

family independence agency board or a county friend of the court as long as the participation in the job club is part of an application submitted under this section.

(5) Participants in the work first program shall not be enrolled and counted in membership in a school district or intermediate school district.

(6) The department will work with the family independence agency to coordinate support services to work first participants relating to special/emergency needs.

(7) Work first program participants must receive or be provided an explanation of the program including their benefits and responsibilities before the job interview phase of the program. This explanation shall include clear guidelines with regard to an individual's eligibility for postemployment training support and for applying hours in training toward work requirements.

(8) The department shall make every effort to place a minimum of 50% of clients who participate in the work first program in positions that provide wages of \$8.00 per hour or more.

(9) The department shall submit to the fiscal agencies and the state budget director by March 15 a report on the work first program, including the number of participants served under this section, the number of persons who located employment through work first, the average wage of participants who found employment, the number of persons who retained jobs for 90 days, the number of participants placed in employment training and education programs, the number of clients referred to work first who failed to report, a compilation of barriers to employment by incidence and type experienced by participants, and the number of participants referred back to the family independence agency.

(10) The department shall provide to the state budget director and the fiscal agencies by May 15 and November 15 of each year a report on the work first grants. The report due by May 15 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 15 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain both of the following:

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

(b) The number of participants in each service delivery area and the number of clients placed in employment in each service delivery area.

(11) The department shall make available to work first participants guidelines on eligibility for postemployment training and how training/education hours are applied toward work participation requirements. These guidelines will be presented during joint orientation conducted by the family independence agency and the department contracted staff in accordance with department policy issuances and family independence agency program bulletins. These guidelines presented by the department and the family independence agency shall balance the ability of participants to obtain training and subsequent long-term high-wage employment with the need to connect participants with the workplace. Any and all training/education, with the exception of high school completion and GED preparation, must be occupationally relevant and in demand in the labor market as determined by the workforce development board. Participants must make satisfactory progress to continue in a training/education component.

(12) The work participation requirement is up to 40 hours per week. However, work first participants may meet the work participation requirement by combining a minimum of 10 hours per week of work with training/education. Training/education may last up to 12 months and the calculated hours may include actual classroom seat time up to 10 hours per week plus up to 1 hour of study time for each hour of classroom seat time. Work first

participants may enroll in additional hours of classroom seat time beyond 10 hours. However, these hours and the related study time will not count toward the work participation requirement. The training may be no longer than a 1-year program or the final year of a 2- or 4-year undergraduate program designed to lead to immediate labor force attachment.

(13) Work first participants may meet the work participation requirement through enrollment in a short-term vocational program requiring 30 hours of classroom seat time per week for a period not to exceed 6 months, or by enrollment in full-time internships, practicums, or clinicals required by an academic or training institution for licensure, professional certification, or degree completion, without an additional work requirement. In cases where a short-term vocational program lasts less than 6 months, the participant shall be eligible to enroll in 1 additional short-term vocational program for a combined period not to exceed a total of 6 months.

(14) Work first participants who lack a high school diploma or GED and who enroll in high school completion or classes to obtain a GED may count up to 10 hours of classroom seat time, combined with a minimum number of hours of work per week, to meet their work participation requirement. There shall be no time limit on high school completion. GED preparation shall be limited to 6 months.

(15) The department shall convene a work group to review and recommend available options for providing increased flexibility regarding the education requirements as outlined in this act.

### **Former work first participants; study.**

Sec. 406. (1) Using all relevant state data sources, the department shall conduct a 3-year longitudinal study of all former work first participants, whose family independence program cases closed due to earnings during fiscal year 1999 and in succeeding fiscal years. The data will include the following:

- (a) The number and percentage employed.
- (b) The average hourly wage of those employed.
- (c) The current hourly wage of those employed.
- (d) The range of wages earned by those employed.
- (e) The number of individuals that earned each wage amount.
- (f) The number and percentage receiving health care benefits from their employer.
- (g) The number and percentage receiving tuition reimbursement from their employer.
- (h) The number and percentage receiving training benefits from their employer.
- (i) The type of jobs obtained by former participants in general categories.
- (j) The length of time former participants have retained their jobs, or if participants have had more than 1 job, the length of time employed at each job.
- (k) The number and percentage continuing to receive any type of public assistance.
- (l) If the former recipient has children, whether the children are enrolled in and attending school.
- (m) The extent to which the former participant feels that they and their family are better off now than when they were on cash assistance with regard to household income, housing, food and nutritional needs, child health care, and access to health insurance coverage.

(2) The department shall notify the subcommittees, fiscal agencies, and state budget director electronically by March 15 of the location of the Internet site where the report containing the identified data is located.

(3) The department shall cooperate with the family independence agency in formulating and acquiring the identified data.

(4) The department may retain a third party to conduct the studies to obtain the data identified under this section.

### **Local workforce development boards.**

Sec. 407. State and federal funds allocated to local workforce development boards for disbursement shall not be expended unless the local workforce development boards maintain a partnership with governmental agencies, public school districts, and public colleges located within the local service delivery area. Each board shall appoint an education advisory group made up of high-level administrators within local educational institutions, workforce development board members, other employers, labor, academic educators, and parents of public school pupils.

### **Precollege programs in engineering and sciences.**

Sec. 409. (1) Of the funds appropriated in part 1 for precollege programs in engineering and the sciences, \$340,050.00 shall be provided in the form of a grant to the Detroit precollege engineering program, incorporated and \$340,050.00 shall be provided in the form of a grant to the Grand Rapids area precollege engineering program.

(2) The department shall submit a report to the subcommittees and the fiscal agencies by February 1 regarding dropout rates, grade point averages, enrollment in science, engineering, and math-based curricula, and employment in science, engineering, and math-based fields for students within the programs. The report shall continue to evaluate the effectiveness of the precollege programs in engineering and sciences funded through part 1 appropriations and shall make recommendations on whether state support to expand such programs to other areas of the state is warranted in future fiscal years.

### **Disabled veterans outreach program specialist or local veterans employment representative; availability at Michigan works! service center.**

Sec. 410. (1) The department shall have at least 1 disabled veterans outreach program specialist or local veterans employment representative present, at each Michigan works! service center on a full- or part-time basis during hours of operation.

(2) The department shall ensure that each Michigan works! service center shall have the necessary equipment to allow the disabled veterans outreach specialist or local veterans employment representative to perform his or her duties in the same manner they were performed prior to February 1, 1999.

(3) The department shall require each Michigan works! service center to have an employee available to ask each individual who enters the office for service whether that individual is a veteran and to refer each veteran to the disabled veterans outreach program specialist or local veterans employment representative on duty at the time.

(4) The department shall require that each Michigan works! service center shall have posted in a conspicuous place within the office a notice advising veterans that a disabled veterans outreach program specialist or a local veterans employment representative is available to assist him or her.

(5) The department shall require each Michigan works! service center to provide free mediated services to employers wishing to hire a veteran.

(6) The department shall continue to make the appropriate placement of veterans and disabled veterans a priority.

**Carrying forward unexpended federal funds.**

Sec. 414. The department may carry into the succeeding fiscal year unexpended federal pass-through funds to local institutions and governments that do not require additional state matching funds. Federal pass-through funds to local institutions and governments that are received in amounts in addition to those included in part 1 and that do not require additional state matching funds are appropriated for the purposes intended.

**Private occupational school license fees; funding oversight unit.**

Sec. 415. Of the amounts appropriated in part 1 for postsecondary education, private occupational school license fees shall fund related administrative costs of the proprietary schools oversight unit within the department.

**Loan collections; administrative costs.**

Sec. 417. The department is appropriated an amount not to exceed \$100,000.00 from collection of defaulted loans under the future faculty program in the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks programs to offset costs of administering the loan collections.

**Future faculty program; compilation of data.**

Sec. 418. From the funds appropriated in part 1 for postsecondary education, the department shall compile data from each university that receives funding for the future faculty program within the King-Chavez-Parks initiative on employment outcomes for program participants. The report shall be distributed to the house and senate appropriations committees, the fiscal agencies, and the state budget office by February 1 of each year. The report shall include data from each participating university covering the most recently completed fiscal year. The data shall include all of the following:

- (a) The number of participants receiving support under the program.
- (b) The number of participants obtaining full-time employment.
- (c) The number of participants obtaining full-time employment in college faculty positions.
- (d) The number of participants obtaining full-time employment in college faculty positions within the university through which they received future faculty program support for graduate studies.

**Medicaid buy-in program for working disabled.**

Sec. 420. The department shall work with the department of community health to establish a Medicaid buy-in program for the working disabled through the options available under the federal ticket to work and work incentives improvement act of 1999.

**King-Chavez-Parks initiative; marketing efforts; report.**

Sec. 421. The King-Chavez-Parks initiative shall be marketed by the department to Michigan parents and high school and college students, to promote the benefits and the availability of the college day, select student support services, college/university partnership, visiting professors, Morris Hood, Jr. educator development, and future faculty programs. The department shall provide electronic notification of the location of the report on the Internet to the subcommittees on December 30, 2004, identifying all efforts taken to market these programs, including, but not limited to, the amount of funding allocated for this purpose, the fund source and any expenditures or encumbrances relating to this marketing effort. It is the intent of the legislature that the department administer the King-Chavez-Parks initiative in the same manner as when it was previously contained in the department of education and consistent with all boilerplate language pertaining to the above listed programs as included in the appropriations act for higher education institutions.

### **Identification of state jobs lost; training and employment opportunities.**

Sec. 425. The department shall work cooperatively with the department of civil service to identify state employees who will lose their jobs as a result of an agency or program being reorganized, modified, or eliminated and shall develop training programs and provide training to these individuals that will provide them an opportunity and skills necessary to secure new employment within state government or the private sector. It shall be a priority of the department to provide training and employment opportunities to these individuals through their employment service locations.

### **Michigan works! service centers; allocation of funds.**

Sec. 426. From the funds appropriated in part 1 to job training programs subgrantees, the department shall allocate sufficient funds to the Michigan works! service centers to allow these centers to remain fully operational.

### **Michigan virtual high school.**

Sec. 428. From the funds appropriated in part 1 for the Michigan virtual university, \$1,000,000.00 of general fund/ general purpose funding shall be allocated to support general operations and operation of the Michigan virtual high school as described in section 98 of the state school aid act of 1979, 1979 PA 94, MCL 388.1698.

### **Focus: HOPE; report.**

Sec. 429. (1) Focus: HOPE shall submit a report on the use of the grant's funds appropriated in part 1 to the chairs of the subcommittees, the fiscal agencies, and the state budget office that includes, but is not limited to, the following:

- (a) Detailed expenditures for administration including salaries and wages of employees.
  - (b) Amount allocated for education and training programs including number of students served by each program.
  - (c) Amount allocated for job search assistance and career planning including the number of students served by each program.
  - (d) Detailed expenditures for any contracts entered into with the use of these funds.
  - (e) Detailed expenditures for any program enhancements including number of new hires and capital expenditures.
- (2) The report shall be submitted on or before January 31.

### **Work project accounts; cancellation; reduction.**

Sec. 430. (1) The following work project accounts totaling \$11,300,000.00 are hereby canceled effective September 30, 2004:

- |  |                   |
|--|-------------------|
| (a) 08230 AY 2002 Welfare-to-work programs ..... | \$ 10,180,000.00. |
| (b) 08203 AY 2002 Job training programs .....    | \$ 620,000.00.    |
| (c) 04000 AY 2002 Employment services.....       | \$ 500,000.00.    |

(2) The following work project account is hereby reduced for the fiscal year ending September 30, 2004:

- |  |                   |
|--|-------------------|
| 02000 AY 2002 Unemployment programs..... | \$ 10,000,000.00. |
|--|-------------------|

(3) Of the amount in subsection (1), \$5,300,000.00 is appropriated to welfare-to-work programs for the fiscal year ending September 30, 2005. After that appropriation, \$6,000,000.00 is appropriated to job training program subgrantees for the fiscal year ending September 30,

2005. In the event that the work projects in subsection (1) total more than \$11,300,000.00, any funds over that amount are appropriated to the welfare-to-work programs for the fiscal year ending September 30, 2005.

