **SUMMARY OF BID** results
27 shall be submitted to the JCOS.

1 (8) The department shall provide for review and oversight of
2 capital outlay projects financed either in total or in part by the
3 state building authority pursuant to the provisions of sections 237
4 and 237a.

5 (9) Appropriations made for studies and initial plans shall
6 not be considered a commitment on the part of the legislature to
7 appropriate funds for the completion of plans or construction of
8 any project based on the studies or planning documents.

9 **SEC. 242A. THE JCOS AND DEPARTMENT SHALL ANNUALLY REVIEW THE**
10 **OUTSTANDING OBLIGATIONS OF THE STATE BUILDING AUTHORITY, AS WELL AS**
11 **THE STATE'S LEASE OBLIGATIONS FOR PREVIOUSLY CONSTRUCTED AND STATE**
12 **BUILDING AUTHORITY FINANCED PROJECTS THAT PROVIDE REVENUE TO THE**
13 **STATE BUILDING AUTHORITY TO RETIRE OUTSTANDING BONDS. IT IS THE**
14 **INTENT OF THE LEGISLATURE THAT THE APPROPRIATION FOR STATE BUILDING**
15 **AUTHORITY RENTAL PAYMENTS FOR THE 2013-2014 STATE FISCAL YEAR SHALL**
16 **BE \$300,000,000.00. THE APPROPRIATION FOR STATE BUILDING AUTHORITY**
17 **RENTAL PAYMENTS FOR EACH SUBSEQUENT STATE FISCAL YEAR SHALL BE AN**
18 **AMOUNT DETERMINED BY MULTIPLYING \$300,000,000.00 BY A FRACTION, THE**
19 **NUMERATOR OF WHICH IS THE UNITED STATES CONSUMER PRICE INDEX FOR**
20 **THE IMMEDIATELY PRECEDING STATE FISCAL YEAR FOR WHICH THE**
21 **ADJUSTMENT IS BEING MADE AND THE DENOMINATOR OF WHICH IS THE UNITED**
22 **STATES CONSUMER PRICE INDEX FOR THE 2012-2013 STATE FISCAL YEAR.**
23 **THE RESULTANT PRODUCT SHALL BE ROUNDED TO THE NEAREST \$1,000.00**
24 **INCREMENT. AS USED IN THIS SECTION, THE "UNITED STATES CONSUMER**
25 **PRICE INDEX" MEANS THE UNITED STATES CONSUMER PRICE INDEX FOR ALL**
26 **URBAN CONSUMERS AS DEFINED AND OFFICIALLY REPORTED BY THE UNITED**
27 **STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.**

1 Sec. 246. ~~(1)~~—The release of allocations may be approved when
2 the legislature has specified either a total authorized cost or has
3 appropriated an amount sufficient to complete the designated
4 project. The authorized cost **AND PROGRAM SCOPE** of **STATE AGENCY,**
5 **COMMUNITY COLLEGE, AND UNIVERSITY** projects shall only be
6 established or revised by specific reference in a budget act. ~~by~~
7 ~~concurrent resolution adopted by both houses of the legislature, or~~
8 ~~inferred by the total amount of any appropriations made to complete~~
9 ~~plans and construction.~~

10 ~~(2)~~ Expenditures under a capital outlay budget act shall be
11 authorized when the release of the appropriation is approved by the
12 board. The board shall approve the release of construction
13 appropriations when the director certifies that a project can be
14 accomplished within the appropriation or authorization and that the
15 project is in compliance with this act. For each project certified,
16 the board, upon the further recommendation of the director, shall
17 approve the release of only those amounts required to complete the
18 project according to the recommended purpose and scope as provided
19 in an appropriation act. Contracts or other commitments shall not
20 be incurred or obligated which will result in the completion of a
21 project which exceeds this purpose and scope. A state agency,
22 community college, or institution of higher education shall not
23 make any commitments for a project until after the release of the
24 appropriation pursuant to this act. The board may approve the
25 release of a part of any appropriation for the purpose of preparing
26 the planning or bidding documents or for investigations which may
27 be necessary to determine whether or not the project can be

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1 ~~completed within the appropriation.~~

2 Sec. 248. (1) This section applies to all **STATE AGENCY,**
3 **COMMUNITY COLLEGE, AND UNIVERSITY** capital outlay projects
4 appropriated in any budget act. ~~This section does not apply to lump~~
5 ~~sums other than planning projects.~~ **PROJECTS AUTHORIZED PRIOR TO THE**
6 **AMENDATORY ACT THAT ADDED THIS SENTENCE SHALL BE CARRIED FORWARD**
7 **CONSISTENT WITH THE PROVISIONS OF THIS SECTION IN EFFECT PRIOR TO**
8 **THE DATE OF THE AMENDATORY ACT THAT ADDED THIS SENTENCE.**

