(3) If there is a balance of service assessments received from credit and debit card services remaining on September 30, the balance shall not revert to the general fund but shall remain available to support further customer service improvements in the department of state.

(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.

Help America vote act of 2002; carrying over unexpended funds; compliance with management and budget act.

Sec. 752. The unexpended funds appropriated in part 1 for the help America vote act of 2002, Public Law 107-252, 116 Stat. 1666, are considered work project appropriations and any unencumbered or unallotted funds are carried over into the succeeding fiscal year. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purposes of these projects are to implement provisions of the help America vote act, section 37 of the Michigan election law, 1954 PA 116, MCL 168.37, and other election reforms.

(b) These projects will be accomplished by state employees, by contracts with private vendors, or by grants to local units of government.

(c) The total estimated cost of these projects is $16,700,000.00.

(d) The tentative completion date for these projects is September 30, 2006.

DEPARTMENT OF STATE POLICE

Sec. 775. The appropriation in part 1 for grants for disaster assistance shall be used to assist local governments with costs associated with the effects of the April 4, 2003 severe storm in Oakland County.

Hazardous materials programs; allocations.

Sec. 776. Of the appropriation for $15,918,000.00 in part 1 for hazardous materials programs, funds shall be allocated to county, city, township, or village governments for equipment, training, planning, and exercises according to federal guidelines and regulations.

DEPARTMENT OF TRANSPORTATION

Sec. 800. From the appropriations made in part 1, in section 111 of 2002 PA 561, and from subsequent appropriations made for state road and bridge construction, the Michigan department of transportation shall complete the phase(s) as scheduled for all projects as identified in the department's 5-year road and bridge program volume IV - 2002-2006.

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

REPEALER

Repeal of section 410 of 2002 PA 517; repeal of section 811 of 2002 PA 516.

Sec. 1001. (1) Section 410 of 2002 PA 517 is repealed.

(2) Section 811 of 2002 PA 516 is repealed.

This act is ordered to take immediate effect.
Approved July 7, 2003.
Filed with Secretary of State July 8, 2003.

[No. 40]

(SB 461)

AN ACT to amend 1961 PA 236, entitled "An act to revise and consolidate the statutes relating to the organization and jurisdiction of the courts of this state; the powers and duties of such courts, and of the judges and other officers thereof; the forms and attributes of civil claims and actions; the time within which civil actions and proceedings may be brought in said courts; pleading, evidence, practice and procedure in civil and criminal actions and proceedings in said courts; to provide remedies and penalties for the violation of certain provisions of this act; to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act; and to repeal acts and parts of acts," by amending sections 807, 808, 821, and 822 (MCL 600.807, 600.808, 600.821, and 600.822), section 807 as amended by 2002 PA 715 and sections 821 and 822 as amended by 2002 PA 92.

The People of the State of Michigan enact:

600.807 Probate court districts.

Sec. 807. A probate court district is created in each of the following described districts when a majority of the electors voting on the question in each affected county approves the probate court district. The districts shall consist as follows:

(a) The first district consists of any of the following:

(*i*) Baraga, Houghton, and Keweenaw counties.

(*ii*) Houghton and Baraga counties.

(*iii*) Houghton and Keweenaw counties.

(b) The second district consists of the counties of Ontonagon and Gogebic.

(c) The third district consists of the counties of Iron and Dickinson.

(d) The fifth district consists of the counties of Schoolcraft and Alger.

(e) The sixth district consists of the counties of Mackinac and Luce.

(f) The seventh district consists of the counties of Emmet and Charlevoix.

(g) The eighth district consists of the counties of Cheboygan and Presque Isle.

(h) The ninth district consists of the counties of Alpena and Montmorency.

(i) The twelfth district consists of the counties of Manistee and Benzie.

(j) The thirteenth district consists of the counties of Wexford and Missaukee.

(k) The fifteenth district consists of the counties of Alcona and Oscoda.

(*l*) The seventeenth district consists of the counties of Clare and Gladwin.

(m) The eighteenth district consists of the counties of Mecosta and Osceola.

600.808 Question of creation of district; submission to electors; resolution calling for special election; form of question; counting, canvassing, and returning votes; canvassing and certifying results; effect of approval; election of probate judge; reimbursement of costs.

Sec. 808. (1) When each county board of commissioners of a district described in section 807 agrees by resolution to form a district, the question of creation of the district shall be submitted to the electors of the affected counties at the next primary, general, or special election that occurs more than 49 days after the resolution is adopted. A special election for submission of the question may be called by resolution adopted by each county board of commissioners in the proposed district.

(2) The question relative to creating the district shall be in substantially the following form:

"Shall this county join in a probate court district, which will consist of the counties of _____ and _____ if the majority of the electors voting on the question in each affected county approve?

Yes ( )

No ( )"

(3) The votes on the question shall be counted, canvassed, and returned in the manner provided by law. The results shall be canvassed and certified by the board of state canvassers in the same manner as provided for state propositions under chapter 31 of the Michigan election law, 1954 PA 116, MCL 168.841 to 168.847.

(4) If approved by a majority of the electors voting on the question in each of the counties affected, those counties shall constitute the probate court district corresponding to the appropriate district described in section 807, and that district becomes effective as provided in section 809 or 810, whichever section results in an earlier effective date.

(5) The election of the probate judge for a probate court district created under this section shall be held as provided in section 811.

(6) The state shall reimburse the affected counties for 1/2 of the additional cost of submitting the question of the district to the electors of the affected counties if the question is submitted to the electors at a primary, general, or special election held after the effective date of the 2003 amendatory act that amended this subsection but before November 3, 2004.

600.821 Probate judges; practice of law; annual salary; county contribution and reimbursement; additional salary; increase in salary.

Sec. 821. (1) The following probate judges shall not engage in the practice of law other than as a judge and shall receive, subject to subsection (6), an annual salary provided in this section:

(a) A probate judge of a county that is not described in section 807.

(b) The probate judge in each probate court district described in section 807 in which a majority of the electors voting on the question in each county of probate court district has approved or approves creation of the district.

(c) A probate judge in a county having a population of 15,000 or more according to the 1990 federal decennial census, if the county is not part of a probate court district created pursuant to law.

(d) A probate judge who has the power, authority, and title of a district judge within his or her respective county pursuant to section 810a.

(2) Each probate judge shall receive an annual salary determined as follows:

(a) A minimum annual salary of the difference between 85% of the salary of a justice of the supreme court and $45,724.00.

(b) An additional salary of $45,724.00 paid by the county or by the counties comprising a probate court district. If a probate judge receives a total additional salary of $45,724.00 from the county, or from the counties comprising a probate court district, and does not receive less than or more than $45,724.00, including any cost-of-living allowance, the state shall reimburse the county or counties the amount that the county or counties have paid to the judge.

(3) Six thousand dollars of the minimum annual salary provided in subsection (2) shall be paid by the county, or by the counties comprising a probate court district, and the balance of that minimum annual salary shall be paid by the state as a grant to the county or the counties comprising the probate court district. The county, or the counties comprising the probate court district, shall in turn pay that amount to the probate judge. Beginning January 1, 1997, the state shall annually reimburse the county or counties $6,000.00 for each probate judge to offset the cost of the county or counties required by this section.

(4) The salary provided in this section is full compensation for all services performed by a probate judge, except as otherwise provided by law. In a probate court district, each county of the district shall contribute to the salary in the same proportion as the population of the county bears to the population of the district.

(5) An additional salary determined by the county board of commissioners may be increased during a term of office but shall not be decreased except to the extent of a general salary reduction in all other branches of government in the county. In a county where an additional salary is granted, it shall be paid at the same rate to all probate judges regularly holding court in the county.

(6) An increase in the amount of salary payable to a judge under subsection (1) caused by an increase in the salary payable to a justice of the supreme court resulting from the operation of 1968 PA 357, MCL 15.211 to 15.218, is not effective until February 1 of the year in which the increase in the salary of a justice of the supreme court becomes effective. If an increase in salary becomes effective on February 1 of a year in which an increase in the salary of a justice of the supreme court becomes effective, the increase is retroactive to January 1 of that year.

600.822 Probate judge; annual salary based on population; payment; increase or decrease in salary; representing party in contested proceeding; additional salary; total annual salary; state salary standardization payment; minimum annual salary.

Sec. 822. (1) Except as provided in subsection (6), a probate judge not included in section 821 shall receive a minimum annual salary of $20,000.00. Six thousand dollars of the minimum annual salary provided by this subsection shall be paid by the county and the balance of the minimum annual salary shall be paid by the state as a grant to the county. The county shall, in turn, pay that amount to the probate judge.

(2) The minimum annual salary provided in subsection (1) may be increased but shall not be decreased during the term for which the probate judge has been elected or appointed. This salary is in full compensation for all services performed by the person as probate judge, except as otherwise provided by law. A probate judge whose minimum annual salary is provided in subsection (1) shall not represent a party in a contested proceeding in the probate court of this state.

(3) In addition to the salary provided in subsection (1), a probate judge may receive from the county in which he or she regularly holds court an additional salary of not more than $45,724.00, as determined by the county board of commissioners. The additional salary may be increased during a term of office but shall not be decreased except to the extent of a general salary reduction in all other branches of government in the county.

(4) Except as provided in subsection (8), the total annual salary of a probate judge, including the salary provided in subsection (1) and any additional salary granted by the county under subsection (3), shall not exceed $65,724.00.

(5) From funds appropriated to the judiciary, the state shall pay to a county described in subsection (1) a state salary standardization payment of $5,750.00 for each probate judge and an additional payment of $6,000.00 for each probate judge to offset the portion of minimum annual salary paid by the county.

(6) A probate judge described in subsection (1) may receive an additional minimum annual salary, in addition to the $20,000.00 minimum annual salary described in subsection (1), if all of the following apply:

(a) The county board of commissioners approves payment to the probate judge of an additional salary from the county in the amount of $45,724.00 as provided in subsection (3).

(b) The county board of commissioners passes a resolution that includes all of the following:

(*i*) A determination of an amount that the county is willing to reimburse the state as an additional minimum annual salary for the probate judge.

(*ii*) An agreement to immediately reimburse the state for the additional minimum annual salary authorized under this subsection.

(*iii*) An agreement that the determination under subparagraph (*i*) will not be decreased during the term of office of the probate judge.

(*iv*) An agreement that the amount of reimbursement for the additional minimum annual salary will not be decreased during the term of office of the probate judge.

(c) The probate judge agrees in writing to the following:

(*i*) To participate in a plan of concurrent jurisdiction as provided in chapter 4.

(*ii*) To participate in a family court plan as provided in chapter 10.

(*iii*) To not engage in the practice of law other than as a judge.

(*iv*) That if he or she becomes included in section 821, any additional minimum annual salary authorized under this subsection would thereafter be considered part of the minimum annual salary described in section 821.

(d) The supreme court or the state court administrative office approves the payment of the additional minimum annual salary authorized under this subsection.

(7) The additional minimum annual salary authorized under subsection (6) shall be paid by the state as a grant to the county, and the county shall in turn pay that amount to the probate judge in the same manner as provided in section 821(3). The county may increase the determination authorized under subsection (6)(b)(*i*) and its obligation to reimburse the state during the term of office of the probate judge.

(8) The total annual salary paid to a probate judge who receives an additional minimum annual salary under subsection (6), including the minimum annual salary provided in subsection (1), the additional county salary provided in subsection (3), and the additional minimum annual salary provided in subsection (6), shall not exceed 85% of the salary of a justice of the supreme court.

(9) If a probate judge described in subsection (1) becomes included in section 821, any additional minimum annual salary authorized under subsection (6) shall thereafter be considered part of the minimum annual salary described in section 821(2)(a), and the county's obligation to reimburse the state under subsection (6) shall cease.

(10) A probate judge who receives an additional minimum annual salary under subsection (6) shall not engage in the practice of law other than as a judge.

This act is ordered to take immediate effect.
Approved July 9, 2003.
Filed with Secretary of State July 9, 2003.

[No. 41]

(HB 4281)

AN ACT to amend 1980 PA 350, entitled "An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts," (MCL 550.1101 to 550.1704) by adding section 401i.

The People of the State of Michigan enact:

550.1401i Prescription drug coverage; pilot project; provisions; interim report; determination; evaluation.

Sec. 401i. (1) Beginning January 1, 2004, a health care corporation shall establish and offer to provide or include prescription drug coverage in at least 1 nongroup certificate and at least 1 group conversion certificate as a pilot project under this section. This pilot project shall continue through December 1, 2006 and, while in pilot project status, is not subject to the guaranteed renewability provisions of section 401e.

(2) Unless an order of adjustment issued under subsection (4)(b)(*ii*) provides otherwise, a certificate that includes prescription drug coverage under subsection (1) shall include all of the following:

(a) At a minimum, a prescription drug benefit that includes a co-pay of no more than 50% of the health care corporation's approved amount for the payment of prescription drugs, with a minimum co-pay of $10.00 and a maximum co-pay of $100.00 per prescription.

(b) An annual per person benefit maximum of no less than $2,500.00.

(c) A provision that members will be entitled to purchase prescription drugs at a discount under the affinity program offered by the health care corporation once their annual per person prescription drug benefit maximum has been reached.

(3) Not later than July 1, 2005, the health care corporation shall issue an interim report to the commissioner regarding the claims experience of the market segment under this section and the ongoing viability of the pilot project. Not later than July 1, 2006, the health care corporation shall issue a final report to the commissioner regarding the claims experience of the market segment under this section and the ongoing viability of the pilot project.