(4) Of the amount in subsection (2), \$10,000,000.00 is appropriated to welfare-to-work programs for the fiscal year ending September 30, 2005.

(5) The amounts specified in subsections (3) and (4) for the welfare-to-work programs and job training programs subgrantees under section 903(d) of title IX of the social security act, chapter 531, 116 Stat. 31, 42 USC 1103, are appropriated to the department to support job search and job readiness activities and to support 1-stop center operations.

## **MICHIGAN STRATEGIC FUND**

### **Economic development job training; grants.**

Sec. 501. (1) The appropriation in part 1 to the fund for economic development job training shall be expended in 2 categories: the business response program for employee training grants which maintain or attract permanent jobs for Michigan residents and the manufacturing competitiveness program for grants to fund collaborative efforts which increase the competitiveness of multiple companies within a grant. The business response program is allocated up to \$6,524,000.00, and the manufacturing competitiveness program is allocated up to \$3,524,000.00 not to exceed the part 1 appropriation for this program in its entirety. The fund has the authority to reallocate these amounts during the fiscal year dependent on business demand and economic conditions.

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

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

(4) Of the total funds appropriated in part 1 for economic development job training grants, at least 75% of the funds shall be awarded to community colleges or a consortium of community colleges and other eligible applicants pursuant to subsection (5).

(5) An applicant may be a school district, intermediate school district, community college, public or private nonprofit college or university, nonprofit organization whose primary purpose is to provide education programs or employment and training services or vocational rehabilitation programs or school-to-work transition programs, local workforce development board, the headquarters of a federal and state sponsored manufacturing technology center, or a consortium consisting of any combination of school districts, intermediate school districts, community colleges, nonprofit organizations described in this subsection, or public or private nonprofit colleges or universities described in this subsection.

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

(7) The award process will include a simple notice of intent to be reviewed to see if the application merits further consideration. If so, a full application may be submitted.

Applications for all grants shall be submitted to the fund, and each application shall contain at least all of the following:

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

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

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

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

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

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

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

(b) Creation and/or retention of high wage and high skilled level jobs.

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

(d) In addition, for the manufacturing competitiveness program, the following criteria will receive priority: strong level of collaboration and cooperation and demonstration of new techniques, systems, and processes of value to the affected companies.

(9) Participants in economic development job training programs shall be 16 years or older and not enrolled and counted in membership in a school district, intermediate school district, or community college.

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

(11) For training delivered to incumbent workers under the business response program, the business receiving the benefit of the training shall provide a minimum of 20% of the program costs in matching funds as necessitated by the program. For training delivered under the manufacturing competitiveness program, the business receiving the benefit of the training shall provide a minimum of 30% of the program costs in matching funds as necessitated by the program.

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

(13) A recipient of a grant under this section shall allow the fund or the agency's designee to audit all records related to the grant for all entities that receive money, either directly or indirectly through a contract, from the grant funds. A grant recipient or contractor shall reimburse the state for all disallowances found in the audit.

(14) The fund shall provide to the state budget director and the fiscal agencies by May 1 and November 1 of each year a report on the economic development job training grants. The report due by May 1 shall provide the information described in this subsection for each grant or contract awarded during the preceding 2 quarters of the state fiscal year. The report due by November 1 shall provide this information for each grant or contract awarded during the preceding full fiscal year. The report shall contain all of the following:

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

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

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

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

(15) Of the funds appropriated in part 1 for economic development job training grants, the fund shall not use these funds to finance the startup or in any way subsidize any private distributor of liquor products in Michigan.

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

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

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

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

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

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

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

### **Travel Michigan; fees.**

Sec. 502. Travel Michigan may establish and collect a fee to cover the cost of materials and processing of photographic prints, slides, videotapes, and travel product database information that are requested by the media and other segments of the public and private sectors. The fees collected shall be appropriated for all expenses necessary to purchase and distribute these photographic prints, slides, videotapes, and travel product database information. The funds are available for expenditure when they are received by the department of treasury.

### **“Michigan Great Lakes. Great Times.”; revenue related to use.**

Sec. 504. Travel Michigan may receive and expend private revenue related to the use of the “Michigan Great Lakes. Great Times.” copyrighted slogan and image. This revenue may come from the direct licensing of the name and image or from the royalty payments from various merchandise sales. Revenue collected is appropriated for the marketing of the state as a travel destination. The funds are available for expenditure when they are received by the department of treasury.

### **Grant awards; list.**

Sec. 506. The fund shall submit on or before May 1 and November 1 to the subcommittees, state budget office, and the fiscal agencies a listing of all grants which have been awarded by the fund or by the Michigan economic development corporation from the funds appropriated in part 1. The list shall include all of the following:

(a) The name of the recipient.

(b) The amount awarded to the recipient.

(c) The purpose of the grant.

### **Individual grants and loans; report.**

Sec. 507. (1) The fund shall provide reports to the relevant subcommittees, the state budget director, and the fiscal agencies concerning the activities of the Michigan economic development corporation grants and investment programs financed from the fund using investment or Indian gaming revenues. The report shall provide a list of individual grants and loans made from the fund. The report shall include, but not be limited to, the following programs funded in part 1:

(a) Travel Michigan.

(b) Michigan business development.

(c) Global business development.

(d) Small, minority, and disabled business services.

(e) Community development block grants.

(f) Strategic fund administration.

(g) Renaissance zones.

(h) Emerging business sectors and roundtables.

(i) Business and clean air ombudsman.

(j) Economic development job training grants.

(k) Community assistance team.

(l) Technology tri-corridor.

(m) Any other programs of the fund.

(2) The reports in subsection (1) shall be submitted by January 1. The report for each program in subsection (1)(a) through (m) shall include details on the actual spending and number of FTEs for that program for the previous fiscal year.

### **Purchase of land; conditions; considerations; “economically distressed area” defined.**

Sec. 508. As a condition of receiving funds under part 1, any interlocal agreement entered into by the fund shall include language which states that if a local unit of government has a contract or memorandum of understanding with a private economic development agency, the Michigan economic development corporation will work cooperatively with that private organization in that local area.

### **Purchase of land options.**

Sec. 509. (1) Of the funds appropriated to the fund or through grants to the Michigan economic development corporation, no funds shall be expended for the purchase of options on land or the purchase of land unless at least 1 of the following conditions applies:

(a) The land is located in an economically distressed area.

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

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

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

### **Life sciences initiative.**

Sec. 510. (1) From the funds appropriated in part 1 for the technology tri-corridor: life sciences initiative, \$30,000,000.00 is appropriated for the life sciences initiative. All funding for the areas of homeland security and automotive initiative shall be funded from the Indian casino revenue or other federal sources. The program shall be administered by the Michigan economic development corporation.

(2) A technology tri-corridor steering committee, appointed by the governor, shall consist of 19 members including the CEO, the director, the state treasurer, a member from Michigan State University, the University of Michigan, Wayne State University, Western Michigan University, and the Van Andel Institute, 2 members representing the legislature, 1 of whom is chosen by the speaker of the house of representatives and 1 of whom is chosen by the majority leader of the senate, and 2 members actively engaged in each of the 3 targeted business sectors. The remaining members shall be appointed at large and may include members from the private sector, public sector, or other Michigan universities. Committee members are authorized to designate alternate members. The purpose of the steering committee is to provide advice and oversight of the initiative, including the development of criteria for the awards to qualifying universities, institutions, companies, or individuals. The steering committee will make decisions regarding distribution of these funds.

(3) Of the funds appropriated, \$1,500,000.00 shall be allocated to a private research institute that has received a specific federal appropriation prior to 2005 for the creation of a good manufacturing practice facility. The facility shall be used for the production of drugs approved for use in clinical trials, as approved by the United States Food and Drug Administration and shall work to market the core technology alliance for the purposes of commercialization and providing access to advanced technologies to researchers affiliated with universities, private research institutes, and biotech or pharmaceutical firms. It is the intent of the legislature that \$1,500,000.00 shall be made available for these purposes in fiscal years 2006 and 2007.

(4) Of the funds appropriated, up to \$2,500,000.00 may be used for administering the life sciences initiative including the monitoring of previous years' awards. Not more than \$5,000,000.00 shall be used to support a competitive business commercial development fund to support business commercialization research opportunities in Michigan. In allocating funding to the business commercial development fund, the steering committee shall give maximum priority to supporting all potential commercialization opportunities that appear to have merit. Of the remaining funds appropriated for the life sciences initiative, 55% are allocated for a basic research fund, to be distributed on a competitive basis to Michigan universities or Michigan nonprofit research institutes, or both, for basic research in health-related areas. In addition, 45% of the remaining appropriated funds for the life sciences initiative are earmarked for a collaborative research fund to support peer-reviewed collaborative grants among Michigan universities and/or private research facilities, with emphasis on research testing or developing emerging discoveries.

(5) Repayment of any funds received as a result of awards made under 1999 PA 120, 2000 PA 292, 2001 PA 80, 2002 PA 517, 2003 PA 169, or this act including, but not limited to, funds received as interest or return on investment shall be deposited in the business

commercial development fund. These funds are authorized for expenditure upon receipt and shall not lapse to the general fund.

(6) The records of the steering committee involving a proposal submitted by an eligible entity that are of a scientific, technical, or proprietary nature, the release of which could cause competitive harm to the eligible entity as determined by the steering committee, are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

### **Promotional items.**

Sec. 511. The money appropriated in part 1 to the fund is subject to the condition that none is spent for premiums or advertising material involving personal effects or apparel including, but not limited to, T-shirts, hats, coffee mugs, or other promotional items, except travel Michigan.

### **Michigan economic development corporation funds; carrying forward unexpended funds.**

Sec. 512. (1) From the general fund/general purpose appropriations in part 1 to the fund and granted or transferred to the Michigan economic development corporation, any unexpended or unencumbered balance shall be disposed of in accordance with the requirements in the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, unless carryforward authorization has been otherwise provided for.

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

### **Compliance requirements.**

Sec. 513. As a condition of receiving funds under part 1, the fund shall ensure that the MEDC and the fund comply with all of the following:

- (a) The freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.
- (b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.
- (c) Annual audits of all financial records by the auditor general or his or her designee.
- (d) All reports required by law to be submitted to the legislature.
- (e) If the MEDC is unable for any reason to perform duties under this act, the fund may exercise those duties.

### **Staff involved in private fund-raising activities; prohibition.**

Sec. 514. As a condition for receiving the appropriations in part 1, any staff of the Michigan economic development corporation involved in private fund-raising activities shall not be party to any decisions regarding the awarding of grants or tax abatements from the fund, the Michigan economic development corporation, or the Michigan economic growth authority.

### **Use of certain funds; report.**

Sec. 515. (1) All funds received from repayment of loans, unused grants, revenues received from sales or cash flow participation agreements, guarantees, or any combination thereof or interest thereon, originally distributed as part of the core communities fund, shall be received, held, and applied by the fund for the purposes described in this act.

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

**Economic development awards.**

Sec. 518. (1) The funding appropriated in part 1 of 2000 PA 291 for the Michigan core communities fund may be used to create an urban revitalization infrastructure program in the fund for economic development awards to create new jobs or contribute to redevelopment and encourage private investment in core communities.

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

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

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

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

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

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

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

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

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

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

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

**Corporation board of MEDC; membership of executive board.**

Sec. 519. It is the intent of the legislature that the members of the executive committee of the corporation board of the MEDC be subject to the advice and consent of the senate.

**Clearinghouse on entrepreneurship.**

Sec. 521. Up to \$100,000.00 from Indian casino revenue or other available resources, or both, shall be spent to create and administer a state clearinghouse on entrepreneurship available to the public through the Internet.