9 (2) Appropriations made in any budget act for a planning
10 project shall not lapse to the fund from which appropriated at the
11 end of the fiscal year, but shall continue until the purposes for
12 which the sums were appropriated are completed. However, **PLANNING**
13 **AUTHORIZATION FOR** each project ~~which has been authorized for~~
14 ~~planning for 3 years or more and~~ which has not been authorized for
15 final design and construction **IN AN APPROPRIATION ACT** shall be
16 terminated **[24] MONTHS AFTER THE LAST DAY OF THE FISCAL YEAR IN WHICH**
17 **THE AUTHORIZATION WAS ORIGINALLY MADE,** unless the project is
18 specifically reauthorized in a budget act. **[THE TERMINATION OF**
AUTHORIZATION IN THE IMMEDIATELY PRECEDING SENTENCE DOES NOT APPLY IF
PROGRAM AND SCHEMATIC PLANNING DOCUMENTS ARE SUBMITTED BY COMMUNITY
COLLEGES AND UNIVERSITIES WITHIN THE TIME FRAME SPECIFIED IN THE
IMMEDIATELY PRECEDING SENTENCE.]

19 (3) Appropriations made in any budget act for final design and
20 construction shall not lapse to the fund from which they are
21 appropriated at the end of the fiscal year, but shall continue
22 until the purposes for which the sums were appropriated are
23 completed. However, **FINAL DESIGN AND CONSTRUCTION AUTHORIZATION FOR**
24 ~~each project that has been authorized for final design and~~
25 ~~construction for 3 years or more and~~ where construction has not
26 commenced shall be terminated **[36] MONTHS AFTER THE LAST DAY OF THE**
27 **FISCAL YEAR IN WHICH THE AUTHORIZATION WAS ORIGINALLY MADE,** unless

1 the project is specifically reauthorized in a budget act.

2 ~~—— (4) Except as otherwise provided in this section, the balance~~
3 ~~of any capital outlay project other than a planning project shall~~
4 ~~not lapse at the end of the fiscal year for which the appropriation~~
5 ~~was made, but shall continue for not more than 2 fiscal years~~
6 ~~occurring after the fiscal year for which the appropriation for the~~
7 ~~project is made.~~

8 (4) ~~(5)~~ A capital outlay project may be continued beyond 3
9 ~~fiscal years~~ **THE LIMITATIONS CONTAINED IN THIS SECTION** if the bid
10 ~~for the start of construction of the project is awarded before the~~
11 ~~end of the second fiscal year occurring after the fiscal year for~~
12 ~~which the appropriation for the project is made.~~ **1 OR MORE OF THE**
13 **FOLLOWING CONDITIONS APPLY:**

14 (A) A BID FOR THE START OF CONSTRUCTION OF THE PROJECT IS
15 AWARDED OR CONSTRUCTION OF THE PROJECT HAS COMMENCED.

16 (B) A CAPITAL OUTLAY PROJECT FOR THE PURCHASE OF PROPERTY IN
17 WHICH A CONTRACT IS ENTERED INTO, BUT THE ACQUISITION IS NOT
18 COMPLETED. ONLY THE AMOUNT NECESSARY TO COMPLETE THE PURCHASE OF
19 PROPERTY PURSUANT TO THE CONTRACT SHALL BE CARRIED FORWARD.

20 (C) A FEDERAL GRANT AWARD IS PENDING RELEASE.

21 (D) THE PROJECT IS SUBJECT TO LEGAL ACTION, THE BALANCE SHALL
22 LAPSE 30 DAYS AFTER THE LEGAL ACTION IS SETTLED, OR 30 DAYS AFTER A
23 FINAL ORDER IS ENTERED, WHICHEVER IS LATER.

24 (E) THE UNOBLIGATED BALANCE OF THE APPROPRIATIONS FOR THE
25 PROJECT MAY CONTINUE FOR 12 MONTHS AFTER A PROJECT IS SUBSTANTIALLY
26 COMPLETED.

27 (F) NOT LATER THAN 45 DAYS AFTER THE CONCLUSION OF THE FISCAL

1 YEAR, THE DIRECTOR SHALL NOTIFY THE JCOS AND THE FISCAL AGENCIES OF
2 PLANNING AND CONSTRUCTION AUTHORIZATIONS THAT WILL CONTINUE BEYOND
3 LIMITATIONS SPECIFIED UNDER THIS SECTION.

4 ~~—— (6) A capital outlay project which is for purchase of property
5 may be continued beyond 3 fiscal years if a contract to purchase
6 property is entered into before the end of the second fiscal year
7 occurring after the fiscal year for which the appropriation for the
8 purchase is made but only the amount necessary to complete the
9 purchase of the property pursuant to the contract shall be carried
10 forward.~~

11 ~~—— (7) A capital outlay project may be continued beyond 3 fiscal
12 years if a federal grant award is pending and the federal rules
13 preclude the award of the bid before the end of the second fiscal
14 year occurring after the fiscal year for which the appropriation
15 for the project was made, but shall not be continued beyond an
16 additional year unless the bid for the start of construction of the
17 project is awarded.~~

18 ~~—— (8) If the bid for the start of construction of the project is
19 awarded before the appropriations for the project are scheduled to
20 lapse pursuant to subsection (4) or (6), the unobligated balance of
21 the appropriations for the project shall not lapse but shall
22 continue for 23 months after a project is substantially completed.~~

23 ~~—— (9) If a capital outlay project is subject to a legal action,
24 the balance shall lapse pursuant to subsections (2) to (8), or 30
25 days after the legal action is settled, or 30 days after a final
26 order is entered, whichever is later.~~

27 (5) ~~(10)~~ An unexpended balance which is to lapse pursuant to

1 this section shall lapse to the fund from which the appropriation
2 is made.