(4) By December 1, 2006, the commissioner shall determine if the nongroup and group conversion certificates providing the prescription drug benefit under this section provide a useful benefit to its subscribers in an actuarially sound manner. Based upon this determination, the commissioner shall do 1 of the following:

(a) If the commissioner determines that a certificate does provide a useful benefit to its subscribers in an actuarially sound manner, the commissioner shall order the termination of the pilot project designation and order that the program continue indefinitely. If the pilot project is discontinued and the program is continued indefinitely beyond the date prescribed in subsection (3) or (5), then the certificate is subject to the guaranteed renewability provisions of section 401e.

(b) If the commissioner determines that a certificate does not provide a useful benefit to its subscribers in an actuarially sound manner, the commissioner shall do 1 of the following:

(*i*) Order the termination of the pilot project under this section and terminate the offering of prescription drug coverage in the nongroup and group conversion certificates.

(*ii*) Order an adjustment of the pilot project to operate in an actuarially sound manner and order that the pilot project continue for a specified time period. An order of adjustment under this subparagraph may revise the requirements of subsection (2) regarding coverage required under the certificates.

(5) If the commissioner orders an adjustment of the pilot project under subsection (4), the commissioner shall evaluate the project after 2 years of operation and make a determination in the same manner as prescribed in subsection (4).

Conditional effective date.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 234 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 14, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: Senate Bill No. 234, referred to in enacting section 1, was filed with the Secretary of State July 15, 2003, and became P.A. 2003, No. 59, Eff. July 23, 2003.

[No. 42]

(HB 4519)

AN ACT to require certain notices regarding the transmission of unsolicited commercial e-mail; to establish procedures for e-mail service providers; to allow recipients of e-mail to be excluded from receiving future unsolicited commercial e-mail; and to prescribe penalties and remedies.

The People of the State of Michigan enact:

445.2501 Short title.

Sec. 1. This act shall be known and may be cited as the "unsolicited commercial e-mail protection act".

445.2502 Definitions.

Sec. 2. As used in this act:

(a) "Commercial e-mail" means an electronic message, file, data, or other information promoting the sale, lease, or exchange of goods, services, real property, or any other thing of value that is transmitted between 2 or more computers, computer networks, or electronic terminals or within a computer network.

(b) "Computer network" means 2 or more computers that are, directly or indirectly, interconnected to exchange electronic messages, files, data, or other information.

(c) "E-mail address" means a destination, commonly expressed as a string of characters, to which e-mail may be sent or delivered.

(d) "E-mail service provider" means a person that is an intermediary in the transmission of e-mail or provides to end users of e-mail service the ability to send and receive e-mail.

(e) "Internet domain name" means a globally unique, hierarchical reference to an internet host or service, assigned through centralized internet authorities, comprising a series of character strings separated by periods, with the right-most string specifying the top of the hierarchy.

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

(g) "Preexisting business relationship" means a relationship existing before the receipt of an e-mail formed voluntarily by the recipient with another person by means of an inquiry, application, purchase, or use of a product or service of the person sending the e-mail.

(h) "Unsolicited" means without the recipient's express permission. An e-mail is not unsolicited if the sender has a preexisting business or personal relationship with the recipient. An e-mail is not unsolicited if it was received as a result of the recipient opting into a system in order to receive promotional material.

445.2503 Unsolicited commercial e-mail; requirements.

Sec. 3. A person who intentionally sends or causes to be sent an unsolicited commercial e-mail through an e-mail service provider that the sender knew or should have known is located in this state or to an e-mail address that the sender knew or should have known is held by a resident of this state shall do all of the following:

(a) Include in the e-mail subject line "ADV:" as the first 4 characters.

(b) Conspicuously state in the e-mail all of the following:

(*i*) The sender's legal name.

(*ii*) The sender's correct street address.

(*iii*) The sender's valid internet domain name.

(*iv*) The sender's valid return e-mail address.

(c) Establish a toll-free telephone number, a valid sender-operated return e-mail address, or another easy-to-use electronic method that the recipient of the commercial e-mail message may call or access by e-mail or other electronic means to notify the sender not to transmit by e-mail any further unsolicited commercial e-mail messages. The notification process may include the ability for the commercial e-mail messages recipient to direct the sender to transmit or not transmit particular commercial e-mail messages based upon products, services, divisions, organizations, companies, or other selections of the recipient's choice. An unsolicited commercial e-mail message shall include, in print as large as the print used for the majority of the e-mail message, a statement informing the recipient of a toll-free telephone number that the recipient may call, or a valid return address to which the recipient may write or access by e-mail, notifying the sender not to transmit to the recipient any further commercial e-mail messages.

(d) Conspicuously provide in the text of the commercial e-mail, in print as large as the print used for the majority of the e-mail, a notice that informs the recipient that the recipient may conveniently and at no cost be excluded from future commercial e-mail from the sender as provided under subdivision (c).

445.2504 Unsolicited commercial e-mail; prohibited conduct; policies and records.

Sec. 4. (1) A person who sends or causes to be sent an unsolicited commercial e-mail through an e-mail service provider located in this state or to an e-mail address held by a resident of this state shall not do any of the following:

(a) Use a third party's internet domain name or third party e-mail address in identifying the point of origin or in stating the transmission path of the commercial e-mail without the third party's consent.

(b) Misrepresent any information in identifying the point of origin or the transmission path of the commercial e-mail.

(c) Fail to include in the commercial e-mail the information necessary to identify the point of origin of the commercial e-mail.

(d) Provide directly or indirectly to another person the software described under section 5.

(2) If the recipient of an unsolicited commercial e-mail notifies the sender that the recipient does not want to receive future unsolicited commercial e-mail from the sender, the sender shall not send that recipient unsolicited commercial e-mail either directly or indirectly through a third party.

(3) A sender of unsolicited commercial e-mail shall establish and maintain the necessary policies and records to ensure that the recipient who has notified the sender under subsection (2) does not receive any e-mail from the date of the notice. The sender shall update its records under this subsection not less than every 14 business days.

445.2505 Selling, giving, or distributing software; restrictions.

Sec. 5. A person shall not knowingly sell, give, or otherwise distribute or possess with the intent to sell, give, or distribute software that does any of the following:

(a) Is primarily designed or produced for the purpose of facilitating or enabling the falsification of commercial e-mail transmission information or other routing information.

(b) Has only limited commercially significant purpose or use other than to facilitate or enable the falsification of commercial e-mail transmission information or other routing information.

(c) Is marketed by that person or another acting in concert with that person with that person's knowledge for use in facilitating or enabling the falsification of commercial e-mail transmission information or other routing information.

445.2506 Notice of requirements; dispute resolution process.

Sec. 6. (1) An e-mail service provider may design its software so that a sender of unsolicited commercial e-mail is given notice of the requirements of this act each time the sender requests delivery of e-mail. The existence of such software shall constitute actual notice to the sender of the requirements of this act.

(2) An e-mail service provider that designs and implements a dispute resolution process for a sender who believes the sender's e-mail message has been improperly blocked, and makes contact information accessible on its website, is not liable under this act for blocking the receipt or transmission of the e-mail.

445.2507 Violation; penalty; separate violations; evidence; defense.

Sec. 7. (1) Except as otherwise provided under subsection (2), a person who violates this act is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than $10,000.00, or both.

(2) A person who violates section 4 or violates this act in the furtherance of another crime is guilty of a felony punishable by imprisonment for not more than 4 years or a fine of not more than $25,000.00, or both.

(3) Each commercial e-mail sent in violation of this act is a separate violation under this section.

(4) An e-mail service provider does not violate this act as a result of either of the following:

(a) Being an intermediary between the sender and recipient in the transmission of an unsolicited commercial e-mail that violates this act.

(b) Provides transmission of unsolicited commercial e-mail over the provider's network or facilities.

(5) It is prima facie evidence that the sender is in violation of this section if the recipient is unable to contact the sender through the return e-mail address provided by the sender under section 3.

(6) It is a defense to a case brought under this section or an action under section 8 that the unsolicited commercial e-mail was transmitted accidentally or as a result of a preexisting business relationship. The burden of proving that the commercial e-mail was transmitted accidentally or as a result of a preexisting business relationship is on the sender.

445.2508 Civil action; recovery; costs and attorney fees.

Sec. 8. (1) A civil action may be brought by a person who received an unsolicited commercial e-mail in violation of this act.

(2) A civil action may be brought by an e-mail service provider through whose facilities the unsolicited commercial e-mail was transmitted in violation of this act.

(3) A civil action may be brought by the attorney general against a person who has violated this act.

(4) In each action brought under this section, a recipient, e-mail service provider, or attorney general may recover 1 of the following:

(a) Actual damages.

(b) In lieu of actual damages, recover the lesser of the following:

(*i*) $500.00 per unsolicited commercial e-mail received by the recipient or transmitted through the e-mail service provider.

(*ii*) $250,000.00 for each day that the violation occurs.

(5) The prevailing recipient or e-mail service provider shall be awarded actual costs and reasonable attorney fees.

Effective date.

Enacting section 1. This act takes effect September 1, 2003.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 43]

(HB 4408)

AN ACT to amend 1994 PA 451, entitled "An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, and assessments; to provide certain appropriations; to prescribe penalties and provide remedies; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts," by amending section 82101 (MCL 324.82101), as amended by 1997 PA 102.

The People of the State of Michigan enact:

324.82101 Definitions.

Sec. 82101. As used in this part:

(a) "Conviction" means a final conviction, the payment of a fine, a plea of guilty or nolo contendere if accepted by the court, or a finding of guilt or probate court disposition on a violation of this part, regardless of whether the penalty is rebated or suspended.

(b) "Dealer" means any person engaged in the sale, lease, or rental of snowmobiles as a regular business.

(c) "Former section 15a" means section 15a of former 1968 PA 74, as constituted prior to May 1, 1994.

(d) "Highly restricted personal information" means an individual's photograph or image, social security number, digitized signature, and medical and disability information.

(e) "Highway or street" means the entire width between the boundary lines of every way publicly maintained if any part thereof is open to the use of the public for purposes of vehicular travel.

(f) "Law of another state" means a law or ordinance enacted by another state or by a local unit of government in another state.

(g) "Long-term incapacitating injury" means an injury that causes a person to be in a comatose, quadriplegic, hemiplegic, or paraplegic state, which state is likely to continue for 1 year or more.

(h) "Operate" means to ride in or on and be in actual physical control of the operation of a snowmobile.

(i) "Operator" means any person who operates or is in actual physical control of a snowmobile.

(j) "Owner" means any of the following:

(*i*) A person who holds the legal title to a snowmobile.

(*ii*) A vendee or lessee of a snowmobile that is the subject of an agreement for conditional sale or lease with the right of purchase upon performance of the conditions stated in the agreement and with an immediate right of possession vested in the conditional vendee or lessee.

(*iii*) A person renting a snowmobile or having the exclusive use of a snowmobile for more than 30 days.

(k) "Peace officer" means any of the following:

(*i*) A sheriff.

(*ii*) A sheriff's deputy.

(*iii*) A deputy who is authorized by a sheriff to enforce this part and who has satisfactorily completed at least 40 hours of law enforcement training, including training specific to this part.

(*iv*) A village or township marshal.

(*v*) An officer of the police department of any municipality.

(*vi*) An officer of the Michigan state police.

(*vii*) The director and conservation officers employed by the department.

(*viii*) A law enforcement officer who is certified pursuant to the commission on law enforcement standards act, 1965 PA 203, MCL 28.601 to 28.616, as long as that officer is policing within his or her jurisdiction.

(*l*) "Personal information" means information that identifies an individual, including an individual's driver identification number, name, address not including zip code, and telephone number, but does not include information on snowmobile operation or equipment-related violations or civil infractions, operator or snowmobile registration status, accidents, or other behaviorally-related information.

(m) "Probate court or family division disposition" means the entry of a probate court order of disposition or family division order of disposition for a child found to be within the provisions of chapter XIIA of 1939 PA 288, MCL 712A.1 to 712A.32.

(n) "Prosecuting attorney", except as the context requires otherwise, means the attorney general, the prosecuting attorney of a county, or the attorney representing a local unit of government.

(o) "Right-of-way" means that portion of a highway or street less the roadway and any shoulder.

(p) "Roadway" means that portion of a highway or street improved, designated, or ordinarily used for vehicular travel. If a highway or street includes 2 or more separate roadways, the term roadway refers to any such roadway separately, but not to all such roadways collectively.

(q) "Shoulder" means that portion of a highway or street on either side of the roadway that is normally snowplowed for the safety and convenience of vehicular traffic.

(r) "Snowmobile" means any motor-driven vehicle designed for travel primarily on snow or ice of a type that utilizes sled-type runners or skis, an endless belt tread, or any combination of these or other similar means of contact with the surface upon which it is operated, but is not a vehicle that must be registered under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

(s) "Zone 1" means all of the Upper Peninsula.