**Michigan center for excellence.**

Sec. 522. Of the funds appropriated in part 1 of the Michigan strategic fund unit, administration line, \$100,000.00 in general fund/general purpose shall be used to conduct a feasibility study on the creation of a Michigan center for excellence. The purpose of the center is to provide federal grant and procurement assistance in order to expand Michigan's opportunities to compete for and procure federal research and development grant funds and other defense contracts. The study or a status report on the study shall be made available to the chairpersons of the appropriations subcommittees on labor and economic growth no later than May 1.

This act is ordered to take immediate effect.

Approved September 30, 2004.

Filed with the Secretary of State September 30, 2004.

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**[No. 355]****(SB 1104)**

AN ACT to amend 1971 PA 140, entitled "An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties," by amending section 13 (MCL 141.913), as amended by 2004 PA 77.

*The People of the State of Michigan enact:*

**141.913 Payments to cities, villages, and townships from state income tax and single business tax; payments based on sales tax collections; population more than or less than 750,000; limitations; distributions; payment dates; annual appropriation by legislature; withholding payments.**

Sec. 13. (1) This subsection and subsection (2) apply to distributions to cities, villages, and townships during the state fiscal years before the 1996-1997 state fiscal year of collections from the state income tax and single business tax. Except as otherwise provided in subsection (2), the department of treasury shall cause to be paid to each city, village, and township its share, computed in accordance with the tax effort formula, of the following revenues:

(a) During each August, November, February, and May, the collections from the state income tax for the quarter periods ending the prior June 30, September 30, December 31, and March 31 that are available for distribution to cities, villages, and townships under the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

(b) The amount of the collections from the single business tax available for distribution to cities, villages, and townships under former section 136 of the single business tax act, 1975 PA 228.

(2) The amount of collections of the state income tax otherwise available for distribution to cities, villages, and townships in November, February, and May, computed in accordance with the tax effort formula, shall be increased by \$22,600,000.00. The amount of collections otherwise available for distribution to cities, villages, and townships

in August, computed in accordance with the tax effort formula, shall be decreased by \$67,800,000.00.

(3) This subsection applies to distributions to cities, villages, and townships for the 1996-1997 state fiscal year. The department shall cause to be paid in accordance with the tax effort formula an amount equal to 75.5% of the difference between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a.

(4) The department of treasury shall cause to be paid during the 1997-1998 state fiscal year an amount equal to 75.5% of the difference between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a, both of the following:

(a) To each city, village, and township, the amount of collections distributed under subsection (3) to cities, villages, and townships for the 1996-1997 state fiscal year or its pro rata share of the collections if the collections are less than the amount of collections distributed under subsection (3) for the 1996-1997 state fiscal year. A city's, village's, or township's share of revenues under this subdivision shall be computed using the tax effort formula.

(b) To each city, village, and township its share of the collections to the extent the total collections available for distribution under this subsection exceed the amount distributed to cities, villages, and townships under subdivision (a) for the fiscal year. A city's, village's, or township's share of revenues under this subdivision shall be computed on a per capita basis.

(5) Subject to section 13d, for the 1998-1999 through 2006-2007 state fiscal years, the department of treasury shall cause distributions determined under subsections (6) to (13) to be paid to each city, village, and township from an amount equal to 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made. After September 30, 2007, 74.94% of 21.3% of sales tax collections at a rate of 4% shall be distributed to cities, villages, and townships as provided by law.

(6) Subject to section 13d, for the 1998-1999 through 2006-2007 state fiscal years, except for the 2002-2003 and 2003-2004 state fiscal years, and except as otherwise provided in subsection (15), the department of treasury shall cause to be paid \$333,900,000.00 to a city with a population of 750,000 or more as the total combined distribution under this act and section 10 of article IX of the state constitution of 1963 as annualized for any period of less than 12 months to that city. For the 2002-2003 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of \$322,213,500.00 or \$333,900,000.00 multiplied by the percentage as determined under this subsection. For the 2002-2003 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state fiscal year only, the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 shall be the lesser of 92%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2002-2003 state fiscal year. For the 2003-2004 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08. For the 2004-2005 state fiscal year only, the total combined distribution under this subsection and section 10 of

article IX of the state constitution of 1963 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 for the 2003-2004 state fiscal year. For the 2004-2005 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$445,300,000.00 by \$1,126,300,000.00.

(7) Except as otherwise provided in this subsection, distributions under subsections (8) to (13) to cities, villages, and townships with populations of less than 750,000 shall be made from the amount available for distribution under this section that remains after the distribution under subsection (6) is made. For the 2002-2003 state fiscal year only, each city, village, and township with a population of less than 750,000 shall receive the lesser of 96.5%, or the percentage determined under this subsection, of the amount that the city, village, or township would have received if the total available for distribution under subsections (8) to (13) were \$363,069,728.00 and the total available for distribution under section 10 of article IX of the state constitution of 1963 were \$607,125,488.00. The total amount available for distribution to all cities, villages, and townships under this subsection shall not exceed \$936,238,383.00. For the 2002-2003 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state fiscal year only, each city, village, and township with a population of less than 750,000 shall receive an amount equal to the lesser of 92%, or the percentage determined under this subsection, of the amount distributed to the city, village, or township under this subsection and section 10 of article IX of the state constitution of 1963 for the 2002-2003 state fiscal year. For the 2003-2004 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08. For the 2004-2005 state fiscal year only, the combined distribution under this subsection and section 10 of article IX of the state constitution of 1963 to each city, village, and township with a population of less than 750,000 shall be the lesser of 100%, or the percentage determined under this subsection, of the total combined distribution to that city, village, or township under this subsection and section 10 of article IX of the state constitution of 1963 for the 2003-2004 state fiscal year. For the 2004-2005 state fiscal year, the percentage under this subsection shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$445,300,000.00 by \$1,126,300,000.00. The amount of the adjustment under this subsection shall be accomplished by reducing the payments under subsections (8) to (13), and payments under section 10 of article IX shall not be reduced based on any adjustments made under this subsection.

(8) Subject to section 13d, for the 1998-1999 through 2006-2007 state fiscal years, for cities, villages, and townships with populations of less than 750,000, subject to the limitations under this section, a taxable value payment shall be made to each city, village, and township determined as follows:

(a) Determine the per capita taxable value for each city, village, and township by dividing the taxable value of that city, village, or township by the population of that city, village, or township.

(b) Determine the statewide per capita taxable value by dividing the total taxable value of all cities, villages, and townships by the total population of all cities, villages, and townships.

(c) Determine the per capita taxable value ratio for each city, village, and township by dividing the statewide per capita taxable value by the per capita taxable value for that city, village, or township.

(d) Determine the adjusted taxable value population for each city, village, and township by multiplying the per capita taxable value ratio as determined under subdivision (c) for that city, village, or township by the population of that city, village, or township.

(e) Determine the total statewide adjusted taxable value population which is the sum of all adjusted taxable value population for all cities, villages, and townships.

(f) Determine the taxable value payment rate by dividing 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments under this subsection are made by 3, and dividing that result by the total statewide adjusted taxable value population as determined under subdivision (e).

(g) Determine the taxable value payment for each city, village, and township by multiplying the result under subdivision (f) by the adjusted taxable value population for that city, village, or township.

(9) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through September 30, 2007, subject to the limitations under this section and except as provided in subsection (14), a unit type population payment shall be made to each city, village, and township with a population of less than 750,000 determined as follows:

(a) Determine the unit type population weight factor for each city, village, and township as follows:

(i) For a township with a population of 5,000 or less, the unit type population weight factor is 1.0.

(ii) For a township with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 1.2.

(iii) For a township with a population of more than 10,000 but less than 20,001, the unit type population weight factor is 1.44.

(iv) For a township with a population of more than 20,000 but less than 40,001, the unit type population weight factor is 1.73.

(v) For a township with a population of more than 40,000 but less than 80,001, the unit type population weight factor is 2.07.

(vi) For a township with a population of more than 80,000, the unit type population weight factor is 2.49.

(vii) For a village with a population of 5,000 or less, the unit type population weight factor is 1.5.

(viii) For a village with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 1.8.

(ix) For a village with a population of more than 10,000, the unit type population weight factor is 2.16.

(x) For a city with a population of 5,000 or less, the unit type population weight factor is 2.5.

(xi) For a city with a population of more than 5,000 but less than 10,001, the unit type population weight factor is 3.0.

(xii) For a city with a population of more than 10,000 but less than 20,001, the unit type population weight factor is 3.6.

(xiii) For a city with a population of more than 20,000 but less than 40,001, the unit type population weight factor is 4.32.

(xiv) For a city with a population of more than 40,000 but less than 80,001, the unit type population weight factor is 5.18.

(xv) For a city with a population of more than 80,000 but less than 160,001, the unit type population weight factor is 6.22.

(xvi) For a city with a population of more than 160,000 but less than 320,001, the unit type population weight factor is 7.46.

(xvii) For a city with a population of more than 320,000 but less than 640,001, the unit type population weight factor is 8.96.

(xviii) For a city with a population of more than 640,000, the unit type population weight factor is 10.75.

(b) Determine the adjusted unit type population for each city, village, and township by multiplying the unit type population weight factor for that city, village, or township as determined under subdivision (a) by the population of the city, village, or township.

(c) Determine the total statewide adjusted unit type population, which is the sum of the adjusted unit type population for all cities, villages, and townships.

(d) Determine the unit type population payment rate by dividing 74.94% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments under this subsection are made by 3, and then dividing that result by the total statewide adjusted unit type population as determined under subdivision (c).

(e) Determine the unit type population payment for each city, village, and township by multiplying the result under subdivision (d) by the adjusted unit type population for that city, village, or township.

(10) Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through September 30, 2007, subject to the limitations under this section, a yield equalization payment shall be made to each city, village, and township with a population of less than 750,000 sufficient to provide the guaranteed tax base for a local tax effort not to exceed 0.02. The payment shall be determined as follows:

(a) The guaranteed tax base is the maximum combined state and local per capita taxable value that can be guaranteed in a state fiscal year to each city, village, and township for a local tax effort not to exceed 0.02 if an amount equal to 74.94% of 21.3% of the state sales tax at a rate of 4% is distributed to cities, villages, and townships whose per capita taxable value is below the guaranteed tax base.

(b) The full yield equalization payment to each city, village, and township is the product of the amounts determined under subparagraphs (i) and (ii):

(i) An amount greater than zero that is equal to the difference between the guaranteed tax base determined in subdivision (a) and the per capita taxable value of the city, village, or township.

(ii) The local tax effort of the city, village, or township, not to exceed 0.02, multiplied by the population of that city, village, or township.

(c) The yield equalization payment is the full yield equalization payment divided by 3.

(11) For state fiscal years after the 1997-1998 state fiscal year, distributions under this section for cities, villages, and townships with populations of less than 750,000 shall be determined as follows:

(a) For the 1998-1999 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Ninety percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1998-1999 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus

the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Ten percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1998-1999 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(b) For the 1999-2000 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Eighty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1999-2000 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Twenty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 1999-2000 state fiscal year multiplied by the city's, village's, or township's percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(c) For the 2000-2001 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Seventy percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2000-2001 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Thirty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2000-2001 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(d) For the 2001-2002 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Sixty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2001-2002 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Forty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2001-2002 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(e) For the 2002-2003 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Fifty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2002-2003 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Fifty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2002-2003 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(f) For the 2003-2004 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Forty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2003-2004 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Sixty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2003-2004 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(g) For the 2004-2005 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Thirty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2004-2005 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Seventy percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2004-2005 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(h) For the 2005-2006 state fiscal year, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Twenty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2005-2006 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Eighty percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2005-2006 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(i) For the period of October 1, 2006 through September 30, 2007, the payment under this section for each city, village, and township shall be the sum of the following:

(i) Ten percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2006-2007 state fiscal year multiplied by the city's, village's, or township's percentage share of the distributions under this section and section 12a minus the amount of a distribution under this section and section 12a to a city that is eligible to receive a distribution under subsection (6) in the 1997-1998 state fiscal year.