3 (6) ~~(11)~~A grant or grant-in-aid appropriated for the
4 demolition, acquisition, construction, repair, or maintenance of
5 capital assets shall not be reduced, adjusted, delayed, impounded,
6 lapsed, or otherwise altered by the director for any purpose
7 without legislative approval and shall be carried forward ~~until~~
8 ~~awarded, in full, to the recipient of the appropriation consistent~~
9 ~~with legislative intent.~~ **UNTIL THE WORK IS COMPLETED OR FOR 36**
10 **MONTHS AFTER THE LAST DAY OF THE FISCAL YEAR IN WHICH THE**
11 **CONSTRUCTION APPROPRIATION WAS ORIGINALLY MADE, WHICHEVER COMES**
12 **FIRST.**

13 Sec. 249. (1) If matching revenues for a capital outlay
14 project are received in an amount less than the appropriations
15 contained in a budget act, the state portion of the appropriation
16 shall be reduced in proportion to the amount of matching revenue
17 received.

18 (2) **A STATE AGENCY, COMMUNITY COLLEGE, OR UNIVERSITY SHALL**
19 **TAKE THE STEPS NECESSARY TO MAKE AVAILABLE FEDERAL OR OTHER MONEY**
20 **THAT MAY BE AVAILABLE AND TO USE ALL OR PART OF THE APPROPRIATIONS**
21 **TO MEET MATCHING REQUIREMENTS THAT ARE CONSIDERED TO BE IN THE BEST**
22 **INTEREST OF THIS STATE. HOWEVER, THE PURPOSE, SCOPE, AND TOTAL**
23 **ESTIMATED COST OF A PROJECT SHALL NOT BE ALTERED TO MEET THE**
24 **MATCHING REQUIREMENTS. ANY FEDERAL MATCHING REVENUES RECEIVED TO**
25 **SUPPORT THE CONSTRUCTION OF A PROJECT SHALL BE APPLIED TO THE TOTAL**
26 **AUTHORIZED PROJECT COST, WITH STATE, COMMUNITY COLLEGE, OR**
27 **UNIVERSITY FINANCING SHARES PROPORTIONATELY ADJUSTED.**

1 Sec. 393. (1) Administrative transfers of appropriations
2 within any department to adjust for current cost and price
3 variations from the enacted budget items, or to adjust amounts
4 between federal sources of financing for a specific appropriation
5 line item, or to adjust amounts between restricted sources of
6 financing for a specific appropriation line item, or to pay court
7 judgments, including court approved consent judgments, or to pay
8 all settlements and claims may be made by the state budget director
9 not less than 30 days after notifying each member of the senate and
10 house appropriations committees. Administrative transfers shall not
11 include adjustments that have policy implications or that have the
12 effect of creating, expanding, or reducing programs within that
13 department. Those transfers may be disapproved by either
14 appropriations committee within the 30 days and, if disapproved
15 within that time, shall not be effective.

16 (2) A transfer of appropriations within any department other
17 than an administrative transfer pursuant to subsection (1) shall
18 not be made by the state budget director unless approved by both
19 the senate and house appropriations committees. If the state budget
20 director does not approve transfers adopted by both the senate and
21 house appropriations committees under this subsection, the state
22 budget director shall notify each member of both the senate and
23 house appropriations committees of his or her action within 15 days
24 after the senate and house appropriations committees' final
25 approval.

26 (3) A transfer approved by the appropriations committees shall
27 not be effective unless it is identical in terms of funding sources

1 and dollar amounts.

2 (4) A transfer approved pursuant to this section shall
3 constitute authorization to transfer the amount recommended and
4 approved. However, the amount shall be reduced by the state budget
5 director to be within the current unobligated amount of the
6 appropriation.

7 (5) Capital outlay appropriations may be transferred from a
8 state agency, community college, or institution of higher education
9 to provide necessary funds for the completion of an authorized
10 capital outlay project. ~~, if the transfer is approved by JCOS and~~
11 ~~the appropriations committees.~~ Operating appropriations shall not
12 be transferred into an existing capital outlay account.

13 (6) Transfers shall not be authorized under any of the
14 following circumstances:

15 (a) To create a new line-item appropriation or to create a new
16 state program.

17 (b) To or from an operating appropriation line-item that did
18 not appear in the fiscal year appropriation bills for which the
19 transfer is being made.

20 (c) To or from a work project as designated under section
21 451a.

22 (d) Between state governmental funds.

23 (7) Transfers of appropriations for financing sources shall be
24 made concurrently with related transfers of appropriations for line
25 expenditure items.