(t) "Zone 2" means all of that part of the Lower Peninsula north of a line beginning at and drawn from a point on the Michigan-Wisconsin boundary line due west of the westerly terminus of river road in Muskegon county; thence due east to the westerly terminus of river road; thence north and east along the center line of the river road to its intersection with highway M-120; thence northeasterly and easterly along the center line of highway M-120 to the junction of highway M-20; thence easterly along the center line of M-20 to its junction with US-10 at the Midland-Bay county line; thence easterly along the center line of the "business route" of highway US-10 to the intersection of Garfield road in Bay county; thence north along the center line of Garfield road to the intersection of the Pinconning road; thence east along the center line of Pinconning road to the intersection of the Seven Mile road; thence north along the center of the Seven Mile road to the Bay-Arenac county line; thence north along the center line of the Lincoln School road (county road 25) in Arenac county to the intersection of highway M-61; thence east along the center line of highway M-61 to the junction of highway US-23; thence northerly and easterly along the center line of highway US-23 to the center line of the Au Gres river; thence southerly along the center line of the river to its junction with Saginaw Bay of Lake Huron; thence north 78° east to the international boundary line between the United States and the Dominion of Canada.

(u) "Zone 3" means all of that part of the Lower Peninsula south of the line described in subdivision (t).

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 44]

(SB 425)

AN ACT to amend 1987 PA 96, entitled "An act to create a mobile home commission; to prescribe its powers and duties and those of local governments; to provide for a mobile home code and the licensure, regulation, construction, operation, and management of mobile home parks, the licensure and regulation of retail sales dealers, warranties of mobile homes, and service practices of dealers; to provide for the titling of mobile homes; to prescribe the powers and duties of certain agencies and departments; to provide

remedies and penalties; to declare the act to be remedial; to repeal this act on a specific date; and to repeal certain acts and parts of acts," (MCL 125.2301 to 125.2349) by adding section 30i.

The People of the State of Michigan enact:

125.2330i Affixation of mobile home to real property; ownership interest.

Sec. 30i. (1) If a mobile home is affixed to real property in which the owner of the mobile home has the ownership interest, the owner may deliver all of the following to the department:

(a) An affidavit of affixture on a form provided by the department that contains all of the following:

(*i*) The name and address of the owner.

(*ii*) A description of the mobile home that includes the name of the manufacturer of the mobile home, the year of manufacture, the model, the manufacturer's serial number and, if applicable, the number assigned by the department.

(*iii*) A statement that the mobile home is affixed to the real property.

(*iv*) The legal description of the real property to which the mobile home is affixed.

(*v*) The name of each holder of a security interest in the mobile home, together with the written consent of each holder to the termination of the security interest and the cancellation of the certificate of title under subsection (2), if applicable.

(b) The certificate of title for the mobile home, the manufacturer's certificate of origin if a certificate of title has not been issued by the department, or sufficient proof of ownership as provided in section 30a or 30e.

(c) A fee in an amount prescribed in section 30a for a certificate of title.

(2) When the department receives an affidavit and certificate of title under subsection (1), the department shall cancel the certificate of title for the mobile home. The department shall not issue a certificate of title for a mobile home described in subsection (1) except as provided in subsection (8).

(3) The owner of the mobile home shall deliver a duplicate original of the executed affidavit under subsection (1) to the register of deeds for the county in which the real property is located. The register of deeds shall record the affidavit.

(4) The department shall maintain the affidavit under subsection (1) for a period of 10 years from the date of filing.

(5) When the department receives an affidavit under subsection (1), the mobile home is considered to be part of the real property, sections 30 to 30h do not apply to that mobile home, any security interest in the mobile home is terminated, a lienholder shall perfect and enforce a new security interest or lien on the mobile home only in the manner provided by law for perfecting and enforcing a lien on real property, and the owner may convey the mobile home only as part of the real property to which it is affixed.

(6) If a mobile home is affixed to real property before the effective date of the amendatory act that added this section, a person who is the holder of a lien or security interest in both the mobile home and the real property to which it is affixed on the effective date of the amendatory act that added this section may enforce its liens or security interests by accepting a deed in lieu of foreclosure or in the manner provided by law for enforcing liens on the real property.

(7) If the holder of a lien or security interest becomes the owner of a mobile home affixed to real property through the process of real property foreclosure or through a deed

in lieu of foreclosure under subsection (6), the holder shall submit an affidavit described in subsection (1) to the department after the redemption period for the foreclosure expires or the deed in lieu of foreclosure is recorded and the department shall cancel the certificate of title for the mobile home.

(8) If an owner of both the mobile home and the real property described in subsection (1) intends to detach the mobile home from the real property, the owner shall do both of the following:

(a) Before detaching the mobile home, record an affidavit of detachment in the office of the register of deeds in the county in which the affidavit is recorded under subsection (3).

(b) Apply for a certificate of title for the mobile home on a form prescribed by the department. The application shall include a duplicate original executed affidavit of detachment and proof that there are no security interests or liens on the mobile home or the written consent of each lienholder of record to the detachment and a fee in the amount prescribed in section 30a for a certificate of title.

(9) An owner of an affixed mobile home shall not detach it from the real property before a certificate of title for the mobile home is issued by the department. If a certificate of title is issued by the department, the mobile home is no longer considered part of the real property and sections 30 to 30h apply.

(10) As used in this section:

(a) A mobile home is "affixed" to real property if it meets all of the following:

(*i*) The wheels, towing hitches, and running gear are removed.

(*ii*) It is attached to a foundation or other support system.

(b) "Ownership interest" means the fee simple interest in real property or an interest as the lessee under a ground lease for the real property that has a term that continues for at least 20 years after the recording of the affidavit under subsection (3).

Legislative intent.

Enacting section 1. It is the intent of this legislature that a security interest or lien on a mobile home affixed to real property may be perfected in the manner provided under law for perfecting a lien on real property, and not exclusively by a notation of the security interest or lien on the certificate of title.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 45]

(HB 4565)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 12 (MCL 206.12), as amended by 1996 PA 484.

The People of the State of Michigan enact:

206.12 Definitions.

Sec. 12. (1) "Flow-through entity" means an S corporation, partnership, limited partnership, limited liability partnership, or limited liability company. Flow-through entity does not include a publicly traded partnership as that term is defined in section 7704 of the internal revenue code that has equity securities registered with the securities and exchange commission under section 12 of title I of the securities exchange act of 1934, chapter 404, 48 Stat. 881, 15 U.S.C. 78*l*.

(2) "Gross income" means gross income as defined in the internal revenue code.

(3) "Internal revenue code" means the United States internal revenue code of 1986 in effect on January 1, 1996 or at the option of the taxpayer, in effect for the tax year.

(4) "Member of a flow-through entity" means a shareholder of an S corporation; a partner in a partnership or limited partnership; or a member of a limited liability company.

(5) "Nonresident member" means any of the following that is a member of a flow-through entity:

(a) An individual who is not domiciled in this state.

(b) A nonresident estate or trust.

(c) A flow-through entity with a nonresident member.

Effective date.

Enacting section 1. This amendatory act takes effect October 1, 2003.

Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: House Bill No. 4561, referred to in enacting section 2, was filed with the Secretary of State June 24, 2003, and became P.A. 2003, No. 22, Eff. Oct. 1, 2003.

[No. 46]

(HB 4564)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 451 (MCL 206.451), as amended by 2002 PA 581.

The People of the State of Michigan enact:

206.451 Certificate of dissolution or withdrawal until taxes paid; payment of taxes as condition to closing of estate.

Sec. 451. (1) A domestic corporation, a foreign corporation, or other business entity authorized to transact business in this state that submits a certificate of dissolution or requests a certificate of withdrawal from this state shall request a certificate from the department stating that taxes are not due under section 27a of 1941 PA 122, MCL 205.27a, not more than 60 days after submitting the certificate of dissolution or requesting the certificate of withdrawal. A corporation or other business entity that does not request a certificate stating that taxes are not due is subject to the same penalties under section 24 of 1941 PA 122, MCL 205.24, that a taxpayer would be subject to for failure to file a return.

(2) An estate of a person subject to tax under this act shall not be closed without the payment of the tax levied by this act, both in respect to the liability of the estate and decedent prior to his or her death.

Effective date.

Enacting section 1. This amendatory act takes effect October 1, 2003.

Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: House Bill No. 4561, referred to in enacting section 2, was filed with the Secretary of State June 24, 2003, and became P.A. 2003, No. 22, Eff. Oct. 1, 2003.

[No. 47]

(HB 4563)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 365 (MCL 206.365), as amended by 1996 PA 448.

The People of the State of Michigan enact:

206.365 Furnishing statement of compensation paid and taxes withheld; filing statement and annual reconciliation return; return or report; furnishing withholding information to employer, entity, or licensee; definitions.

Sec. 365. (1) Every employer, flow-through entity, casino licensee, and race meeting licensee and track licensee required by this act to deduct and withhold taxes for a tax year on compensation, share of income available for distribution, winnings, or payoff on a winning ticket shall furnish to each employee, nonresident member, or person with winnings or a payoff on a winning ticket subject to withholding under this act on or before January 31 of the succeeding year a statement in duplicate of the total compensation, share of income available for distribution, winnings, or payoff on a winning ticket paid during the tax year and the amount deducted or withheld. However, if employment is terminated before the close of a calendar year by an employer who goes out of business or permanently ceases to be an employer in this state, or a flow-through entity, casino licensee, race meeting licensee, or track licensee goes out of business or permanently ceases to be a flow-through entity, casino licensee, race meeting licensee, or track licensee before the close of a calendar year, then the statement required by this subsection shall be issued within 30 days after the last compensation, share of income available for distribution, winnings, or payoff of a winning ticket is paid. A duplicate of a statement made pursuant to this section and an annual reconciliation return, MI-W3, shall be filed with the department by February 28 of the succeeding year except that an employer, flow-through entity, casino licensee, and race meeting licensee and track licensee who goes out of business or permanently ceases to be an employer, flow-through entity, casino licensee, and race meeting licensee and track licensee shall file the statement and the annual reconciliation return within 30 days after going out of business or permanently ceasing to be an employer, flow-through entity, casino licensee, and race meeting licensee and track licensee.

(2) Every employer, flow-through entity, casino licensee, and race meeting licensee and track licensee required by this act to deduct or withhold taxes from compensation, share of income available for distribution, winnings, or payoff on a winning ticket shall make a return or report in form and content and at times as prescribed by the department.

(3) Every employee, nonresident member, or person with winnings or a payoff on a winning ticket subject to withholding under this act shall furnish to his or her employer, flow-through entity, casino licensee, and race meeting licensee and track licensee information required for the employer, flow-through entity, casino licensee, and race meeting licensee and track licensee to make an accurate withholding. An employee, nonresident member, or person with winnings or a payoff on a winning ticket subject to withholding under this act shall file with his or her employer, flow-through entity, casino licensee, and race meeting licensee and track licensee revised information within 10 days after a decrease in the number of exemptions or a change in status from a nonresident to a resident. An employee shall file revised information with his or her employer within 10 days after the employee completes the residency requirements under section 31(11)(d), and when a change of status occurs from resident of a renaissance zone to nonresident of a renaissance zone. Within 10 days after an employer receives revised information from an employee who completes the residency requirements under section 31(11)(d), the employer shall forward a copy of that revised information to the department. The

employee, nonresident member, or person with winnings or a payoff on a winning ticket subject to withholding under this act may file revised information when the number of exemptions increases or when a change in status occurs from that of a resident of this state to a nonresident of this state. Revised information shall not be given retroactive effect for withholding purposes. An employer, flow-through entity, casino licensee, and race meeting licensee and track licensee shall rely on this information for withholding purposes unless directed by the department to withhold on some other basis. If an employee, nonresident member, or person with winnings or a payoff on a winning ticket subject to withholding under this act fails or refuses to furnish information, the employer, flow-through entity, casino licensee, and race meeting licensee and track licensee shall withhold the full rate of tax from the employee's total compensation, the nonresident member's share of income available for distribution, or the winnings of a person with winnings or a payoff on a winning ticket subject to withholding under this act. As used in this subsection, "renaissance zone" means a renaissance zone designated pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(4) As used in this section:

(a) "Casino" means that term as defined in section 110.

(b) "Casino licensee" means a person licensed to operate a casino under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

(c) "Race meeting licensee" and "track licensee" mean a person to whom a race meeting license or track license is issued pursuant to section 8 of the horse racing law of 1995, 1995 PA 279, MCL 431.308.

Effective date.

Enacting section 1. This amendatory act takes effect October 1, 2003.

Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: House Bill No. 4561, referred to in enacting section 2, was filed with the Secretary of State June 24, 2003, and became P.A. 2003, No. 22, Eff. Oct. 1, 2003.

[No. 48]

(HB 4562)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an

appropriation; and to repeal certain acts and parts of acts," by amending section 355 (MCL 206.355), as amended by 1991 PA 82.

The People of the State of Michigan enact:

206.355 Employer, entity, or licensee subject to administration, collection, and enforcement provisions; filing; definitions.

Sec. 355. (1) All provisions relating to the administration, collection, and enforcement of this act apply to the employer, flow-through entity, casino licensee, or race meeting licensee or track licensee required to withhold taxes and to the taxes required to be withheld. If the department has reasonable grounds to believe that an employer, flow-through entity, casino licensee, or race meeting licensee or track licensee will not pay taxes withheld to the state as prescribed by this act, or to provide a more efficient administration, the department may require the employer, flow-through entity, casino licensee, or race meeting licensee or track licensee to make the return and pay to the department the tax deducted and withheld at other than monthly periods, or from time to time, or require the employer, flow-through entity, casino licensee, or race meeting licensee or track licensee to deposit the tax in a bank approved by the department in a separate account, in trust for the department and payable to the department, and to keep the amount of the taxes in the account until payment over to the department.