(ii) Ninety percent of the total amount available for distribution under subsections (8), (9), and (10) for the 2006-2007 state fiscal year multiplied by the percentage share of the distribution amounts calculated under subsections (8), (9), and (10).

(12) Except as otherwise provided in this subsection, the total payment to any city, village, or township under this act and section 10 of article IX of the state constitution of 1963 shall not increase by more than 8% over the amount of the payment under this act and section 10 of article IX of the state constitution of 1963 in the immediately preceding state fiscal year. From the amount not distributed because of the limitation imposed by this subsection, the department shall distribute an amount to certain cities, villages, and townships such that the percentage increase in the total payment under this act and section 10 of article IX of the state constitution of 1963 from the immediately preceding

state fiscal year to each of those cities, villages, and townships is equal to, but does not exceed, the percentage increase from the immediately preceding state fiscal year of any city, village, or township that does not receive a distribution under this subsection. This subsection does not apply for state fiscal years after the 2000 federal decennial census becomes official to a city, village, or township with a 10% or more increase in population from the official 1990 federal decennial census to the official 2000 federal decennial census.

(13) The percentage allocations to distributions under subsections (8) to (10) pursuant to subsection (11) shall be calculated as if, in any state fiscal year, the amount appropriated under this section for distribution to cities, villages, and townships is 74.94% of 21.3% of the sales tax at a rate of 4%. If the amount appropriated under this section to cities, villages, and townships is less than 74.94% of 21.3% of the sales tax at a rate of 4%, any reduction made necessary by this appropriation in distributions to cities, villages, and townships shall first be applied to the distribution under subsections (8) to (10) and any remaining amount shall be applied to the other distributions under this section.

(14) A township that provides for or makes available fire, police on a 24-hour basis either through contracting for or directly employing personnel, water to 50% or more of its residents, and sewer services to 50% or more of its residents and has a population of 10,000 or more or a township that has a population of 20,000 or more shall use the unit type population weight factor under subsection (9)(a) for a city with the same population as the township.

(15) For a state fiscal year in which the sales tax collections decrease from the sales tax collections for the immediately preceding state fiscal year, the department shall reduce the amount to be distributed to a city with a population of 750,000 or more under subsection (6) by an amount determined by subtracting the amount the city is eligible for under section 10 of article IX of the state constitution of 1963 for the state fiscal year from \$333,900,000.00 and multiplying that result by the same percentage as the percentage decrease in sales tax collections for that state fiscal year as compared to sales tax collections for the immediately preceding state fiscal year. This subsection does not apply to the 2002-2003, 2003-2004, and 2004-2005 state fiscal years.

(16) Notwithstanding any other provision of this section for the 1998-1999 state fiscal year, the total combined amount received by each city, village, and township under this section and section 10 of article IX of the state constitution of 1963 shall not be less than the combined amount received under this section, section 12a, and section 10 of article IX of the state constitution of 1963 in the 1997-1998 state fiscal year. The increase, if any, for each city, village, and township from the 1997-1998 state fiscal year, other than a city that receives a distribution under subsection (6), shall be reduced by a uniform percentage to the extent necessary to fund distributions under this subsection.

(17) The payments under subsections (3), (4), and (5) shall be made during each October, December, February, April, June, and August. Payments under subsections (3), (4), and (5) shall be based on collections from the sales tax at the rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30, and for the 1996-1997 and 1997-1998 state fiscal years only, the payments shall be reduced by 1/6 of the total distribution for the state fiscal year under section 12a.

(18) Payments under this section shall be made from revenues collected during the state fiscal year in which the payments are made.

(19) Distributions provided for by this act are subject to an annual appropriation by the legislature.

(20) After the department has informed a city, village, or township in writing of the intent to withhold all or a portion of payments under this section and offered the affected

city, village, or township an opportunity for an informal conference on the matter, the department of treasury may withhold all or a portion of payments under this section to a city, village, or township that has not distributed 1 or more of the following:

- (a) An industrial facilities tax as required under 1974 PA 198, MCL 207.551 to 207.572.
- (b) The specific tax as required under section 21b of the enterprise zone act, 1985 PA 224, MCL 125.2121b.
- (c) Any portion of the state education tax levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, or of property taxes levied for any purpose by a local or intermediate school district under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, determined by the state tax commission to have been wrongfully captured and retained to implement a tax increment financing plan under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, or the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

This act is ordered to take immediate effect.

Approved September 30, 2004.

Filed with Secretary of State September 30, 2004.

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**[No. 356]**

**(SB 1111)**

AN ACT to amend 1971 PA 140, entitled “An act to provide for the distribution of certain state revenues to cities, villages, townships, and counties; to impose certain duties and confer certain powers on this state, political subdivisions of this state, and the officers of both; to create reserve funds; and to establish a revenue sharing task force and provide for its powers and duties,” by amending section 11 (MCL 141.911), as amended by 2004 PA 77.

*The People of the State of Michigan enact:*

**141.911 Payments to counties from state income tax collections; time and basis; payments to counties based on sales tax collections.**

Sec. 11. (1) For state fiscal years before the 1996-1997 state fiscal year, the department of management and budget shall cause to be paid during each August, November, February, and May, to counties on a per capita basis the collections from the state income tax as certified by the department of treasury for the quarter periods ending the prior June 30, September 30, December 31, and March 31 that are available for distribution to and retention by counties.

(2) For state fiscal years beginning after September 30, 1992 and ending before October 1, 1996, the collections from the state income tax otherwise available for distribution to counties in November for the quarter period ending the prior September 30 shall be increased by \$35,900,000.00 and the collections from the state income tax otherwise available for distribution to counties in August for the quarter period ending the prior June 30 shall be decreased by \$35,900,000.00.

(3) For the 1996-1997 and 1997-1998 state fiscal years, the department of treasury shall cause to be paid to counties on a per capita basis an amount equal to 24.5% of the difference

between 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made and the total distribution for the state fiscal year under section 12a. Subject to section 13d, for the 1998-1999 through 2005-2006 state fiscal years and for the period of October 1, 2006 through September 30, 2007, the department of treasury shall cause to be paid to counties all of the following:

(a) Except as provided in subdivision (c) and subsection (6), an amount equal to the amount the county was eligible to receive under section 12a in the 1997-1998 state fiscal year.

(b) Except as provided in subdivision (c) and subsection (6), an amount equal to 25.06% of 21.3% of the sales tax collections at a rate of 4% in the 12-month period ending June 30 of the state fiscal year in which the payments are made minus the amount determined under subdivision (a) which shall be distributed on a per capita basis. If the amount appropriated under this section to counties is less than 25.06% of 21.3% of the sales tax rate of 4%, any reduction made necessary by this appropriation in distributions to counties shall first be applied to the distribution under this subdivision.

(c) For the 2002-2003 state fiscal year only, each county shall receive the lesser of 96.5%, or the percentage determined under this subdivision, of the amount that the county would have received if the total available for distribution under subdivisions (a) and (b) were \$211,549,002.00. The total amount available for distribution to all counties under this subdivision shall not exceed \$204,144,787.00. For the 2002-2003 state fiscal year, the percentage under this subdivision shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$791,070,000.00 by \$1,515,644,218.00. For the 2003-2004 state fiscal year only, each county shall receive the lesser of 92%, or the percentage determined under this subdivision, of the amount distributed to the county under this subsection for the 2002-2003 state fiscal year. For the 2003-2004 state fiscal year, the percentage under this subdivision shall be determined by dividing the sum of all payments under section 10 of article IX of the state constitution of 1963 and \$724,800,000.00 by \$1,407,850,000.00 and then subtracting 0.08.

(4) After September 30, 2007 and subject to the limitations of subsections (3) and (6), 25.06% of 21.3% of the sales tax collections at a rate of 4% shall be distributed to counties as provided by law.

(5) The payments under subsection (3) shall be made from revenues collected during the state fiscal year in which the payments are made and shall be made during each October, December, February, April, June, and August. Payments shall be based on collections from the sales tax at a rate of 4% in the 2-month period ending the prior August 31, October 31, December 31, February 28, April 30, and June 30, and for the 1996-1997 and 1997-1998 state fiscal years only the payments shall be reduced by 1/6 of the total distribution for the state fiscal year under section 12a. For state fiscal years after the 1995-1996 state fiscal year, the collections from the sales tax otherwise available for distribution to counties under subsection (3) in December shall be increased by \$17,000,000.00 and the collections from the sales tax otherwise available for distribution to counties under subsection (3) in April shall be decreased by \$17,000,000.00.

(6) For state fiscal years beginning after September 30, 2004, the total amount distributed to each county under this section shall equal the amount by which the balance in its revenue sharing reserve fund under section 44a of the general property tax act, 1893 PA 206, MCL 211.44a, for the county's most recent fiscal year that ends prior to the January 1 of the state's fiscal year is less than the amount calculated under section 44a(13) of the general property tax act, 1893 PA 206, MCL 211.44a, for the county fiscal year that begins in the state's fiscal year. Payments under this subsection shall be adjusted as necessary to reflect partial county fiscal years and prorated based on the total amount

appropriated for distribution to all counties. Upon the exhaustion of each county's revenue sharing reserve fund, state revenue sharing within that county will be fully and permanently restored in an amount equal to the total payments made to that county under this act in the state fiscal year ending September 30, 2004, adjusted annually through the date of restoration by the inflation rate, without regard to an executive order issued after May 17, 2004, and prorated based on the amount of the reserve fund used by the county in the fiscal year during which payments are required to resume under this subsection. As used in this subsection, "inflation rate" means that term as defined in section 34d of the general property tax act, 1893 PA 206, MCL 211.34d.

(7) The department of treasury may withhold all or a portion of payments under this section to a county that has not timely furnished the statement required under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751, or distributed an industrial facilities tax as required under 1974 PA 198, MCL 207.551 to 207.572, or the specific tax as required under section 21b of the enterprise zone act, 1985 PA 224, MCL 125.2121b. Before withholding all or a portion of the payments under this section to a county, the department shall inform the county in writing of the intent to withhold payments and offer an opportunity for an informal conference on the matter.

This act is ordered to take immediate effect.

Approved September 30, 2004.

Filed with Secretary of State September 30, 2004.

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**[No. 357]**

**(SB 1112)**

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 44a (MCL 211.44a), as added by 1993 PA 313.

*The People of the State of Michigan enact:*

**211.44a Summer property tax levy; imposition; collection; procedures; lien; interest; applicability of act to proceedings; establishment of revenue sharing reserve fund; expenditures by counties; limitations.**

Sec. 44a. (1) Notwithstanding any other statutory or charter provision to the contrary, beginning in 2005 and each year after 2005, a county shall impose as a summer property tax levy that portion of the number of mills allocated to the county by a county tax

allocation board or authorized for the county through a separate tax limitation vote as provided in this section. The treasurer that collects the state education tax shall collect the summer property tax levy under this section. The portion of the total number of mills allocated to a county by a county tax allocation board or authorized for a county through a separate tax limitation vote that shall be imposed in each year as a summer property tax levy under this section is as follows:

(a) In 2005, 1/3 of the total number of mills allocated to the county by a county tax allocation board or authorized for the county through a separate tax limitation vote.

(b) In 2006, 2/3 of the total number of mills allocated to the county by a county tax allocation board or authorized for the county through a separate tax limitation vote.

(c) In 2007 and each year after 2007, the total number of mills allocated to the county by a county tax allocation board or authorized for the county through a separate tax limitation vote.

(2) Before June 30 and in conformance with the procedures prescribed by this act, the taxes being collected as a summer property tax levy shall be spread in terms of millages on the assessment roll, the amount of tax levied shall be assessed in proportion to the taxable value, and a tax roll shall be prepared that commands the appropriate treasurer to collect on July 1 the taxes indicated as due on the tax roll.

(3) Taxes authorized to be collected shall become a lien against the property on which assessed, and due from the owner of that property on July 1.

(4) All taxes and interest imposed pursuant to this section that are unpaid before March 1 shall be returned as delinquent on March 1 and collected pursuant to this act.