(2) Every publicly traded partnership as that term is defined under section 7704 of the internal revenue code that has equity securities registered with the securities and exchange commission under section 12 of title I of the securities and exchange act of 1934, chapter 404, 48 Stat. 881, 15 U.S.C. 78*l*, shall file on or before each August 31 all unitholder information from the publicly traded partnership's schedule K-1 for the immediately preceding calendar year by paper or electronic format on a form prescribed by the department.

(3) As used in this section:

(a) "Casino" means that term as defined in section 110.

(b) "Casino licensee" means a person licensed to operate a casino under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

(c) "Race meeting licensee" and "track licensee" mean a person to whom a race meeting license or track license is issued pursuant to section 8 of the horse racing law of 1995, 1995 PA 279, MCL 431.308.

Effective date.

Enacting section 1. This amendatory act takes effect October 1, 2003.

Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: House Bill No. 4561, referred to in enacting section 2, was filed with the Secretary of State June 24, 2003, and became P.A. 2003, No. 22, Eff. Oct. 1, 2003.

[No. 49]

(HB 4560)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 315 (MCL 206.315).

The People of the State of Michigan enact:

206.315 Tax return of person, other than corporation, whose adjusted gross income exceeds personal exemptions; due date; contents; composite income tax return.

Sec. 315. (1) Every person, other than a corporation, required to make a return for any taxable period under the internal revenue code, except as otherwise specifically provided in this act, if his or her adjusted gross income is in excess of the personal exemptions allowed by this act shall render on or before the fifteenth day of the fourth month following the close of that taxable period to the department a return setting forth all of the following:

(a) The amount of adjusted gross income on the return made to the United States internal revenue service for federal income tax purposes and as provided in the definitions contained in this act and the rules issued under this act.

(b) The personal and dependency exemptions as allowed by this act.

(c) The amount of tax due under this act, less credits claimed against the tax.

(d) Other information for the purposes of carrying out this act as may be prescribed by the department.

(e) The balance of the tax shown to be due on the return is due and shall be paid by the date fixed for filing the return unless the balance is less than $1.00, in which event payment is not required.

(2) A nonresident member who has income in this state from 1 or more flow-through entities may elect to be included in the composite income tax return of a flow-through entity of which the nonresident member is a member.

(3) A flow-through entity may file a composite income tax return on behalf of electing nonresident members and report and pay the tax due based on the electing nonresident members' shares of income available for distribution from the flow-through entity for doing business in, or deriving income from, sources within this state.

(4) A nonresident member that has been included in a composite income tax return and also files an individual income tax return for the same taxable period may claim a credit against the tax imposed by this act on that individual income tax return for the amount of taxes paid on behalf of the nonresident member by the flow-through entity on that composite income tax return.

(5) A composite income tax return is due on or before each April 15 and shall report the information required by the department for the immediately preceding calendar year.

Effective date.

Enacting section 1. This amendatory act takes effect on October 1, 2003.

Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: House Bill No. 4561, referred to in enacting section 2, was filed with the Secretary of State June 24, 2003, and became P.A. 2003, No. 22, Eff. Oct. 1, 2003.

[No. 50]

(HB 4559)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 26 (MCL 206.26).

The People of the State of Michigan enact:

206.26 "Taxpayer" defined.

Sec. 26. "Taxpayer" means any person subject to the taxes imposed by this act, any employer required to withhold taxes on salaries and wages, or any flow-through entity required to withhold taxes on a nonresident member's share of income available for distribution.

Effective date.

Enacting section 1. This amendatory act takes effect October 1, 2003.

Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: House Bill No. 4561, referred to in enacting section 2, was filed with the Secretary of State June 24, 2003, and became P.A. 2003, No. 22, Eff. Oct. 1, 2003.

[No. 51]

(HB 4558)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 22 (MCL 206.22), as amended by 1996 PA 484.

The People of the State of Michigan enact:

206.22 "Tax" and "taxable value" defined.

Sec. 22. (1) "Tax" includes interest and penalties and further includes the tax required to be withheld by an employer on salaries and wages and the tax required to be withheld by a flow-through entity on nonresident members' share of income available for distribution, unless the intention to give it a more limited meaning is disclosed by the context.

(2) "Taxable value" means taxable value as calculated under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

Effective date.

Enacting section 1. This amendatory act takes effect on October 1, 2003.

Conditional effective date.

Enacting section 2. This amendatory act does not take effect unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: House Bill No. 4561, referred to in enacting section 2, was filed with the Secretary of State June 24, 2003, and became P.A. 2003, No. 22, Eff. Oct. 1, 2003.

[No. 52]

(HB 4557)

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 4 (MCL 206.4).

The People of the State of Michigan enact:

206.4 "Board" and "business income" defined.

Sec. 4. (1) "Board" means the state board of tax appeals.

(2) "Business income" means all income arising from transactions, activities, and sources in the regular course of the taxpayer's trade or business and includes the following:

(a) All income from tangible and intangible property if the acquisition, rental, management, or disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.

(b) Gains or losses from stock and securities of any foreign or domestic corporation and dividend and interest income.

(c) Income derived from isolated sales, leases, assignment, licenses, divisions, or other infrequently occurring dispositions, transfers, or transactions involving property if the property is or was used in the taxpayer's trade or business operation.

(d) Income derived from the sale of a business.

(3) Not later than 2 years after the effective date of the amendatory act that added subsection (2)(b), the department shall report the impact of the amendatory act that added subsection (2)(b) on the tax liability under this act of resident and nonresident taxpayers to the house tax policy committee and the senate finance committee.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 53]

(HB 4326)

AN ACT to amend 1969 PA 306, entitled "An act to provide for the effect, processing, promulgation, publication, and inspection of state agency rules, determinations, and other matters; to provide for the printing, publishing, and distribution of certain publications; to provide for state agency administrative procedures and contested cases and appeals from contested cases in licensing and other matters; to create and establish certain committees and offices; to provide for declaratory judgments as to rules; to repeal certain acts and parts of acts; and to repeal certain parts of this act on a specific date," by amending sections 55 and 59 (MCL 24.255 and 24.259), as amended by 1999 PA 262.

The People of the State of Michigan enact:

24.255 Annual supplement to Michigan administrative code; electronic publication by office of regulatory reform; contents.

Sec. 55. The office of regulatory reform annually shall publish an electronic supplement to the Michigan administrative code. The annual supplement shall contain all promulgated rules published in the Michigan register during the current year, except emergency rules, a cumulative numerical listing of amendments and additions to, and rescissions of rules since the last printed compilation of the Michigan administrative code, and a cumulative alphabetical index.

24.259 Copies of Michigan register, Michigan administrative code, and code supplements; distribution; official use.

Sec. 59. (1) The office of regulatory reform shall publish the Michigan register, the Michigan administrative code, and the annual supplement to the Michigan administrative code free of charge on the office of regulatory reform's internet website and may publish these documents in printed or other electronic format for public subscription at a fee, determined by the department of management and budget, that is reasonably calculated to cover, but not to exceed, the publication and distribution costs. Any money collected by the department of management and budget from subscriptions shall be deposited into the general fund.

(2) The official Michigan administrative code is that published or made available on the office of regulatory reform's internet website free of charge.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 54]

(SB 530)

AN ACT to amend 2001 PA 142, entitled "An act to consolidate prior acts naming certain Michigan highways; to provide for the naming of certain highways; to prescribe certain duties of the state transportation department; and to repeal acts and parts of acts and certain resolutions," (MCL 250.1001 to 250.1100) by adding section 86.

The People of the State of Michigan enact:

250.1086 "POW/MIA Memorial Freeway."

Sec. 86. The part of M-53 located between 27 mile road and 34 mile road in Macomb county shall be known as the "POW/MIA Memorial Freeway".

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 55]

(HB 4081)

AN ACT to amend 1917 PA 167, entitled "An act to promote the health, safety and welfare of the people by regulating the maintenance, alteration, health, safety, and improvement of dwellings; to define the classes of dwellings affected by the act, and to establish administrative requirements; to prescribe procedures for the maintenance, improvement, or demolition of certain commercial buildings; to establish remedies; to

provide for enforcement; to provide for the demolition of certain dwellings; and to fix penalties for the violation of this act," by amending sections 139, 141, and 142 (MCL 125.539, 125.541, and 125.542), as amended by 1992 PA 144.

The People of the State of Michigan enact:

125.539 "Dangerous building" defined.

Sec. 139. As used in sections 138 to 142, "dangerous building" means a building or structure that has 1 or more of the following defects or is in 1 or more of the following conditions:

(a) A door, aisle, passageway, stairway, or other means of exit does not conform to the approved fire code of the city, village, or township in which the building or structure is located.

(b) A portion of the building or structure is damaged by fire, wind, flood, deterioration, neglect, abandonment, vandalism, or other cause so that the structural strength or stability of the building or structure is appreciably less than it was before the damage and does not meet the minimum requirements of this act or a building code of the city, village, or township in which the building or structure is located for a new building or structure, purpose, or location.

(c) A part of the building or structure is likely to fall, become detached or dislodged, or collapse and injure persons or damage property.

(d) A portion of the building or structure has settled to an extent that walls or other structural portions of the building or structure have materially less resistance to wind than is required in the case of new construction by this act or a building code of the city, village, or township in which the building or structure is located.

(e) The building or structure, or a part of the building or structure, because of dilapidation, deterioration, decay, faulty construction, the removal or movement of some portion of the ground necessary for the support, or for other reason, is likely to partially or completely collapse, or some portion of the foundation or underpinning of the building or structure is likely to fall or give way.

(f) The building, structure, or a part of the building or structure is manifestly unsafe for the purpose for which it is used.

(g) The building or structure is damaged by fire, wind, or flood, is dilapidated or deteriorated and becomes an attractive nuisance to children who might play in the building or structure to their danger, becomes a harbor for vagrants, criminals, or immoral persons, or enables persons to resort to the building or structure for committing a nuisance or an unlawful or immoral act.

(h) A building or structure used or intended to be used for dwelling purposes, including the adjoining grounds, because of dilapidation, decay, damage, faulty construction or arrangement, or for other reason, is unsanitary or unfit for human habitation, is in a condition that the health officer determines is likely to cause sickness or disease, or is likely to injure the health, safety, or general welfare of people living in the dwelling.

(i) A building or structure is vacant, dilapidated, and open at door or window, leaving the interior of the building exposed to the elements or accessible to entrance by trespassers.

(j) A building or structure remains unoccupied for a period of 180 consecutive days or longer, and is not listed as being available for sale, lease, or rent with a real estate broker

licensed under article 25 of the occupational code, 1980 PA 299, MCL 339.2401 to 339.2518. For purposes of this subdivision, "building or structure" includes, but is not limited to, a commercial building or structure. This subdivision does not apply to either of the following:

(*i*) A building or structure if the owner or agent does both of the following:

(A) Notifies a local law enforcement agency in whose jurisdiction the building or structure is located that the building or structure will remain unoccupied for a period of 180 consecutive days. The notice shall be given to the local law enforcement agency by the owner or agent not more than 30 days after the building or structure becomes unoccupied.

(B) Maintains the exterior of the building or structure and adjoining grounds in accordance with this act or a building code of the city, village, or township in which the building or structure is located.

(*ii*) A secondary dwelling of the owner that is regularly unoccupied for a period of 180 days or longer each year, if the owner notifies a local law enforcement agency in whose jurisdiction the dwelling is located that the dwelling will remain unoccupied for a period of 180 consecutive days or more each year. An owner who has given the notice prescribed by this subparagraph shall notify the law enforcement agency not more than 30 days after the dwelling no longer qualifies for this exception. As used in this subparagraph, "secondary dwelling" means a dwelling, including, but not limited to, a vacation home, hunting cabin, or summer home, that is occupied by the owner or a member of the owner's family during part of a year.

125.541 Hearing; testimony; determination to close proceedings or order building or structure demolished, made safe, or properly maintained; failure to appear or noncompliance with order; hearing; enforcement; reimbursement and notice of cost; lien; remedies.

Sec. 141. (1) At a hearing prescribed by section 140, the hearing officer shall take testimony of the enforcing agency, the owner of the property, and any interested party. Not more than 5 days after completion of the hearing, the hearing officer shall render a decision either closing the proceedings or ordering the building or structure demolished, otherwise made safe, or properly maintained.

(2) If the hearing officer determines that the building or structure should be demolished, otherwise made safe, or properly maintained, the hearing officer shall enter an order that specifies what action the owner, agent, or lessee shall take and sets a date by which the owner, agent, or lessee shall comply with the order. If the building is a dangerous building under section 139(j), the order may require the owner or agent to maintain the exterior of the building and adjoining grounds owned by the owner of the building including, but not limited to, the maintenance of lawns, trees, and shrubs.

(3) If the owner, agent, or lessee fails to appear or neglects or refuses to comply with the order issued under subsection (2), the hearing officer shall file a report of the findings and a copy of the order with the legislative body of the city, village, or township not more than 5 days after the date for compliance set in the order and request that necessary action be taken to enforce the order. If the legislative body of the city, village, or township has established a board of appeals under section 141c, the hearing officer shall file the report of the findings and a copy of the order with the board of appeals and request that necessary action be taken to enforce the order. A copy of the findings and order of the hearing officer shall be served on the owner, agent, or lessee in the manner prescribed in section 140.