(5) Interest shall be added to taxes collected after September 14 at that rate imposed by section 78a on delinquent property tax levies that became a lien in the same year. The tax levied under this act that is collected with the city taxes shall be subject to the same penalties, interest, and collection charges as city taxes and shall be returned as delinquent to the county treasurer in the same manner and with the same interest, penalties, and fees as city taxes.

(6) All or a portion of the fees or charges, or both, authorized under section 44 may be imposed on taxes paid before March 1 and shall be retained by the treasurer actually performing the collection of the summer property tax levy pursuant to this section, regardless of whether all or part of these fees or charges, or both, have been waived by the township or city.

(7) Collections shall be remitted to the county for which the taxes were collected pursuant to section 43.

(8) To the extent applicable and consistent with the requirements of this section, this act shall apply to proceedings in relation to the assessment, spreading, and collection of taxes pursuant to this section.

(9) Each county shall establish a restricted fund known as the revenue sharing reserve fund. The total amount required to be placed in the revenue sharing reserve fund for each county shall equal the amount of that county's December 2004 property tax levy of the total number of mills allocated to the county by a county tax allocation board or authorized for the county through a separate tax limitation vote and shall be deposited in the revenue sharing reserve fund as provided in this section. Revenues credited to the revenue sharing reserve fund from the December tax levy of a county with a fiscal year ending December 31 shall be accrued to the fiscal year ending in the year of that December property tax levy. Revenue shall be credited to the fund by each county as follows:

(a) From the county's December 2004 property tax levy, 1/3 of the total December levy of the total number of mills allocated to the county by a county tax allocation board or authorized for the county through a separate tax limitation vote.

(b) From the county's December 2005 property tax levy, 1/2 of the remaining balance required to be deposited in the fund.

(c) From the county's December 2006 property tax levy, the balance required to be deposited in the fund.

(10) All of the following apply to a revenue sharing reserve fund established under subsection (9):

(a) Funds in the revenue sharing reserve fund may not be expended in any fiscal year except as provided in this section.

(b) Funds in the revenue sharing reserve fund may be used within a county fiscal year for cash flow purposes at the discretion of the county.

(c) Interest earnings on funds deposited in the revenue sharing reserve fund shall be credited to the revenue sharing reserve fund. However, the county is not required to reimburse the revenue sharing reserve fund for a reduction of interest earnings that occurs because funds in the revenue sharing reserve fund were used for cash flow purposes.

(d) The revenue sharing reserve fund shall be separately reported in the annual financial report required under section 4 of 1919 PA 71, MCL 21.44.

(11) For a county fiscal year that ends on December 31, 2004, a county may expend in that fiscal year an amount not to exceed the payments made to that county under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, in October and December 2003 and, if the payment is accrued back to the county's 2003 fiscal year, February 2004.

(12) Not later than March 1, 2005, a county that receives a payment in October 2004 as provided in a bill making appropriations to the department of treasury for the 2004-05 fiscal year shall pay the amount of that payment to the state treasurer from the revenue sharing reserve fund. A county that does not make the payment required under this subsection shall not make any expenditures from the fund provided under subsection (13).

(13) For each fiscal year of a county that begins after September 30, 2004, a county may expend from the revenue sharing reserve fund an amount not to exceed the total payments made to that county under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921, in the state fiscal year ending September 30, 2004, adjusted annually by the inflation rate, without regard to any executive orders issued after May 17, 2004. As used in this subsection, "inflation rate" means that term as defined in section 34d.

This act is ordered to take immediate effect.

Approved September 30, 2004.

Filed with Secretary of State September 30, 2004.

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**[No. 358]**

**(SB 1062)**

AN ACT to make appropriations for community colleges and certain state purposes related to education for the fiscal year ending September 30, 2004 and for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to establish or continue certain funds, programs, and categories; to prescribe the powers and duties of certain state departments, institutions, agencies, employees, and officers; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

PART 1

LINE-ITEM APPROPRIATIONS FOR FISCAL YEAR 2004-2005

**Appropriations; community colleges.**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for community colleges and certain other state purposes relating to education for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**COMMUNITY COLLEGES**

APPROPRIATION SUMMARY:

GROSS APPROPRIATION.....	\$	285,747,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers ....	\$	0
ADJUSTED GROSS APPROPRIATION.....	\$	285,747,000
Total federal revenues.....		0
Total local revenues .....		0
Total private revenues.....		0
Total state restricted revenues.....		0
State general fund/general purpose .....	\$	285,747,000

**Operations.**

**Sec. 102. OPERATIONS**

Alpena Community College .....	\$	4,566,700
Bay de Noc Community College.....		4,415,100
Delta College .....		12,348,100
Glen Oaks Community College .....		2,071,700
Gogebic Community College.....		3,777,400
Grand Rapids Community College.....		15,531,800
Henry Ford Community College .....		18,928,600
Jackson Community College.....		10,478,000
Kalamazoo Valley Community College.....		10,691,000
Kellogg Community College .....		8,399,600
Kirtland Community College.....		2,549,300
Lake Michigan College .....		4,520,700
Lansing Community College .....		26,859,500
Macomb Community College.....		28,658,300
Mid Michigan Community College .....		3,823,000
Monroe County Community College.....		3,719,400
Montcalm Community College .....		2,690,400
C.S. Mott Community College.....		13,579,600
Muskegon Community College.....		7,727,900
North Central Michigan College.....		2,617,500
Northwestern Michigan College .....		7,885,600
Oakland Community College .....		18,077,900
St. Clair County Community College .....		6,055,400
Schoolcraft College .....		10,610,000
Southwestern Michigan College.....		5,695,500

	For Fiscal Year Ending Sept. 30, 2005
Washtenaw Community College .....	\$ 10,783,700
Wayne County Community College .....	\$ 13,940,000
West Shore Community College .....	1,985,800
GROSS APPROPRIATION .....	\$ 262,987,500
Appropriated from:	
State general fund/general purpose .....	\$ 262,987,500

### **Tuition restraint incentive.**

#### **Sec. 103. TUITION RESTRAINT INCENTIVE**

Alpena Community College .....	\$ 295,800
Bay de Noc Community College .....	286,000
Delta College .....	800,000
Glen Oaks Community College .....	134,200
Gogebic Community College .....	244,800
Grand Rapids Community College .....	1,006,200
Henry Ford Community College .....	1,226,200
Jackson Community College .....	678,800
Kalamazoo Valley Community College .....	692,600
Kellogg Community College .....	544,200
Kirtland Community College .....	165,200
Lake Michigan College .....	292,800
Lansing Community College .....	1,740,000
Macomb Community College .....	1,856,400
Mid Michigan Community College .....	247,600
Monroe County Community College .....	241,000
Montcalm Community College .....	174,200
C.S. Mott Community College .....	879,800
Muskegon Community College .....	500,600
North Central Michigan College .....	169,600
Northwestern Michigan College .....	510,800
Oakland Community College .....	1,171,200
St. Clair County Community College .....	392,200
Schoolcraft College .....	687,400
Southwestern Michigan College .....	369,000
Washtenaw Community College .....	698,600
Wayne County Community College .....	903,000
West Shore Community College .....	128,600
GROSS APPROPRIATION .....	\$ 17,036,800
Appropriated from:	
State general fund/general purpose .....	\$ 17,036,800

### **Grants.**

#### **Sec. 104. GRANTS**

At-risk student success program .....	\$ 3,322,700
Renaissance zone tax reimbursement funding .....	2,400,000
GROSS APPROPRIATION .....	\$ 5,722,700
Appropriated from:	
State general fund/general purpose .....	\$ 5,722,700

PART 2

PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2004-2005

**GENERAL SECTIONS**

**Total state spending; payments to local units of government.**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2004-2005 is \$285,747,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2004-2005 is \$285,747,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

Operations.....	\$	280,024,300
At-risk student success program.....		3,322,700
Renaissance zone tax reimbursement program.....		2,400,000
TOTAL.....	\$	<u>285,747,000</u>

**Appropriations subject to MCL 18.1101 to 18.1594.**

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

**Reporting requirements; use of Internet.**

Sec. 203. Unless otherwise specified, a community college receiving appropriations in part 1 and the department of labor and economic growth shall use the Internet to fulfill the reporting requirements of this act. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement or it may include placement of reports on an Internet or Intranet site.

**Tuition restraint; requirements.**

Sec. 207. (1) The amount appropriated in section 103 for community college tuition restraint shall only be paid to a community college that certified to the state budget director by June 30, 2004 that it did not adopt an increase in in-district tuition and fees after December 1, 2003 for the 2003-2004 academic year and that it will not increase its in-district tuition and fees for any semester in the 2004-2005 academic year by more than 2.8% from its in-district tuition and fees in the 2003-2004 academic year.

(2) For the purposes of subsection (1), a community college that adopted an increase in in-district tuition and fees after December 1, 2003 for the 2003-2004 academic year, but subsequently rebated to its students an amount equal to this increase prior to June 30, 2004 is considered to have not adopted an in-district tuition and fee increase for the 2003-2004 academic year.

(3) The state budget director shall implement a reporting requirement based on definitions and uniform reporting requirements established by the state budget director and the house and senate fiscal agencies, to ensure that a community college receiving an appropriation under section 103 has satisfied the tuition restraint requirements of this section.

(4) If a community college complies with the tuition restraint requirements described in this section, its state appropriation will not be reduced by executive order or any other manner during the 2004-2005 fiscal year.

**Entrepreneurship curriculum.**

Sec. 208. The department of labor and economic growth shall work collaboratively with community colleges to develop an accelerated entrepreneurship curriculum, including an associate degree, to provide students with the skills and knowledge needed for creating their own businesses.

**Purchase of foreign goods or services.**

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

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

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

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

**Appropriation paid in monthly installments.**

Sec. 211. (1) The money appropriated in this act is appropriated for community colleges with fiscal years ending June 30, 2005, and shall be paid out of the state treasury and distributed by the state treasurer to the respective community colleges in 11 monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, 2004. Each community college shall accrue its July and August 2005 payments to its institutional fiscal year ending June 30, 2005. However, if a community college fails to submit all verified Michigan community colleges activities classification structure data for school year 2003-2004 to the department of labor and economic growth by November 1, 2004, the monthly installments shall be withheld from that community college until those data are submitted. The amount from the money appropriated in part 1 that is allocated to address the special needs of at-risk students shall be paid in full by the state treasurer by November 1, 2004. The amount distributed to a community college or department shall not exceed the net state allocation authorized by this act.

(2) Except as otherwise provided by law, each of the amounts appropriated shall be used solely for the respective purposes stated in this act. The money appropriated by this act may be used to match the cost of any available programs under the Carl D. Perkins vocational and applied technology education act, 20 USC 2301 to 2415, including local administration.

**Contribution to public school employees' retirement system.**

Sec. 216. (1) A community college shall pay the employer's contributions to the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, as a condition of receiving money appropriated under this act.

(2) A community college shall not pay an employer's contribution to more than 1 retirement fund providing benefits for an employee.

(3) A community college shall not be required to submit more than 4 reports annually to the Michigan public school employees' retirement system for purposes of calculating retirement benefits.

### **Construction or maintenance project.**

Sec. 217. Money appropriated in part 1 shall not be used to pay for the construction or maintenance of a self-liquidating project. Any construction, renovation, or other capital outlay project that exceeds \$1,000,000.00 requires the approval of a use and finance statement by the joint capital outlay subcommittee (JCOS) pursuant to JCOS policy.

### **ITEM funding restoration; financing alternatives for special maintenance projects.**

Sec. 220. It is the intent of the legislature that the legislature restore the infrastructure, technology, equipment, and maintenance (ITEM) funding provided in previous fiscal years. In addition, it is the intent of the legislature that the legislature, in cooperation with the Michigan community college association, develop proposals and financing alternatives for special maintenance projects at community colleges that otherwise would not qualify for financing under the state building authority.

### **Collaboration and cooperation with 4-year universities.**

Sec. 224. Recognizing the critical importance of education in strengthening Michigan's workforce, the legislature encourages the state's public community colleges to explore ways of increasing collaboration and cooperation with 4-year universities, particularly in the areas related to training, instruction, and program articulation.