(4) The legislative body or the board of appeals of the city, village, or township, as applicable, shall set a date not less than 30 days after the hearing prescribed in section 140 for a hearing on the findings and order of the hearing officer. The legislative body or the board of appeals shall give notice to the owner, agent, or lessee in the manner prescribed in section 140 of the time and place of the hearing. At the hearing, the owner, agent, or lessee shall be given the opportunity to show cause why the order should not be enforced. The legislative body or the board of appeals of the city, village, or township shall either approve, disapprove, or modify the order. If the legislative body or board of appeals approves or modifies the order, the legislative body shall take all necessary action to enforce the order. If the order is approved or modified, the owner, agent, or lessee shall comply with the order within 60 days after the date of the hearing under this subsection. For an order of demolition, if the legislative body or the board of appeals of the city, village, or township determines that the building or structure has been substantially destroyed by fire, wind, flood, deterioration, neglect, abandonment, vandalism, or other cause, and the cost of repair of the building or structure will be greater than the state equalized value of the building or structure, the owner, agent, or lessee shall comply with the order of demolition within 21 days after the date of the hearing under this subsection. If the estimated cost of repair exceeds the state equalized value of the building or structure to be repaired, a rebuttable presumption that the building or structure requires immediate demolition exists.

(5) The cost of demolition includes, but is not limited to, fees paid to hearing officers, costs of title searches or commitments used to determine the parties in interest, recording fees for notices and liens filed with the county register of deeds, demolition and dumping charges, court reporter attendance fees, and costs of the collection of the charges authorized under this act. The cost of the demolition, of making the building safe, or of maintaining the exterior of the building or structure or grounds adjoining the building or structure incurred by the city, village, or township to bring the property into conformance with this act shall be reimbursed to the city, village, or township by the owner or party in interest in whose name the property appears.

(6) The owner or party in interest in whose name the property appears upon the last local tax assessment records shall be notified by the assessor of the amount of the cost of the demolition, of making the building safe, or of maintaining the exterior of the building or structure or grounds adjoining the building or structure by first class mail at the address shown on the records. If the owner or party in interest fails to pay the cost within 30 days after mailing by the assessor of the notice of the amount of the cost, the city, village, or township shall have a lien for the cost incurred by the city, village, or township to bring the property into conformance with this act. The lien shall not take effect until notice of the lien has been filed or recorded as provided by law. A lien provided for in this subsection does not have priority over previously filed or recorded liens and encumbrances. The lien for the cost shall be collected and treated in the same manner as provided for property tax liens under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(7) In addition to other remedies under this act, the city, village, or township may bring an action against the owner of the building or structure for the full cost of the demolition, of making the building safe, or of maintaining the exterior of the building or structure or grounds adjoining the building or structure. A city, village, or township shall have a lien on the property for the amount of a judgment obtained under this subsection. The lien provided for in this subsection shall not take effect until notice of the lien is filed or recorded as provided by law. The lien does not have priority over prior filed or recorded liens and encumbrances.

125.542 Appeal to circuit court.

Sec. 142. An owner aggrieved by a final decision or order of the legislative body or the board of appeals under section 141 may appeal the decision or order to the circuit court by filing a petition for an order of superintending control within 20 days from the date of the decision.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 56]

(HB 4145)

AN ACT to enter into the interstate compact for the supervision or return of certain juveniles, delinquents, and status offenders and for related purposes; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

3.691 Short title.

Sec. 1. This act shall be known and may be cited as the "interstate compact for juveniles".

3.692 Supervision or return of juveniles, delinquents, and status offenders; interstate compact; form.

Sec. 2. The interstate compact for the supervision or return of juveniles, delinquents, and status offenders is enacted into law and entered into with all jurisdictions legally joining in the compact, in the form substantially as follows:

ARTICLE I

PURPOSE

The compacting states to this Interstate Compact recognize that each state is responsible for the proper supervision or return of juveniles, delinquents and status offenders who are on probation or parole and who have absconded, escaped or run away from supervision and control and in so doing have endangered their own safety and the safety of others. The compacting states also recognize that each state is responsible for the safe return of juveniles who have run away from home and in doing so have left their state of residence. The compacting states also recognize that Congress, by enacting the Crime Control Act, 4 U.S.C. Section 112 (1965), has authorized and encouraged compacts for cooperative efforts and mutual assistance in the prevention of crime.

It is the purpose of this compact, through means of joint and cooperative action among the compacting states to: (A) ensure that the adjudicated juveniles and status offenders subject to this compact are provided adequate supervision and services in the receiving state as ordered by the adjudicating judge or parole authority in the sending state; (B) ensure that the public safety interests of the citizens, including the victims of juvenile

offenders, in both the sending and receiving states are adequately protected; (C) return juveniles who have run away, absconded or escaped from supervision or control or have been accused of an offense to the state requesting their return; (D) make contracts for the cooperative institutionalization in public facilities in member states for delinquent youth needing special services; (E) provide for the effective tracking and supervision of juveniles; (F) equitably allocate the costs, benefits and obligations of the compacting states; (G) establish procedures to manage the movement between states of juvenile offenders released to the community under the jurisdiction of courts, juvenile departments, or any other criminal or juvenile justice agency which has jurisdiction over juvenile offenders; (H) insure immediate notice to jurisdictions where defined offenders are authorized to travel or to relocate across state lines; (I) establish procedures to resolve pending charges (detainers) against juvenile offenders prior to transfer or release to the community under the terms of this compact; (J) establish a system of uniform data collection on information pertaining to juveniles subject to this compact that allows access by authorized juvenile justice and criminal justice officials, and regular reporting of Compact activities to heads of state executive, judicial, and legislative branches and juvenile and criminal justice administrators; (K) monitor compliance with rules governing interstate movement of juveniles and initiate interventions to address and correct non-compliance; (L) coordinate training and education regarding the regulation of interstate movement of juveniles for officials involved in such activity; and (M) coordinate the implementation and operation of the compact with the Interstate Compact for the Placement of Children, the Interstate Compact for Adult Offender Supervision and other compacts affecting juveniles particularly in those cases where concurrent or overlapping supervision issues arise. It is the policy of the compacting states that the activities conducted by the Interstate Commission created herein are the formation of public policies and therefore are public business. Furthermore, the compacting states shall cooperate and observe their individual and collective duties and responsibilities for the prompt return and acceptance of juveniles subject to the provisions of this compact. The provisions of this compact shall be reasonably and liberally construed to accomplish the purposes and policies of the compact.

ARTICLE II

DEFINITIONS

As used in this compact, unless the context clearly requires a different construction:

A. "By-laws" means: those by-laws established by the Interstate Commission for its governance, or for directing or controlling its actions or conduct.

B. "Compact Administrator" means: the individual in each compacting state appointed pursuant to the terms of this compact, responsible for the administration and management of the state's supervision and transfer of juveniles subject to the terms of this compact, the rules adopted by the Interstate Commission and policies adopted by the State Council under this compact.

C. "Compacting State" means: any state which has enacted the enabling legislation for this compact.

D. "Commissioner" means: the voting representative of each compacting state appointed pursuant to Article III of this compact.

E. "Court" means: any court having jurisdiction over delinquent, neglected, or dependent children.

F. "Deputy Compact Administrator" means: the individual, if any, in each compacting state appointed to act on behalf of a Compact Administrator pursuant to the terms of this compact responsible for the administration and management of the state's supervision and transfer of juveniles subject to the terms of this compact, the rules adopted by the Interstate Commission and policies adopted by the State Council under this compact.

G. "Interstate Commission" means: the Interstate Commission for Juveniles created by Article III of this compact.

H. "Juvenile" means: any person defined as a juvenile in any member state or by the rules of the Interstate Commission, including:

(1) Accused Delinquent — a person charged with an offense that, if committed by an adult, would be a criminal offense;

(2) Adjudicated Delinquent — a person found to have committed an offense that, if committed by an adult, would be a criminal offense;

(3) Accused Status Offender — a person charged with an offense that would not be a criminal offense if committed by an adult;

(4) Adjudicated Status Offender — a person found to have committed an offense that would not be a criminal offense if committed by an adult; and

(5) Non-Offender — a person in need of supervision who has not been accused or adjudicated a status offender or delinquent.

I. "Non-Compacting state" means: any state which has not enacted the enabling legislation for this compact.

J. "Probation or Parole" means: any kind of supervision or conditional release of juveniles authorized under the laws of the compacting states.

K. "Rule" means: a written statement by the Interstate Commission promulgated pursuant to Article VI of this compact that is of general applicability, implements, interprets or prescribes a policy or provision of the Compact, or an organizational, procedural, or practice requirement of the Commission, and has the force and effect of statutory law in a compacting state, and includes the amendment, repeal, or suspension of an existing rule.

L. "State" means: a state of the United States, the District of Columbia (or its designee), the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Marianas Islands.

ARTICLE III

INTERSTATE COMMISSION FOR JUVENILES

A. The compacting states hereby create the "Interstate Commission for Juveniles." The commission shall be a body corporate and joint agency of the compacting states. The commission shall have all the responsibilities, powers and duties set forth herein, and such additional powers as may be conferred upon it by subsequent action of the respective legislatures of the compacting states in accordance with the terms of this compact.

B. The Interstate Commission shall consist of commissioners appointed by the appropriate appointing authority in each state pursuant to the rules and requirements of each compacting state and in consultation with the State Council for Interstate Juvenile Supervision created hereunder. The commissioner shall be the compact administrator, deputy compact administrator or designee from that state who shall serve on the

Interstate Commission in such capacity under or pursuant to the applicable law of the compacting state.

C. In addition to the commissioners who are the voting representatives of each state, the Interstate Commission shall include individuals who are not commissioners, but who are members of interested organizations. Such non-commissioner members must include a member of the national organizations of governors, legislators, state chief justices, attorneys general, Interstate Compact for Adult Offender Supervision, Interstate Compact for the Placement of Children, juvenile justice and juvenile corrections officials, and crime victims. All non-commissioner members of the Interstate Commission shall be ex-officio (non-voting) members. The Interstate Commission may provide in its by-laws for such additional ex-officio (non-voting) members, including members of other national organizations, in such numbers as shall be determined by the commission.

D. Each compacting state represented at any meeting of the commission is entitled to one vote. A majority of the compacting states shall constitute a quorum for the transaction of business, unless a larger quorum is required by the by-laws of the Interstate Commission.

E. The commission shall meet at least once each calendar year. The chairperson may call additional meetings and, upon the request of a simple majority of the compacting states, shall call additional meetings. Public notice shall be given of all meetings and meetings shall be open to the public.

F. The Interstate Commission shall establish an executive committee, which shall include commission officers, members, and others as determined by the by-laws. The executive committee shall have the power to act on behalf of the Interstate Commission during periods when the Interstate Commission is not in session, with the exception of rulemaking and/or amendment to the compact. The executive committee shall oversee the day-to-day activities of the administration of the compact managed by an executive director and Interstate Commission staff; administers enforcement and compliance with the provisions of the compact, its by-laws and rules, and performs such other duties as directed by the Interstate Commission or set forth in the by-laws.

G. Each member of the Interstate Commission shall have the right and power to cast a vote to which that compacting state is entitled and to participate in the business and affairs of the Interstate Commission. A member shall vote in person and shall not delegate a vote to another compacting state. However, a commissioner, in consultation with the state council, shall appoint another authorized representative, in the absence of the commissioner from that state, to cast a vote on behalf of the compacting state at a specified meeting. The by-laws may provide for members' participation in meetings by telephone or other means of telecommunication or electronic communication.

H. The Interstate Commission's by-laws shall establish conditions and procedures under which the Interstate Commission shall make its information and official records available to the public for inspection or copying. The Interstate Commission may exempt from disclosure any information or official records to the extent they would adversely affect personal privacy rights or proprietary interests.

I. Public notice shall be given of all meetings and all meetings shall be open to the public, except as set forth in the Rules or as otherwise provided in the Compact. The Interstate Commission and any of its committees may close a meeting to the public where it determines by two-thirds vote that an open meeting would be likely to:

1. Relate solely to the Interstate Commission's internal personnel practices and procedures;

2. Disclose matters specifically exempted from disclosure by statute;

3. Disclose trade secrets or commercial or financial information which is privileged or confidential;

4. Involve accusing any person of a crime, or formally censuring any person;

5. Disclose information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

6. Disclose investigative records compiled for law enforcement purposes;

7. Disclose information contained in or related to examination, operating or condition reports prepared by, or on behalf of or for the use of, the Interstate Commission with respect to a regulated person or entity for the purpose of regulation or supervision of such person or entity;

8. Disclose information, the premature disclosure of which would significantly endanger the stability of a regulated person or entity; or

9. Specifically relate to the Interstate Commission's issuance of a subpoena, or its participation in a civil action or other legal proceeding.

J. For every meeting closed pursuant to this provision, the Interstate Commission's legal counsel shall publicly certify that, in the legal counsel's opinion, the meeting may be closed to the public, and shall reference each relevant exemptive provision. The Interstate Commission shall keep minutes which shall fully and clearly describe all matters discussed in any meeting and shall provide a full and accurate summary of any actions taken, and the reasons therefore, including a description of each of the views expressed on any item and the record of any roll call vote (reflected in the vote of each member on the question). All documents considered in connection with any action shall be identified in such minutes.

K. The Interstate Commission shall collect standardized data concerning the interstate movement of juveniles as directed through its rules which shall specify the data to be collected, the means of collection and data exchange and reporting requirements. Such methods of data collection, exchange and reporting shall insofar as is reasonably possible conform to up-to-date technology and coordinate its information functions with the appropriate repository of records.

ARTICLE IV

POWERS AND DUTIES OF THE INTERSTATE COMMISSION

The commission shall have the following powers and duties:

1. To provide for dispute resolution among compacting states.

2. To promulgate rules to effect the purposes and obligations as enumerated in this compact, which shall have the force and effect of statutory law and shall be binding in the compacting states to the extent and in the manner provided in this compact.