### **Abortion services coverage prohibited.**

Sec. 230. (1) A community college shall not expend money appropriated under this act to provide health care coverage for community college employees or their dependents for abortion services, other than for spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed. A community college shall not approve a collective bargaining agreement or enter into any other employment contract that includes health care coverage for abortion services other than spontaneous abortion or to prevent the death of the woman upon whom the abortion is performed.

(2) If a community college expends money appropriated under this act in violation of subsection (1), the community college shall repay to this state an amount equal to the amount of money spent in violation of subsection (1).

### **Employee benefits to unmarried partners.**

Sec. 231. In light of sections 1, 3, and 4 of 1846 RS 83, MCL 551.1, 551.3, and 551.4, and section 1 of 1939 PA 168, MCL 551.271, the legislature intends that a community college receiving funding under this act shall not use part 1 money to extend employee benefits to the unmarried partners of the community college's employees except for pre- and post-natal costs.

### **Promotion of equal opportunities.**

Sec. 234. The legislature intends that each community college do all of the following:

(a) Undertake active measures to promote equal opportunities, eliminate discrimination, and foster a diverse student body and administration among all people including, but not limited to, women, minorities, seniors, veterans, and people with disabilities.

(b) Review, analyze, and eradicate activities that may tend to discriminate.

**Postsecondary enrollment options act; workgroup to address college credits earned.**

Sec. 235. It is the intent of the legislature that a workgroup be formed to evaluate, discuss, and make recommendations for future action regarding state university admission and enrollment policies that specifically address the acceptance and application of college credits earned by students through the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524. The Michigan community college association may create and administer the workgroup and is encouraged to include members representing university and K-12 school organizations.

**Reciprocal tuition agreements.**

Sec. 236. (1) It is the intent of the legislature that any existing or new reciprocal tuition agreements entered into under 1972 PA 251, MCL 390.501 to 390.506, be submitted for review and approval by the house and senate appropriations committees at least once every 3 years.

(2) It is the intent of the legislature that, under any reciprocal tuition agreement approved by the house and senate appropriations committees, out-of-state students pay the in-state, out-of-district tuition and fee rate at any Michigan community college participating in the agreement.

**State payments in lieu of taxes; workgroup.**

Sec. 237. It is the intent of the legislature that a workgroup that includes members of the legislature and the Michigan community colleges association be formed to evaluate, discuss, and make recommendations regarding the possibility of state payments in lieu of taxes to community colleges whose districts contain state-owned land.

**Optional retirement plan; expanding eligibility.**

Sec. 238. It is the intent of the legislature that a workgroup that includes members of the legislature and the Michigan community colleges association be formed to evaluate, discuss, and make recommendations regarding the impact of expanding eligibility for the optional retirement plan established in section 3 of the optional retirement act of 1967, 1967 PA 156, MCL 38.383, to include faculty employed by community colleges on a part-time basis.

**Increasing appropriation to state-supported community colleges.**

Sec. 239. The legislature intends that any executive or legislative proposal or action, subsequent to the adoption of a recommendation for appropriations for community colleges for the fiscal year ending September 30, 2005, to increase appropriations to state-supported 4-year universities in excess of the governor's original recommendation for the fiscal year ending September 30, 2005, will be accompanied by a similar action or proposal for state-supported community colleges.

**Economic development job training grants.**

Sec. 240. The legislature intends that not less than 70% of the economic development job training grant money be awarded to community colleges or a consortium of community colleges and other eligible applicants as provided in the budget that appropriated the economic development job training grant money. Further, the legislature intends that at least a portion of the total appropriation for economic development job training grants be awarded to community colleges that offer certified programs that are bureau of apprenticeship training certified. The Michigan economic development corporation shall report by November 1 of each year to the house and senate appropriations subcommittees on

community colleges and the senate and house fiscal agencies the names of the community colleges awarded grant money under this section, the amount of the grants awarded, and the percentage awarded to bureau of apprenticeship training certified programs.

## **STATE AID - OPERATIONS**

### **Determination of state aid; definition of data items used.**

Sec. 301. Unless otherwise stated, all data items used in determining state aid in this act are as defined in the 2001 Manual for Uniform Financial Reporting, Michigan Public Community Colleges, which shall be the basis for reporting data, and the 2003 Activities Classification Structure Manual for Michigan Community Colleges, which shall be used to document financial needs of the community colleges.

### **Exclusion of incarcerated students from enrollment data.**

Sec. 302. A community college shall not include in the enrollment data reported for determining state aid under this act any student credit hours or student contact hours for a student incarcerated in a Michigan penal institution. Exclusion of these students is intended to avoid the payment of state aid under this act for the same individuals for whom reimbursement is provided by the state correctional system.

### **Community college selected for audit; return of overappropriated money.**

Sec. 303. A community college selected for audit under section 502 whose audited activities classification structure data is significantly different than the data used to determine state aid under this act shall return any overappropriated money as provided in this subsection. The department of labor and economic growth shall compare formula computations for the audited colleges using pre- and post-audit data. If the state allocation is 2% or more than the post-audit allocation amount, the college shall return the excess money. The returned money shall be redistributed to all 28 community colleges, prorated on the base appropriations contained in part 1.

### **Gast-Mathieu fairness in funding formula; intent to fully fund.**

Sec. 304. It is the intent of the legislature to achieve full funding of the Gast-Mathieu fairness in funding formula.

## **GRANTS**

### **At-risk student success program.**

Sec. 401. (1) The community college at-risk student success program is continued. The funding shall be prorated among community colleges based on the number of student contact hours for developmental and preparatory instruction reported by each community college to the department of labor and economic growth pursuant to the 2003 Activities Classification Structure Manual for Michigan Community Colleges. Of the amount appropriated in part 1 for the at-risk student success program, \$1,120,000.00 is allocated for base grants of \$40,000.00 each, to address the special needs of at-risk students at community colleges or the acquisition or upgrade of technology-related equipment and software.

(2) Of the amount appropriated in part 1 for the at-risk student success program, the balance of the appropriated money shall be distributed on a proration utilizing the sum of the most recent 3 years developmental/preparatory contact hours divided by the sum of the 3-year total contact hours at each college. Each community college's percentage shall be divided by the sum of all the percentages systemwide to obtain each community college's prorated grant amount.

(3) For the fiscal year ending September 30, 2005, the at-risk student success program money is allocated as follows:

Alpena Community College .....	\$	72,300
Bay de Noc Community College .....		83,900
Delta College .....		99,700
Glen Oaks Community College .....		125,600
Gogebic Community College.....		70,700
Grand Rapids Community College.....		111,500
Henry Ford Community College .....		146,000
Jackson Community College.....		98,100
Kalamazoo Valley Community College.....		93,800
Kellogg Community College .....		146,200
Kirtland Community College.....		133,000
Lake Michigan College .....		155,000
Lansing Community College .....		142,600
Macomb Community College .....		83,600
Mid Michigan Community College .....		126,800
Monroe County Community College.....		91,300
Montcalm Community College .....		67,200
C.S. Mott Community College.....		100,700
Muskegon Community College.....		183,300
North Central Michigan College.....		117,500
Northwestern Michigan College .....		124,600
Oakland Community College .....		144,000
St. Clair Community College.....		92,000
Schoolcraft College .....		130,400
Southwestern Michigan College.....		141,500
Washtenaw Community College.....		158,400
Wayne County Community College .....		161,200
West Shore Community College.....		121,800

(4) As used in this act, "at-risk students" means students who meet 1 or more of the following criteria:

(a) Are initially placed in 1 or more developmental courses as a result of standardized testing or as a result of failure to make satisfactory academic progress.

(b) Are diagnosed as learning disabled.

(c) Require English as a second language (ESL) assistance.

(5) Grant funding under this section shall be utilized to address the special needs of at-risk students or for equipment or upgrade of information technology hardware or software. Activities related to services provided to at-risk students include, but are not limited to, pretesting for academic ability, counseling contacts, and special programs. Equipment or information technology hardware or software purchased under this section need not be associated with the operation of a program designed to address the needs of at-risk students.

(6) Grant funding under this section shall not be used for indirect costs including, but not limited to, rent, utilities, or, except as provided in this section, college administration.

(7) Each community college shall report to the department of labor and economic growth a summary of all accomplishments under, expenditures for, and compliance with the intent of this program, including the number of at-risk students served. The report is subject to audit as provided for in section 502(1). The report shall be submitted not later than 90 days after the end of the state's fiscal year.

### **Renaissance zone reimbursements.**

Sec. 404. The appropriation in part 1 for renaissance zone reimbursements shall be made to each eligible recipient no later than 60 days after the department of treasury certifies to the state budget director that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692.

## **REPORTS AND AUDITS**

### **Activities classification structure data book; publication.**

Sec. 501. The department of labor and economic growth shall publish the activities classification structure data book for Michigan community colleges on or before March 1, 2005, for use by the legislature during budget development for the fiscal year ending September 30, 2006.

### **Audits.**

Sec. 502. (1) The auditor general or an independent public accounting firm appointed by the auditor general shall audit data for the fiscal year ending on June 30, 2004, as submitted to the department of labor and economic growth by 7 randomly selected community colleges. A community college shall maintain and provide those records necessary for the auditor general or certified public accountant appointed by the auditor general to determine the accuracy of the reported data. The audits shall be based upon the definitions and requirements contained in the 2001 Manual for Uniform Financial Reporting, Michigan Public Community Colleges and the 2003 Activities Classification Structure Manual for Michigan Community Colleges. Before the submission of a final audit report, a community college may appeal the findings of the preliminary report under an appeal process to be established by the auditor general. The auditor general shall submit a report of the findings to the house and senate appropriations committees, the department of labor and economic growth, and the state budget director before June 1, 2005.

(2) The auditor general or a certified public accountant appointed by the auditor general may conduct performance audits of community colleges as the auditor general considers necessary.

(3) Not more than 60 days after an audit report is released by the office of the auditor general, the principal executive officer of the community college that was audited shall submit to the house and senate appropriations committees, the house and senate fiscal agencies, the department of labor and economic growth, the auditor general, and the state budget director a plan to comply with audit recommendations. The plan shall contain projected dates and resources required, if any, to achieve compliance with the audit recommendations, or a documented explanation of the college's noncompliance with the audit

recommendations concerning the matters on which the audited community college and office of the auditor general disagree.

### **Community colleges selected for audit; review.**

Sec. 503. The department of labor and economic growth shall review the taxonomy of the 7 community colleges selected for the audit under section 502 that is based on the 2003 Activities Classification Structure Manual for Michigan Community Colleges.

### **Retention of class summaries, class lists, registration documents, and student transcripts; use in audit process.**

Sec. 504. (1) A community college shall retain certified class summaries, class lists, registration documents, and student transcripts that are consistent with the taxonomy of courses. For each enrollment period during the fiscal year, these certified documents shall identify clearly by course the number of in-district and out-of-district student credit and contact hours. The class summaries and class lists shall be consistent with each other and shall include the course prefix and numbers, course title, course credit and contact hours, credit and contact hours generated by each student, and activity classifications consistent with the taxonomy. An auditable process shall be used by the community college to determine the unduplicated head count for in-district students, out-of-district students, and prisoners for each enrollment period during the fiscal year.

(2) Contracts between the community college and agencies that reimburse the community college for the costs of instruction shall be retained for audit purposes.

### **Performance of annual audit by independent auditor.**

Sec. 505. Each community college shall have an annual audit of all income and expenditures performed by an independent auditor and shall furnish the independent auditor's management letter and an annual audited accounting of all general and current funds income and expenditures including audits of college foundations to the members of the senate and house appropriations subcommittees on community colleges, the senate and house fiscal agencies, the auditor general, the department of labor and economic growth, and the state budget director before November 15, 2004. If a community college fails to furnish the audit materials, the monthly state aid installments shall be withheld from that college until the information is submitted. All reporting shall conform to the requirements set forth in the 2001 Manual for Uniform Financial Reporting, Michigan Public Community Colleges.

### **Indian tuition waivers.**

Sec. 506. (1) Each community college shall report the following to the department of labor and economic growth no later than November 1, 2004:

(a) The number of North American Indian students enrolled each term for the previous fiscal year, using guidelines and procedures developed by the department of labor and economic growth and the Michigan commission on Indian affairs.

(b) The number of Indian tuition waivers granted each term, and the monetary value of the waivers for the previous fiscal year.

(2) Colleges shall use the criteria cited in 1976 PA 174, MCL 390.1251 to 390.1253, to determine eligibility for tuition waivers, and shall grant those waivers to individuals who meet the criteria and request tuition waivers.

(3) The department of labor and economic growth shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2005.

**Aggregate academic status of students.**

Sec. 507. Upon request, a community college shall inform interested Michigan high schools of the aggregate academic status of its students for the prior academic year, in a manner prescribed by the Michigan community college association and in cooperation with the Michigan association of secondary school principals.

**Reporting tuition and fees; standard format.**

Sec. 508. (1) Each community college shall report to the house and senate fiscal agencies, the state budget director, and the department of labor and economic growth by August 31, 2004, the tuition and mandatory fees paid by a full-time in-district student and a full-time out-of-district student as established by the college governing board for the 2004-2005 academic year. This report should also include the annual cost of attendance based on a full-time course load of 30 credits. Each community college shall also report any revisions to the reported 2004-2005 academic year tuition and mandatory fees adopted by the college governing board to the house and senate fiscal agencies, the state budget director, and the department of labor and economic growth within 15 days of being adopted.

(2) The department of labor and economic growth shall prepare and provide to community colleges a standard format for reporting tuition and fees pursuant to subsection (1).

**Associate degrees and certificates; report on number and types.**

Sec. 509. (1) Each community college shall report to the department of labor and economic growth the numbers and type of associate degrees and other certificates awarded during the previous fiscal year. The report shall be made not later than November 15, 2004.

(2) The department of labor and economic growth shall compile the information received under subsection (1) and shall submit this compilation to the house and senate appropriations subcommittees on community colleges, the senate and house fiscal agencies, and the state budget director by January 7, 2005.

**Crime awareness and campus security; public information reporting requirements.**

Sec. 510. A community college receiving funding under this act and also subject to the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381, shall make a copy of all material prepared in accordance with the public information reporting requirements under the crime awareness and campus security act of 1990, title II of the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2384, available in hard copy and electronic format accessible through the Internet for school districts, parents, and students.

**On-site visits, evaluations, audits, and activities; limitation; submission of state plan.**

Sec. 511. (1) It is the intent of the legislature that the frequency and scope of on-site visits, evaluations, audits, and similar activities be limited to that which is reasonably necessary to monitor the performance of community colleges and confirm the accuracy of reported data. On-site visits, evaluations, audits, and similar activities conducted to comply with the state plan approved by the United States department of education under the Perkins act shall be limited to those necessary to meet the requirements of the state plan.

(2) In developing and implementing audit and reporting requirements, including those included in current and proposed state plans under the Perkins act, the department of

labor and economic growth shall consult with community colleges, the legislative auditor general, and independent auditors in an effort to coordinate activities and minimize duplication of audit and reporting requirements imposed on community colleges.

(3) At least 30 days before submission of a new state plan to the United States department of education for approval under the Perkins act, the department of labor and economic growth shall provide copies of the proposed plan to the members of the senate and house appropriations subcommittees on community colleges for their review and comment. Copies of the proposed plan shall be provided to the senate and house fiscal agencies and the state budget director at the same time that they are provided to the senate and house subcommittees.

(4) The Perkins grant application process and content shall be streamlined to the extent possible.

(5) As used in this section, "Perkins act" means the Carl D. Perkins vocational and applied technology education act, 20 USC 2301 to 2415.

**Tax revenue losses; report.**

Sec. 513. The department of treasury shall annually collect and compile data on the tax revenue losses to community colleges resulting from tax increment financing authorities (TIFA) and tax abatements. The department of treasury shall produce a report detailing the data. The report shall be completed and presented to the house and senate appropriations subcommittees on community colleges, the department of career development, and the department of management and budget not later than February 15, 2005. The report shall include, but is not limited to, the following:

(a) Estimated revenue losses for each community college for the calendar year 2004.

(b) Confirmed revenue losses for each community college for the calendar years 2002 and 2003.

(c) Other requirements requested by the house and senate appropriations subcommittees on community colleges.

PART 2A

APPROPRIATIONS AND PROVISIONS CONCERNING APPROPRIATIONS FOR FISCAL YEAR 2003-2004

**GENERAL SECTIONS**

**Additional appropriations; conditions.**

Sec. 1201. (1) Subject to subsection (4), a community college certifying to the state budget director by June 30, 2004 that it did not adopt an increase in in-district tuition and fees after December 1, 2003 for the 2003-2004 academic year and that it will not increase its in-district tuition and fees for any semester in the 2004-2005 academic year by more than 2.8% from its in-district tuition and fees in the 2003-2004 academic year shall be paid in the fiscal year ending September 30, 2004 from state general fund/general purpose revenues an additional state appropriation as follows:

Alpena Community College .....	\$	148,000
Bay de Noc Community College.....		143,100
Delta College .....		400,100
Glen Oaks Community College .....		67,200

Gogebic Community College.....	\$	122,500
Grand Rapids Community College.....		503,200
Henry Ford Community College.....		613,200
Jackson Community College.....		339,500
Kalamazoo Valley Community College.....		346,400
Kellogg Community College.....		272,200
Kirtland Community College.....		82,700
Lake Michigan College.....		146,500
Lansing Community College.....		870,100
Macomb Community College.....		928,300
Mid Michigan Community College.....		123,900
Monroe County Community College.....		120,600
Montcalm Community College.....		87,200
C.S. Mott Community College.....		440,000
Muskegon Community College.....		250,400
North Central Michigan College.....		84,900
Northwestern Michigan College.....		255,500
Oakland Community College.....		585,700
St. Clair County Community College.....		196,200
Schoolcraft College.....		343,800
Southwestern Michigan College.....		184,600
Washtenaw Community College.....		349,400
Wayne County Community College.....		451,600
West Shore Community College.....		64,400
Total.....		8,521,200

(2) For the purposes of subsection (1), a community college that adopted an increase in in-district tuition and fees after December 1, 2003 for the 2003-2004 academic year, but subsequently rebated to its students an amount equal to this increase prior to June 30, 2004 is considered to have not adopted an in-district tuition and fee increase for the 2003-2004 academic year.

(3) The state budget director shall implement a reporting requirement based on definitions and uniform reporting requirements established by the state budget director and the house and senate fiscal agencies, to ensure that a community college receiving an appropriation under this section has satisfied its tuition restraint requirements.

(4) If the Northville Psychiatric Hospital property is not sold by the state prior to October 1, 2004, the appropriations listed in subsection (1) shall be paid in the fiscal year ending September 30, 2005, rather than the state fiscal year ending September 30, 2004, and it is the intent of the legislature that the appropriations will be paid in full no later than October 15, 2004.

## **REPEALERS**

### **Repeal of section 251 of 2003 PA 237.**

Enacting section 1. Section 251 of 2003 PA 237 is repealed.

This act is ordered to take immediate effect.

Approved September 30, 2004.

Filed with Secretary of State September 30, 2004.

**[No. 359]**

**(HB 5864)**

AN ACT to amend 1935 PA 120, entitled “An act to prescribe a method for the fingerprinting of residents of the state, and to provide for the recording and filing thereof by the central records division of the department of state police,” by amending section 3 (MCL 28.273), as amended by 2002 PA 463.

*The People of the State of Michigan enact:*

**28.273 Fingerprinting and criminal record check; fee; report.**

Sec. 3. (1) The department of state police may charge a fee, not to exceed \$15.00, or, until October 1, 2007, not to exceed \$30.00, for taking and processing the fingerprints and completing a criminal record check of a resident of this state when the impression of the fingerprints are requested for employment-related or licensing-related purposes. A fee shall not be collected under this section if a fee for taking and processing fingerprints is provided for under any other law. The fee shall not exceed the actual cost of taking and processing the impression of the fingerprints and completing a criminal record check on that person. The fee shall be collected and forwarded to the state police by the licensing body or the employer.

(2) The department of state police shall submit a written report to the secretary of the senate and the clerk of the house of representatives by October 1 of each year stating whether the fee increase provided under the amendatory act that added this subsection is sufficient to support the actual costs of fingerprinting and what the actual costs of fingerprinting are.

This act is ordered to take immediate effect.  
Approved September 30, 2004.  
Filed with Secretary of State September 30, 2004.

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**[No. 360]**

**(HB 5527)**

AN ACT to make, supplement, and adjust appropriations for various state departments and agencies and capital outlay for the fiscal years ending September 30, 2004 and September 30, 2005; to provide for the expenditure of the appropriations; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

PART 1

LINE-ITEM APPROPRIATIONS

**Appropriations; supplemental for fiscal year ending September 30, 2004; various state departments and agencies.**

Sec. 101. There is appropriated for the various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2004 from the following funds:

**APPROPRIATION SUMMARY:**

GROSS APPROPRIATION ..... \$ 19,950,000

For Fiscal Year  
Ending Sept. 30,  
2004

Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers ....	\$ 0
ADJUSTED GROSS APPROPRIATION.....	\$ 19,950,000
Federal revenues:	
Total federal revenues .....	0
Special revenue funds:	
Total local revenues .....	0
Total private revenues.....	0
Total other state restricted revenues.....	36,700,000
State general fund/general purpose .....	\$ (16,750,000)

**Capital outlay.**

**Sec. 102. CAPITAL OUTLAY**

**(1) APPROPRIATION SUMMARY**

GROSS APPROPRIATION.....	\$ 16,700,000
Total interdepartmental grants and intradepartmental transfers ....	0
ADJUSTED GROSS APPROPRIATION.....	\$ 16,700,000
Total federal revenues.....	0
Total local revenues .....	0
Total private revenues.....	0
Total state restricted revenues.....	16,700,000
State general fund/general purpose .....	\$ 0

**(2) DEPARTMENT OF MANAGEMENT AND BUDGET**

Hawthorne center utility separation from former Northville psychiatric hospital.....		\$ 3,000,000
Department of corrections major maintenance projects.....		10,950,000
State agency major maintenance projects .....		2,000,000
Purchase of Valley school building and property .....		750,000
GROSS APPROPRIATION.....	\$	<u>16,700,000</u>
Appropriated from:		
Special revenue funds:		
Escrow restructuring revenues .....		16,700,000
State general fund/general purpose .....	\$	0

**Department of natural resources.**

**Sec. 103. DEPARTMENT OF NATURAL RESOURCES**

**(1) APPROPRIATION SUMMARY**

GROSS APPROPRIATION.....	\$ 3,250,000
Total interdepartmental grants and intradepartmental transfers ....	0
ADJUSTED GROSS APPROPRIATION.....	\$ 3,250,000
Total federal revenues.....	0
Total local revenues .....	0
Total private revenues.....	0
Total state restricted revenues.....	0
State general fund/general purpose .....	\$ 3,250,000

**(2) PAYMENTS IN LIEU OF TAXES**

Purchased lands .....	\$	<u>3,250,000</u>
GROSS APPROPRIATION.....	\$	3,250,000
Appropriated from:		
Special revenue funds:		
State general fund/general purpose .....	\$	3,250,000

For Fiscal Year  
Ending Sept. 30,  
2004

**Department of state.**

**Sec. 104. DEPARTMENT OF STATE**

**(1) APPROPRIATION SUMMARY**

GROSS APPROPRIATION.....	\$	0
Total interdepartmental grants and intradepartmental transfers ....		0
ADJUSTED GROSS APPROPRIATION.....	\$	0
Total federal revenues.....		0
Total local revenues .....		0
Total private revenues.....		0
Total state restricted revenues.....		(10,000,000)
State general fund/general purpose .....	\$	10,000,000