3. To oversee, supervise and coordinate the interstate movement of juveniles subject to the terms of this compact and any by-laws adopted and rules promulgated by the Interstate Commission.

4. To enforce compliance with the compact provisions, the rules promulgated by the Interstate Commission, and the by-laws, using all necessary and proper means, including but not limited to the use of judicial process.

5. To establish and maintain offices which shall be located within one or more of the compacting states.

6. To purchase and maintain insurance and bonds.

7. To borrow, accept, hire or contract for services of personnel.

8. To establish and appoint committees and hire staff which it deems necessary for the carrying out of its functions including, but not limited to, an executive committee as required by Article III which shall have the power to act on behalf of the Interstate Commission in carrying out its powers and duties hereunder.

9. To elect or appoint such officers, attorneys, employees, agents, or consultants, and to fix their compensation, define their duties and determine their qualifications; and to establish the Interstate Commission's personnel policies and programs relating to, inter alia, conflicts of interest, rates of compensation, and qualifications of personnel.

10. To accept any and all donations and grants of money, equipment, supplies, materials, and services, and to receive, utilize, and dispose of it.

11. To lease, purchase, accept contributions or donations of, or otherwise to own, hold, improve or use any property, real, personal, or mixed.

12. To sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property, real, personal or mixed.

13. To establish a budget and make expenditures and levy dues as provided in Article VIII of this compact.

14. To sue and be sued.

15. To adopt a seal and by-laws governing the management and operation of the Interstate Commission.

16. To perform such functions as may be necessary or appropriate to achieve the purposes of this compact.

17. To report annually to the legislatures, governors, judiciary, and state councils of the compacting states concerning the activities of the Interstate Commission during the preceding year. Such reports shall also include any recommendations that may have been adopted by the Interstate Commission.

18. To coordinate education, training and public awareness regarding the interstate movement of juveniles for officials involved in such activity.

19. To establish uniform standards of the reporting, collecting and exchanging of data.

20. The Interstate Commission shall maintain its corporate books and records in accordance with the By-laws.

ARTICLE V

ORGANIZATION AND OPERATION OF THE INTERSTATE COMMISSION

Section A. By-laws

1. The Interstate Commission shall, by a majority of the members present and voting, within twelve months after the first Interstate Commission meeting, adopt by-laws to govern its conduct as may be necessary or appropriate to carry out the purposes of the compact, including, but not limited to:

a. Establishing the fiscal year of the Interstate Commission;

b. Establishing an executive committee and such other committees as may be necessary;

c. Provide for the establishment of committees governing any general or specific delegation of any authority or function of the Interstate Commission;

d. Providing reasonable procedures for calling and conducting meetings of the Interstate Commission, and ensuring reasonable notice of each such meeting;

e. Establishing the titles and responsibilities of the officers of the Interstate Commission;

f. Providing a mechanism for concluding the operations of the Interstate Commission and the return of any surplus funds that may exist upon the termination of the Compact after the payment and/or reserving of all of its debts and obligations.

g. Providing "start-up" rules for initial administration of the compact; and

h. Establishing standards and procedures for compliance and technical assistance in carrying out the compact.

Section B. Officers and Staff

1. The Interstate Commission shall, by a majority of the members, elect annually from among its members a chairperson and a vice chairperson, each of whom shall have such authority and duties as may be specified in the by-laws. The chairperson or, in the chairperson's absence or disability, the vice-chairperson shall preside at all meetings of the Interstate Commission. The officers so elected shall serve without compensation or remuneration from the Interstate Commission; provided that, subject to the availability of budgeted funds, the officers shall be reimbursed for any ordinary and necessary costs and expenses incurred by them in the performance of their duties and responsibilities as officers of the Interstate Commission.

2. The Interstate Commission shall, through its executive committee, appoint or retain an executive director for such period, upon such terms and conditions and for such compensation as the Interstate Commission may deem appropriate. The executive director shall serve as secretary to the Interstate Commission, but shall not be a Member and shall hire and supervise such other staff as may be authorized by the Interstate Commission.

Section C. Qualified Immunity, Defense and Indemnification

1. The Commission's executive director and employees shall be immune from suit and liability, either personally or in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused or arising out of or relating to any actual or alleged act, error, or omission that occurred, or that such person had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities; provided, that any such person shall not be protected from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful and wanton misconduct of any such person.

2. The liability of any commissioner, or the employee or agent of a commissioner, acting within the scope of such person's employment or duties for acts, errors, or omissions occurring within such person's state may not exceed the limits of liability set forth under the Constitution and laws of that state for state officials, employees, and agents. Nothing in this subsection shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful and wanton misconduct of any such person.

3. The Interstate Commission shall defend the executive director or the employees or representatives of the Interstate Commission and, subject to the approval of the Attorney General of the state represented by any commissioner of a compacting state, shall defend such commissioner or the commissioner's representatives or employees in any civil action

seeking to impose liability arising out of any actual or alleged act, error or omission that occurred within the scope of Interstate Commission employment, duties or responsibilities, or that the defendant had a reasonable basis for believing occurred within the scope of Interstate Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from intentional or willful and wanton misconduct on the part of such person.

4. The Interstate Commission shall indemnify and hold the commissioner of a compacting state, or the commissioner's representatives or employees, or the Interstate Commission's representatives or employees, harmless in the amount of any settlement or judgment obtained against such persons arising out of any actual or alleged act, error, or omission that occurred within the scope of Interstate Commission employment, duties, or responsibilities, or that such persons had a reasonable basis for believing occurred within the scope of Interstate Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from intentional or willful and wanton misconduct on the part of such persons.

ARTICLE VI

RULEMAKING FUNCTIONS OF THE INTERSTATE COMMISSION

A. The Interstate Commission shall promulgate and publish rules in order to effectively and efficiently achieve the purposes of the compact.

B. Rulemaking shall occur pursuant to the criteria set forth in this article and the bylaws and rules adopted pursuant thereto. Such rulemaking shall substantially conform to the principles of the "Model State Administrative Procedures Act," 1981 Act, Uniform Laws Annotated, Vol. 15, p. 1 (2000), or such other administrative procedures act, as the Interstate Commission deems appropriate consistent with due process requirements under the U.S. Constitution as now or hereafter interpreted by the U.S. Supreme Court. All rules and amendments shall become binding as of the date specified, as published with the final version of the rule as approved by the Commission.

C. When promulgating a rule, the Interstate Commission shall, at a minimum:

1. publish the proposed rule's entire text stating the reason(s) for that proposed rule;

2. allow and invite any and all persons to submit written data, facts, opinions and arguments, which information shall be added to the record, and be made publicly available;

3. provide an opportunity for an informal hearing if petitioned by ten (10) or more persons; and

4. promulgate a final rule and its effective date, if appropriate, based on input from state or local officials, or interested parties.

D. Allow, not later than sixty days after a rule is promulgated, any interested person to file a petition in the United States District Court for the District of Columbia or in the Federal District Court where the Interstate Commission's principal office is located for judicial review of such rule. If the court finds that the Interstate Commission's action is not supported by substantial evidence in the rulemaking record, the court shall hold the rule unlawful and set it aside. For purposes of this subsection, evidence is substantial if it would be considered substantial evidence under the Model State Administrative Procedures Act.

E. If a majority of the legislatures of the compacting states rejects a rule, those states may, by enactment of a statute or resolution in the same manner used to adopt the

compact, cause that such rule shall have no further force and effect in any compacting state.

F. The existing rules governing the operation of the Interstate Compact on Juveniles superseded by this act shall be null and void twelve (12) months after the first meeting of the Interstate Commission created hereunder.

G. Upon determination by the Interstate Commission that a state-of-emergency exists, it may promulgate an emergency rule which shall become effective immediately upon adoption, provided that the usual rulemaking procedures provided hereunder shall be retroactively applied to said rule as soon as reasonably possible, but no later than ninety (90) days after the effective date of the emergency rule.

ARTICLE VII

OVERSIGHT, ENFORCEMENT AND DISPUTE RESOLUTION BY THE INTERSTATE COMMISSION

Section A. Oversight

1. The Interstate Commission shall oversee the administration and operations of the interstate movement of juveniles subject to this compact in the compacting states and shall monitor such activities being administered in non-compacting states which may significantly affect compacting states.

2. The courts and executive agencies in each compacting state shall enforce this compact and shall take all actions necessary and appropriate to effectuate the compact's purposes and intent. The provisions of this compact and the rules promulgated hereunder shall be received by all the judges, public officers, commissions, and departments of the state government as evidence of the authorized statute and administrative rules. All courts shall take judicial notice of the compact and the rules. In any judicial or administrative proceeding in a compacting state pertaining to the subject matter of this compact which may affect the powers, responsibilities or actions of the Interstate Commission, it shall be entitled to receive all service of process in any such proceeding, and shall have standing to intervene in the proceeding for all purposes.

Section B. Dispute Resolution

1. The compacting states shall report to the Interstate Commission on all issues and activities necessary for the administration of the compact as well as issues and activities pertaining to compliance with the provisions of the compact and its bylaws and rules.

2. The Interstate Commission shall attempt, upon the request of a compacting state, to resolve any disputes or other issues which are subject to the compact and which may arise among compacting states and between compacting and non-compacting states. The commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes among the compacting states.

3. The Interstate Commission, in the reasonable exercise of its discretion, shall enforce the provisions and rules of this compact using any or all means set forth in Article XI of this compact.

ARTICLE VIII

FINANCE

A. The Interstate Commission shall pay or provide for the payment of the reasonable expenses of its establishment, organization and ongoing activities.

B. The Interstate Commission shall levy on and collect an annual assessment from each compacting state to cover the cost of the internal operations and activities of the Interstate Commission and its staff which must be in a total amount sufficient to cover the Interstate Commission's annual budget as approved each year. The aggregate annual assessment amount shall be allocated based upon a formula to be determined by the Interstate Commission, taking into consideration the population of each compacting state and the volume of interstate movement of juveniles in each compacting state and shall promulgate a rule binding upon all compacting states which governs said assessment.

C. The Interstate Commission shall not incur any obligations of any kind prior to securing the funds adequate to meet the same; nor shall the Interstate Commission pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

D. The Interstate Commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Interstate Commission shall be subject to the audit and accounting procedures established under its by-laws. However, all receipts and disbursements of funds handled by the Interstate Commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the Interstate Commission.

ARTICLE IX

THE STATE COUNCIL

Each member state shall create a State Council for Interstate Juvenile Supervision. While each state may determine the membership of its own state council, its membership must include at least one representative from the legislative, judicial, and executive branches of government, victims groups, and the compact administrator, deputy compact administrator or designee. Each compacting state retains the right to determine the qualifications of the compact administrator or deputy compact administrator. Each state council will advise and may exercise oversight and advocacy concerning that state's participation in Interstate Commission activities and other duties as may be determined by that state, including but not limited to, development of policy concerning operations and procedures of the compact within that state.

ARTICLE X

COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

A. Any state, the District of Columbia (or its designee), the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Marianas Islands as defined in Article II of this compact is eligible to become a compacting state.

B. The compact shall become effective and binding upon legislative enactment of the compact into law by no less than 35 of the states. The initial effective date shall be the later of July 1, 2004 or upon enactment into law by the 35th jurisdiction. Thereafter it shall become effective and binding as to any other compacting state upon enactment of the compact into law by that state. The governors of non-member states or their designees shall be invited to participate in the activities of the Interstate Commission on a non-voting basis prior to adoption of the compact by all states and territories of the United States.

C. The Interstate Commission may propose amendments to the compact for enactment by the compacting states. No amendment shall become effective and binding upon the

Interstate Commission and the compacting states unless and until it is enacted into law by unanimous consent of the compacting states.

ARTICLE XI

WITHDRAWAL, DEFAULT, TERMINATION AND JUDICIAL ENFORCEMENT

Section A. Withdrawal

1. Once effective, the compact shall continue in force and remain binding upon each and every compacting state; provided that a compacting state may withdraw from the compact by specifically repealing the statute which enacted the compact into law.

2. The effective date of withdrawal is the effective date of the repeal.

3. The withdrawing state shall immediately notify the chairperson of the Interstate Commission in writing upon the introduction of legislation repealing this compact in the withdrawing state. The Interstate Commission shall notify the other compacting states of the withdrawing state's intent to withdraw within sixty days of its receipt thereof.

4. The withdrawing state is responsible for all assessments, obligations and liabilities incurred through the effective date of withdrawal, including any obligations, the performance of which extend beyond the effective date of withdrawal.

5. Reinstatement following withdrawal of any compacting state shall occur upon the withdrawing state reenacting the compact or upon such later date as determined by the Interstate Commission.

Section B. Technical Assistance, Fines, Suspension, Termination and Default

1. If the Interstate Commission determines that any compacting state has at any time defaulted in the performance of any of its obligations or responsibilities under this compact, or the by-laws or duly promulgated rules, the Interstate Commission may impose any or all of the following penalties:

a. Remedial training and technical assistance as directed by the Interstate Commission;

b. Alternative Dispute Resolution;

c. Fines, fees, and costs in such amounts as are deemed to be reasonable as fixed by the Interstate Commission; and

d. Suspension or termination of membership in the compact, which shall be imposed only after all other reasonable means of securing compliance under the by-laws and rules have been exhausted and the Interstate Commission has therefore determined that the offending state is in default. Immediate notice of suspension shall be given by the Interstate Commission to the Governor, the Chief Justice or the Chief Judicial Officer of the state, the majority and minority leaders of the defaulting state's legislature, and the state council. The grounds for default include, but are not limited to, failure of a compacting state to perform such obligations or responsibilities imposed upon it by this compact, the by-laws, or duly promulgated rules and any other grounds designated in commission by-laws and rules. The Interstate Commission shall immediately notify the defaulting state in writing of the penalty imposed by the Interstate Commission and of the default pending a cure of the default. The commission shall stipulate the conditions and the time period within which the defaulting state must cure its default. If the defaulting state fails to cure the default within the time period specified by the commission, the defaulting state shall be terminated from the compact upon an affirmative vote of a majority of the compacting states and all rights, privileges and benefits conferred by this compact shall be terminated from the effective date of termination.

2. Within sixty days of the effective date of termination of a defaulting state, the Commission shall notify the Governor, the Chief Justice or Chief Judicial Officer, the Majority and Minority Leaders of the defaulting state's legislature, and the state council of such termination.

3. The defaulting state is responsible for all assessments, obligations and liabilities incurred through the effective date of termination including any obligations, the performance of which extends beyond the effective date of termination.

4. The Interstate Commission shall not bear any costs relating to the defaulting state unless otherwise mutually agreed upon in writing between the Interstate Commission and the defaulting state.

5. Reinstatement following termination of any compacting state requires both a reenactment of the compact by the defaulting state and the approval of the Interstate Commission pursuant to the rules.

Section C. Judicial Enforcement

The Interstate Commission may, by majority vote of the members, initiate legal action in the United States District Court for the District of Columbia or, at the discretion of the Interstate Commission, in the federal district where the Interstate Commission has its offices, to enforce compliance with the provisions of the compact, its duly promulgated rules and by-laws, against any compacting state in default. In the event judicial enforcement is necessary the prevailing party shall be awarded all costs of such litigation including reasonable attorneys fees.

Section D. Dissolution of Compact

1. The compact dissolves effective upon the date of the withdrawal or default of the compacting state, which reduces membership in the compact to one compacting state.

2. Upon the dissolution of this compact, the compact becomes null and void and shall be of no further force or effect, and the business and affairs of the Interstate Commission shall be concluded and any surplus funds shall be distributed in accordance with the by-laws.

ARTICLE XII

SEVERABILITY AND CONSTRUCTION

A. The provisions of this compact shall be severable, and if any phrase, clause, sentence or provision is deemed unenforceable, the remaining provisions of the compact shall be enforceable.

B. The provisions of this compact shall be liberally construed to effectuate its purposes.

ARTICLE XIII

BINDING EFFECT OF COMPACT AND OTHER LAWS

Section A. Other Laws

1. Nothing herein prevents the enforcement of any other law of a compacting state that is not inconsistent with this compact.

2. All compacting states' laws other than state Constitutions and other interstate compacts conflicting with this compact are superseded to the extent of the conflict.

Section B. Binding Effect of the Compact

1. All lawful actions of the Interstate Commission, including all rules and by-laws promulgated by the Interstate Commission, are binding upon the compacting states.

2. All agreements between the Interstate Commission and the compacting states are binding in accordance with their terms.

3. Upon the request of a party to a conflict over meaning or interpretation of Interstate Commission actions, and upon a majority vote of the compacting states, the Interstate Commission may issue advisory opinions regarding such meaning or interpretation.

4. In the event any provision of this compact exceeds the constitutional limits imposed on the legislature of any compacting state, the obligations, duties, powers or jurisdiction sought to be conferred by such provision upon the Interstate Commission shall be ineffective and such obligations, duties, powers or jurisdiction shall remain in the compacting state and shall be exercised by the agency thereof to which such obligations, duties, powers or jurisdiction are delegated by law in effect at the time this compact becomes effective.

Repeal of MCL 3.701 to 3.706.

Enacting section 1. 1958 PA 203, MCL 3.701 to 3.706, is repealed on the date that the compact administrator appointed under this act certifies to the secretary of state that the thirty-fifth state has enacted this compact as provided in article X.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 57]

(HB 4077)

AN ACT to amend 1980 PA 299, entitled "An act to revise, consolidate, and classify the laws of this state regarding the regulation of certain occupations; to create a board for each of those occupations; to establish the powers and duties of certain departments and agencies and the boards of each occupation; to provide for the promulgation of rules; to provide for certain fees; to provide for penalties and civil fines; to establish rights, relationships, and remedies of certain persons under certain circumstances; to repeal certain parts of this act on a specific date; and to repeal certain acts and parts of acts," by amending section 1204 (MCL 339.1204), as amended by 1997 PA 97.

The People of the State of Michigan enact:

339.1204 Cosmetology establishment; issuance of license; separation from dwelling or school of cosmetology; limited license; temporary license; effect of transferring ownership or location; displaying or posting license.

Sec. 1204. (1) The department shall issue a license to a person for the operation of a cosmetology establishment if all of the following requirements are met:

(a) An application is submitted by the owners or managers of the establishment.

(b) The application includes a drawing or diagram indicating the premises to be licensed and the location of required equipment and facilities.

(c) The premises has satisfactorily passed an inspection conducted by the department for the purpose of determining whether the establishment has met sanitation and equipment standards prescribed in rules promulgated by the director.

(d) Except as provided in subsection (3), the cosmetology establishment shall be under the daily attendance and supervision of a licensed cosmetologist who is not less than 18 years of age and has had not less than 1 year's practical experience in cosmetology.

(2) A cosmetology establishment shall be completely separated by full partitions and doors from a dwelling or a school of cosmetology.

(3) The department may issue a limited cosmetology establishment license to a person who seeks to perform only 1 or more services of cosmetology on the premises. If the establishment license is limited to only manicuring services or skin care services, the supervising licensee may be an individual licensed only in that service. A licensed cosmetologist working in a limited licensed cosmetology establishment shall not perform cosmetology services for which the premises are not licensed. If the cosmetology establishment license is limited to electrology, the supervising licensee shall be a licensed electrologist. A licensed cosmetologist shall not supervise a cosmetology establishment whose cosmetology license is limited to rendering electrology unless the cosmetologist is licensed as an electrologist.

(4) The department may grant a temporary establishment license to a person who has fulfilled all licensure requirements except for the completion of the inspection.

(5) The transfer of ownership or location of a cosmetology establishment voids the license. The filing of a new license application is a predicate to the change in ownership or location of an establishment.

(6) The license of the establishment and of each individual working in the establishment shall be displayed in a prominent place which is visible to the public at all times. The license of an individual working in the establishment may be posted at the individual's work station.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

[No. 58]

(HB 4280)

AN ACT to amend 1980 PA 350, entitled "An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to

the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts," (MCL 550.1101 to 550.1704) by adding sections 420a, 422a, and 422b.

The People of the State of Michigan enact:

550.1420a Long-term care coverage; offer through subsidiary.

Sec. 420a. A health care corporation shall only offer long-term care coverage through a subsidiary of the health care corporation. If a health care corporation subsidiary offers long-term care coverage in this state, the sale of that coverage is not exempt from taxation by this state or any political subdivision of this state.

550.1422a Long-term care coverage; application.

Sec. 422a. A health care corporation subsidiary may use an application form for long-term care coverage that is designed to elicit the complete health history of an applicant.

550.1422b Rate differential; basis.

Sec. 422b. A health care corporation subsidiary may charge a different rate based on age for the same long-term care coverage if the rate differential is based on sound actuarial principles and a reasonable classification system and is related to actual and credible loss statistics or, for new coverages, is related to reasonably anticipated experience.

Conditional effective date.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 234 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved July 11, 2003.
Filed with Secretary of State July 14, 2003.

Compiler's note: Senate Bill No. 234, referred to in enacting section 1, was filed with the Secretary of State July 15, 2003, and became P.A. 2003, No. 59, Eff. July 23, 2003.

[No. 59]

(SB 234)

AN ACT to amend 1980 PA 350, entitled "An act to provide for the incorporation of nonprofit health care corporations; to provide their rights, powers, and immunities; to prescribe the powers and duties of certain state officers relative to the exercise of those rights, powers, and immunities; to prescribe certain conditions for the transaction of

business by those corporations in this state; to define the relationship of health care providers to nonprofit health care corporations and to specify their rights, powers, and immunities with respect thereto; to provide for a Michigan caring program; to provide for the regulation and supervision of nonprofit health care corporations by the commissioner of insurance; to prescribe powers and duties of certain other state officers with respect to the regulation and supervision of nonprofit health care corporations; to provide for the imposition of a regulatory fee; to regulate the merger or consolidation of certain corporations; to prescribe an expeditious and effective procedure for the maintenance and conduct of certain administrative appeals relative to provider class plans; to provide for certain administrative hearings relative to rates for health care benefits; to provide for certain causes of action; to prescribe penalties and to provide civil fines for violations of this act; and to repeal certain acts and parts of acts," by amending sections 204, 206, 207, 211, 401, 502, 602, 606, and 609 (MCL 550.1204, 550.1206, 550.1207, 550.1211, 550.1401, 550.1502, 550.1602, 550.1606, and 550.1609), section 207 as amended by 1999 PA 210, section 211 as amended by 1993 PA 127, section 401 as amended by 2000 PA 26, section 502 as amended by 1998 PA 446, and section 609 as amended by 1991 PA 61, and by adding sections 204a, 205a, 219, 401j, 403b, and 422c; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

550.1204 Filing of statements and documents; examination; investigation; additional information; conditions; duties of commissioner.

Sec. 204. (1) Before entering into contracts or securing applications of subscribers, the persons incorporating a health care corporation shall file all of the following in the office of the commissioner:

(a) Three copies of the articles of incorporation, with the certificate of the attorney general required under section 202(3) attached.

(b) A statement showing in full detail the plan upon which the corporation proposes to transact business.

(c) A copy of all certificates to be issued to subscribers.

(d) A copy of the financial statements of the corporation.

(e) Proposed advertising to be used in the solicitation of certificates for subscribers.

(f) A copy of the bylaws.

(g) A copy of all proposed contracts and reimbursement methods.

(2) The commissioner shall examine the statements and documents filed under subsection (1), may conduct any investigation that he or she considers necessary, may request additional oral and written information from the incorporators, and may examine under oath any persons interested in or connected with the proposed health care corporation. The commissioner shall ascertain whether all of the following conditions are met:

(a) The solicitation of certificates will not work a fraud upon the persons solicited by the corporation.

(b) The rates to be charged and the benefits to be provided are adequate, equitable, and not excessive, as defined in section 609.

(c) The amount of money actually available for working capital is sufficient to carry all acquisition costs and operating expenses for a reasonable period of time from the date of

issuance of the certificate of authority, and is not less than $500,000.00 or a greater amount, if the commissioner considers it necessary.

(d) The amounts contributed as the working capital of the corporation are payable only out of amounts in excess of minimum required reserves of the corporation.

(e) Adequate and unimpaired surplus is provided, as determined under section 204a.

(3) If the commissioner finds that the conditions prescribed in subsection (2) are met, the commissioner shall do all of the following:

(a) Return to the incorporators 1 copy of the articles of incorporation, certified for filing with the director of the department of consumer and industry services or of any other agency or department authorized by law to administer the business corporation act, 1972 PA 284, MCL 450.1101 to 450.2098, or his or her designated representative, and 1 copy of the articles of incorporation certified for the records of the corporation itself.

(b) Retain 1 copy of the articles of incorporation for the commissioner's office files.

(c) Deliver to the corporation a certificate of authority to commence business and to issue certificates that have been approved by the commissioner, or that are exempted from prior approval pursuant to section 607(2) or (8), entitling subscribers to certain health care benefits.

550.1204a Unimpaired surplus.

Sec. 204a. (1) A health care corporation shall possess and maintain unimpaired surplus in an amount determined adequate by the commissioner to comply with section 403 of the insurance code of 1956, 1956 PA 218, MCL 500.403. The commissioner shall follow the risk-based capital requirements as developed by the national association of insurance commissioners in order to determine whether a health care corporation is in adequate compliance with section 403 of the insurance code of 1956, 1956 PA 218, MCL 500.403.

(2) If a health care corporation files a risk-based capital report that indicates that its surplus is less than the amount determined adequate by the commissioner under subsection (1), the health care corporation shall prepare and submit a plan for remedying the deficiency in accordance with risk-based capital requirements adopted by the commissioner. Among the remedies that a health care corporation may employ are planwide viability contributions to surplus by subscribers.

(3) If contributions for planwide viability under subsection (2) are employed, those contributions shall be made in accordance with the following:

(a) If the health care corporation's surplus is less than 200% but more than 150% of the authorized control level under risk-based capital requirements, the maximum contribution rate shall be 0.5% of the rate charged to subscribers for the benefits provided.

(b) If the health care corporation's surplus is 150% or less than the authorized control level under risk-based capital requirements, the maximum contribution rate shall be 1% of the rate charged to subscribers for the benefits provided.

(c) The actual contribution rate charged is subject to the commissioner's approval.

(4) As used in subsection (3), "authorized control level" means the number determined under the risk-based capital formula in accordance with the instructions developed by the national association of insurance commissioners and adopted by the commissioner.

(5) Subject to this subsection, a health care corporation shall not maintain surplus in an amount that equals or is greater than 200% of the authorized control level under risk-based capital requirements multiplied by 5. If a health care corporation files a risk-based capital report that indicates that its surplus is more than the allowable maximum surplus permitted under this subsection for 2 successive calendar years, the health care corporation shall file

a plan for approval by the commissioner to adjust its surplus to a level below the allowable maximum surplus. If the commissioner disapproves the health care corporation's plan, the commissioner shall formulate an alternate plan and forward the alternate plan to the health care corporation. The health care corporation shall begin implementation of the plan immediately upon receipt of approval of its plan by the commissioner or upon receipt of the commissioner's alternate plan.

550.1205a Actuarial practices and accounting principles; financial report.

Sec. 205a. A health care corporation shall report financial information in conformity with sound actuarial practices and statutory accounting principles in the same manner as designated by the commissioner for other carriers pursuant to section 438(2) of the insurance code of 1956, 1956 PA 218, MCL 500.438. Approved permitted practices for the sole purpose of effectuating the transfer to statutory accounting principles under this section may be used by a health care corporation until January 1, 2007.

550.1206 Funds, property, and business of health care corporation; investments; insurance; prepaid health care benefits.

Sec. 206. (1) The funds and property of a health care corporation shall be acquired, held, and disposed of only for the lawful purposes of the corporation and for the benefit of the subscribers of the corporation as a whole. A health care corporation shall only transact business, receive, collect, and disburse money, and acquire, hold, protect, and convey property, that is properly within the scope of the purposes of the corporation as specifically set forth in section 202(1)(d), for the benefit of the subscribers of the corporation as a whole, and consistent with this act.

(2) The funds of a health care corporation shall be invested only in securities permitted by the laws of this state for the investments of assets of life insurance companies, as described in chapter 9 of the insurance code of 1956, 1956 PA 218, MCL 500.901 to 500.947.

(3) Without regard to the limitation in subsection (2), up to 2% of the assets of the health care corporation may be invested in venture-type investments. For purposes of calculating adequate and unimpaired surplus under section 204a, a venture-type investment shall be carried on the books of a health care corporation at the original acquisition cost, and losses may only be realized as an offset against gains from venture-type investments. All venture-type investments under this subsection shall provide employment or capital investment primarily within this state. Each investment under this subsection is subject to prior approval by the board of directors. As used in this subsection, "venture-type investments" include:

(a) Common stock, preferred stock, limited partnerships, or similar equity interests acquired from the issuer subject to a provision barring resale without consent of the issuer for 5 years from the date of acquisition by the corporation.

(b) Unsecured debt instruments that are either convertible into equity or have equity acquisition rights. These debt instruments shall be subordinated by their terms to all borrowings of the issuer from other institutional lenders and shall have no part amortized during the first 5 years.

(4) A health care corporation shall not market or transact, as defined in sections 402a and 402b of the insurance code of 1956, 1956 PA 218, MCL 500.402a and 500.402b, any type of insurance described in chapter 6 of the insurance code of 1956, 1956 PA 218, MCL 500.600 to 500.644. This subsection shall not be construed to prohibit the provision of prepaid health care benefits.

550.1207 Powers of health care corporation; interests of senior citizens; validity of corporate acts.

Sec. 207. (1) A health care corporation, subject to any limitation provided in this act, in any other statute of this state, or in its articles of incorporation, may do any or all of the following:

(a) Contract to provide computer services and other administrative consulting services to 1 or more providers or groups of providers, if the services are primarily designed to result in cost savings to subscribers.

(b) Engage in experimental health care projects to explore more efficient and economical means of implementing the corporation's programs, or the corporation's goals as prescribed in section 504 and the purposes of this act, to develop incentives to promote alternative methods and alternative providers, including nurse midwives, nurse anesthetists, and nurse practitioners, for delivering health care, including preventive care and home health care.

(c) For the purpose of providing health care services to employees of this state, the United States, or an agency, instrumentality, or political subdivision of this state or the United States, or for the purpose of providing all or part of the costs of health care services to disabled, aged, or needy persons, contract with this state, the United States, or an agency, instrumentality, or political subdivision of this state or the United States.

(d) For the purpose of administering any publicly supported health benefit plan, accept and administer funds, directly or indirectly, made available by a contract authorized under subdivision (c), or made available by or received from any private entity.

(e) For the purpose of administering any publicly supported health benefit plan, subcontract with any organization that has contracted with this state, the United States, or an agency, instrumentality, or political subdivision of this state or the United States, for the administration or furnishing of health services or any publicly supported health benefit plan.

(f) Provide administrative services only and cost-plus arrangements for the federal medicare program established by parts A and B of title XVIII of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to 1395w, and 1395w-2 to 1395w-4; for the federal medicaid program established under title XIX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r-6, and 1396r-8 to 1396v; for title V of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 701 to 704 and 705 to 710; for the program of medical and dental care established by the military medical benefits amendments of 1966, Public Law 85-861, 80 Stat. 862; for the Detroit maternity and infant care—preschool, school, and adolescent project; and for any other health benefit program established under state or federal law.

(g) Provide administrative services only and cost-plus arrangements for any noninsured health benefit plan, subject to the requirements of sections 211 and 211a.

(h) Establish, own, and operate a health maintenance organization, subject to the requirements of the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302.

(i) Guarantee loans for the education of persons who are planning to enter or have entered a profession that is licensed, certified, or registered under parts 161 to 182 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18237, and has been identified by the commissioner, with the consultation of the office of health and medical affairs in the department of management and budget, as a profession whose practitioners are in insufficient supply in this state or specified areas of this state and who agree, as a condition of receiving a guarantee of a loan, to work in this state, or an area of this state

specified in a listing of shortage areas for the profession issued by the commissioner, for a period of time determined by the commissioner.

(j) Receive donations to assist or enable the corporation to carry out its purposes, as provided in this act.

(k) Bring an action against an officer or director of the corporation.

(*l*) Designate and maintain a registered office and a resident agent in that office upon whom service of process may be made.

(m) Sue and be sued in all courts and participate in actions and proceedings, judicial, administrative, arbitrative, or otherwise, in the same cases as natural persons.

(n) Have a corporate seal, alter the seal, and use it by causing the seal or a facsimile to be affixed, impressed, or reproduced in any other manner.

(o) Subject to chapter 9 of the insurance code of 1956, 1956 PA 218, MCL 500.901 to 500.947, invest and reinvest its funds and, for investment purposes only, purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, employ, sell, lend, lease, exchange, transfer, or otherwise dispose of, mortgage, pledge, use, and otherwise deal in and with, bonds and other obligations, shares, or other securities or interests issued by entities other than domestic, foreign, or alien insurers, as defined in sections 106 and 110 of the insurance code of 1956, 1956 PA 218, MCL 500.106 and 500.110, whether engaged in a similar or different business, or governmental or other activity, including banking corporations or trust companies. However, a health care corporation may purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, employ, sell, lend, lease, exchange, transfer, or otherwise dispose of bonds or other obligations, shares, or other securities or interests issued by a domestic, foreign, or alien insurer, so long as the activity meets all of the following:

(*i*) Is determined by the attorney general to be lawful under section 202.

(*ii*) Is approved in writing by the commissioner as being in the best interests of the health care corporation and its subscribers.

(*iii*) For an activity that occurred before the effective date of the amendatory act that added subparagraph (*iv*), will not result in the health care corporation owning or controlling 10% or more of the voting securities of the insurer or will not otherwise result in the health care corporation having control of the insurer, either before or after the effective date of the amendatory act that added subparagraph (*iv*). As used in this subparagraph and subparagraph (*iv*), "control" means that term as defined in section 115 of the insurance code of 1956, 1956 PA 218, MCL 500.115.

(*iv*) Subject to section 218 and beginning on the effective date of the amendatory act that added this subparagraph, will not result in the health care corporation owning or controlling part or all of the insurer unless the transaction satisfies chapter 13 of the insurance code of 1956, 1956 PA 218, MCL 500.1301 to 500.1379, and the insurer being acquired is only authorized to sell disability insurance as defined under section 606 of the insurance code of 1956, 1956 PA 218, MCL 500.606, or under a statute or regulation in the insurer's domiciliary jurisdiction that is substantially similar to section 606 of the insurance code of 1956, 1956 PA 218, MCL 500.606.

(p) Purchase, receive, take by grant, gift, devise, bequest or otherwise, lease, or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with, real or personal property, or an interest therein, wherever situated.

(q) Sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, or create a security interest in, any of its property, or an interest therein, wherever situated.

(r) Borrow money and issue its promissory note or bond for the repayment of the borrowed money with interest.

(s) Make donations for the public welfare, including hospital, charitable, or educational contributions that do not significantly affect rates charged to subscribers.

(t) Participate with others in any joint venture with respect to any transaction that the health care corporation would have the power to conduct by itself.

(u) Cease its activities and dissolve, subject to the commissioner's authority under section 606(2).

(v) Make contracts, transact business, carry on its operations, have offices, and exercise the powers granted by this act in any jurisdiction, to the extent necessary to carry out its purposes under this act.

(w) Have and exercise all powers necessary or convenient to effect any purpose for which the corporation was formed.

(x) Notwithstanding subdivision (o) or any other provision of this act, establish, own, and operate a domestic stock insurance company only for the purpose of acquiring, owning, and operating the state accident fund pursuant to chapter 51 of the insurance code of 1956, 1956 PA 218, MCL 500.5100 to 500.5114, so long as all of the following are met:

(*i*) For insurance products and services the insurer whether directly or indirectly only transacts worker's compensation insurance and employer's liability insurance, transacts disability insurance limited to replacement of loss of earnings, and acts as an administrative services organization for an approved self-insured worker's compensation plan or a disability insurance plan limited to replacement of loss of earnings and does not transact any other type of insurance notwithstanding the authorization in chapter 51 of the insurance code of 1956, 1956 PA 218, MCL 500.5100 to 500.5114. This subparagraph does not preclude the insurer from providing either directly or indirectly noninsurance products and services as otherwise provided by law.

(*ii*) The activity is determined by the attorney general to be lawful under section 202.

(*iii*) The health care corporation does not directly or indirectly subsidize the use of any provider or subscriber information, loss data, contract, agreement, reimbursement mechanism or arrangement, computer system, or health care provider discount to the insurer.

(*iv*) Members of the board of directors, employees, and officers of the health care corporation are not, directly or indirectly, employed by the insurer unless the health care corporation is fairly and reasonably compensated for the services rendered to the insurer if those services were paid for by the health care corporation.

(*v*) Health care corporation and subscriber funds are used only for the acquisition from the state of Michigan of the assets and liabilities of the state accident fund.

(*vi*) Health care corporation and subscriber funds are not used to operate or subsidize in any way the insurer including the use of such funds to subsidize contracts for goods and services. This subparagraph does not prohibit joint undertakings between the health care corporation and the insurer to take advantage of economies of scale or arm's-length loans or other financial transactions between the health care corporation and the insurer.

(2) In order to ascertain the interests of senior citizens regarding the provision of medicare supplemental coverage, as described in section 202(1)(d)(*v*), and to ascertain the interests of senior citizens regarding the administration of the federal medicare program when acting as fiscal intermediary in this state, as described in section 202(1)(d)(*vi*), a health care corporation shall consult with the office of services to the aging and with senior citizens' organizations in this state.

(3) An act of a health care corporation, otherwise lawful, is not invalid because the corporation was without capacity or power to do the act. However, the lack of capacity or power may be asserted:

(a) In an action by a director or a member of the corporate body against the corporation to enjoin the doing of an act.

(b) In an action by or in the right of the corporation to procure a judgment in its favor against an incumbent or former officer or director of the corporation for loss or damage due to an unauthorized act of that officer or director.

(c) In an action or special proceeding by the attorney general to enjoin the corporation from the transacting of unauthorized business, to set aside an unauthorized transaction, or to obtain other equitable relief.

(4) A health care corporation shall not condition the sale or vary the terms or conditions of any product sold by the corporation or by a subsidiary of the corporation by requiring the purchase of any other product from the corporation or from a subsidiary of the corporation.

550.1211 Administrative services only and cost-plus arrangements; service contracts; fees; administrative costs; marketing policy; notice; coverage, rights, and obligations under collective bargaining agreement; liability of individual; report; "noninsured benefit plan" defined.

Sec. 211. (1) Pursuant to section 207(1)(g), a health care corporation may enter into service contracts containing an administrative services only or cost-plus arrangement. Except as otherwise provided in this section, a corporation shall not enter into a service contract containing an administrative services only or cost-plus arrangement for a noninsured benefit plan covering a group of less than 500 individuals, except that a health care corporation may continue an administrative services only or cost-plus arrangement with a group of less than 500, which arrangement is in existence in September of 1980. A corporation may enter into contracts containing an administrative services only or cost-plus arrangement for a noninsured benefit plan covering a group of less than 500 individuals if either the corporation makes arrangements for excess loss coverage or the sponsor of the plan that covers the individuals is liable for the plan's liabilities and is a sponsor of 1 or more plans covering a group of 500 or more individuals in the aggregate. The commissioner, upon obtaining the advice of the corporations subject to this act, shall establish the standards for the manner and amount of the excess loss coverage required by this subsection. It is the intent of the legislature that the excess loss coverage requirements be uniform as between corporations subject to this act and other persons authorized to provide similar services. The corporation shall offer in connection with a noninsured benefit plan a program of specific or aggregate excess loss coverage.

(2) Relative to actual administrative costs, fees for administrative services only and cost-plus arrangements shall be set in a manner that precludes cost transfers between subscribers subject to either of these arrangements and other subscribers of the health care corporation. Administrative costs for these arrangements shall be determined in