**(2) CUSTOMER DELIVERY SERVICES**

Branch operations.....	\$	0
GROSS APPROPRIATION.....	\$	0
Appropriated from:		
Special revenue funds:		
Transportation administration collection fund .....		(10,000,000)
State general fund/general purpose .....	\$	10,000,000

**Department of treasury.**

**Sec. 105. DEPARTMENT OF TREASURY**

**(1) APPROPRIATION SUMMARY**

GROSS APPROPRIATION.....	\$	0
Total interdepartmental grants and intradepartmental transfers ....		0
ADJUSTED GROSS APPROPRIATION.....	\$	0
Total federal revenues.....		0
Total local revenues .....		0
Total private revenues.....		0
Total state restricted revenues.....		30,000,000
State general fund/general purpose .....	\$	(30,000,000)

**(2) DEBT SERVICE**

Quality of life bond .....	\$	0
GROSS APPROPRIATION.....	\$	0
Appropriated from:		
Special revenue funds:		
Refined petroleum fund.....		30,000,000
State general fund/general purpose .....	\$	(30,000,000)

PART 1A

LINE-ITEM APPROPRIATIONS  
FISCAL YEAR 2004-2005

**Appropriations; supplemental for fiscal year ending September 30, 2005.**

Sec. 151. There is appropriated for the various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2005, from the following funds:

**APPROPRIATION SUMMARY:**

GROSS APPROPRIATION.....	\$	7,689,600
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For Fiscal Year  
Ending Sept. 30,  
2005

Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers ....	\$ 0
ADJUSTED GROSS APPROPRIATION.....	\$ 7,689,600
Federal revenues:	
Total federal revenues .....	5,842,400
Special revenue funds:	
Total local revenues .....	0
Total private revenues.....	0
Total other state restricted revenues.....	1,847,200
State general fund/general purpose .....	\$ 0

**Family independence agency.**

**Sec. 152. FAMILY INDEPENDENCE AGENCY**

**(1) APPROPRIATION SUMMARY**

GROSS APPROPRIATION.....	\$ 6,614,600
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers ....	0
ADJUSTED GROSS APPROPRIATION.....	\$ 6,614,600
Federal revenues:	
Total federal revenues .....	5,842,400
Special revenue funds:	
Total local revenues .....	0
Total private revenues.....	0
Total other state restricted revenues.....	772,200
State general fund/general purpose .....	\$ 0

**(2) INFORMATION TECHNOLOGY**

Information technology services and projects.....	\$ 2,129,400
Child support automation.....	3,263,200
Client services system.....	549,800
Data system enhancement .....	672,200
GROSS APPROPRIATION.....	\$ 6,614,600
Appropriated from:	
Federal revenues:	
Total federal revenues .....	5,842,400
Special revenue funds:	
Total other state restricted revenues.....	772,200
State general fund/general purpose .....	\$ 0

**Department of treasury.**

**Sec. 155. DEPARTMENT OF TREASURY**

**(1) APPROPRIATION SUMMARY**

GROSS APPROPRIATION.....	\$ 1,075,000
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers ....	0
ADJUSTED GROSS APPROPRIATION.....	\$ 1,075,000
Federal revenues:	
Total federal revenues .....	0

	For Fiscal Year Ending Sept. 30, 2005
Special revenue funds:	
Total local revenues .....	\$ 0
Total private revenues.....	0
Total other state restricted revenues.....	1,075,000
State general fund/general purpose .....	\$ 0
<b>(2) GRANTS</b>	
State sports tourism.....	\$ 1,075,000
<b>GROSS APPROPRIATION</b> .....	<b>\$ 1,075,000</b>
Appropriated from:	
Special revenue funds:	
Convention facility development fund .....	1,075,000
State general fund/general purpose .....	\$ 0

## PART 2

## PROVISIONS CONCERNING APPROPRIATIONS

**GENERAL SECTIONS****Total state spending; payments to local units of government.**

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending under part 1 for fiscal year 2003-2004 is \$19,950,000.00. State payments to local units of government under part 1 are \$3,250,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

## DEPARTMENT OF NATURAL RESOURCES

Purchased lands .....	\$ 3,250,000
<b>TOTAL</b> .....	<b>\$ 3,250,000</b>

**Appropriations subject to MCL 18.1101 to 18.1594.**

Sec. 202. The appropriations made and the expenditures authorized under this part and the departments, agencies, commissions, boards, offices, and programs for which an appropriation is made under part 1 are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

**Michigan merit award trust fund; amount transferred to general fund.**

Sec. 203. For fiscal year 2004-2005 only, there is hereby transferred and appropriated from the Michigan merit award trust fund to the general fund an amount of \$5,250,000.00.

**Michigan tobacco settlement trust fund; transfer to general fund.**

Sec. 204. For fiscal year 2004-2005 only, there is hereby transferred and appropriated from the Michigan tobacco settlement trust fund to the general fund an amount of \$1,750,000.00.

**Ventilator dependent care; assessment as acute bed care.**

Sec. 205. Effective on October 1, 2004, a licensed hospital bed that is under contract with this state for ventilator dependent care shall be considered an acute care bed for purposes

of the hospital quality assessment program and shall be assessed and reimbursed under the quality assessment program the same as an acute care bed regardless of payment methodology. This policy change shall be implemented after the department of community health secures the necessary state plan amendment from the federal government.

**Community mental health services program; operation as community mental health authority; monitoring activities.**

Sec. 206. (1) If a community mental health services program, currently established as a community mental health agency under MCL 330.1204, is required by statute to become a community mental health authority by a specified date in order to be eligible to continue to contract with the department of community health as a specialty prepaid health plan, or to continue to receive state financial support as a community mental health services program, the department of community health shall monitor the progress of the community mental health services program to ensure that it is able to properly operate as a community mental health authority by the required specified date. In carrying out its monitoring activities, the department of community health may require such plans, reports, and other evidence from the community mental health services program that it deems necessary to properly monitor and evaluate the progress of the community mental health services program toward the establishment and operation of a community mental health authority. Such plans, reports, and evidence shall include, at the minimum, the following:

(a) A copy of the enabling resolution adopted by the board of commissioners creating the authority, addressing the required provisions set forth in MCL 330.1205, and duly filed with the secretary of state and the county clerk of the county establishing the authority.

(b) A detailed transition plan, describing how the community mental health services program proposes to carry out administrative, personnel, finance, accounting, management information, data reporting, regulatory compliance, quality assurance, recipient rights, clinical services, and any other managerial tasks or activities necessary for the successful operation of a community mental health authority.

(2) If the department of community health determines that, in its judgment, the community mental health services program is not making sufficient progress to ensure a functioning community mental health authority by the date specified in statute, the department of community health may withhold such current year appropriated funds as it deems appropriate from the community mental health services program to assure that the department of community health has sufficient capacity to directly operate necessary programs and services within the county should the community mental health authority fail to become fully operational on the required specified date.

**DEPARTMENT OF ATTORNEY GENERAL**

**Carrying forward revenue and attorney fees.**

Sec. 250. For fiscal year 2004-2005 any unobligated antitrust enforcement revenue, securities fraud revenue, consumer protection or class action enforcement revenues, or attorney fees recovered by the department of attorney general, not to exceed \$250,000.00, may be carried forward and is available for appropriation to the department of attorney general in the succeeding fiscal year.

## AGRICULTURE

### **Hiring freeze; exceptions.**

Sec. 251. (1) Effective October 1, 2004, a hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

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

## CAPITAL OUTLAY

### **Purchase of Valley school building and certain property; description; adjustment; approval of documents by attorney general.**

Sec. 301. (1) From the funds appropriated in part 1, the department is authorized to expend an amount not to exceed \$750,000.00 inclusive of amounts necessary for any appraisal fees, real estate taxes, and other closing costs, if applicable, for the purchase of the Valley school building and property located adjacent to the Michigan schools for the deaf and blind, in the city of Flint, Genesee County, Michigan, and more particularly described as follows:

#### Parcel A:

A parcel of land lying in Section 8 of Indian Reservation of 11 sections at near the Grand Traverse on Flint River, Genesee County, Michigan, described as follows: Commencing at the Northwest Corner of Record Plat of "Woodcroft No. 1", recorded in Liber 8, Pages 34, 35 and 36, of the Genesee County, Michigan records; thence along the Center Line of Miller Road, so-called, as established by the Michigan State Highway Department, N 58° 51' 00" E 1103.54 feet and on a curve to the left, having a radius of 637.27 feet, with a chord bearing and distance of N 39° 42' 00" E 418.10 feet AND N 20° 33' 00" E 244.83 feet AND on a curve to the right, having a radius of 637.27 feet, with a chord bearing and distance of N 36° 04' 45" E 341.23 feet AND N 51° 36' 30" E 158.66 feet to a point on the Center Line of West Court Street, so-called, as established by the Michigan State Highway Department; thence, along the said Center Line of West Court Street, S 89° 32' 30" E 837.65 feet AND N 58° 50' 00" E 50.34 feet; thence S 31° 10' 00" E 60.00 feet to the place of beginning of this description; thence continuing S 31° 10' 00" E 234.17 feet; thence S 59° 08' 34" E 70.27 feet; thence N 61° 41' 37" E 28.99 feet; thence S 44° 00' 10" E 154.71 feet; thence S 22° 19' 40" W 78.32 feet; thence S 45° 59' 50" W 301.63 feet; thence N 44° 00' 10" W 263.34 feet; thence N 00° 33' 18" E 225.08 feet; thence N 16° 21' 46" W 174.50 feet; thence S 89° 32' 30" E 104.51 feet; thence N 58° 50' 00" E 67.33 feet to the place of the beginning, containing 3.60 net acres of land, more or less; and

## Parcel B:

A parcel of land lying in Section 8 of Indian Reservation of 11 sections at near the Grand Traverse on Flint River, Genesee County, Michigan, described as follows: Commencing at the Northeast Corner of record Plat of "Woodcroft No. 1", recorded in Liber 8, Pages 34, 35 and 36, of the Genesee County, Michigan records; thence, along the Center Line of Miller Road, so-called, as established by the Michigan State Highway Department, N 58° 51' 00" E 1103.54 feet AND on a curve to the left, having a radius of 637.27 feet, with a chord bearing and distance of N 39° 42' 00" E 418.10 feet AND N 20° 33' 00" E 244.83 feet AND on a curve to the right, having a radius of 637.27 feet, with a chord bearing and distance of N 36° 04' 45" E 341.23 feet AND N 51° 36' 30" E 158.66 feet to a point on the Center Line of West Court Street, so-called, as established by the Michigan State Highway Department; thence S 89° 32' 30" E, along the said Center Line of West Court Street, 201.43 feet; thence S 00° 27' 30" W 310.00 feet to the place of beginning of this description; thence S 30° 37' 24" E 182.05 feet; thence S 38° 55' 37" E 66.55 feet; thence S 21° 25' 10" W 47.92 feet; thence S 59° 22' 37" W 511.03 feet; thence N 30° 37' 24" W 5.79 feet; thence on a curve to the left having a radius of 125.00 feet, with a chord bearing and distance of N 24° 25' 29" E 107.29 feet; thence N 00° 59' 23" W 65.14 feet; thence on a curve to the right, having a radius of 175.00 feet, with a chord bearing and distance of N 12° 28' 39" E 81.51 feet; thence N 30° 37' 24" W 93.99 feet; thence N 59° 22' 37" E 363.36 feet to the place of beginning, containing 2.64 net acres of land, more or less.

(2) The description of the property in subsection (1) is approximate and for purposes of the purchase is subject to adjustment as the department or attorney general considers necessary by survey or other legal description.

(3) All documents regarding the acquisition of the property described in subsection (1) shall be approved by the attorney general.

**Office space for state agencies; acquisition of property.**

Sec. 302. (1) This state is authorized to acquire title to property for the purpose of providing office space for state agencies by exercising the purchase option in state lease number 10533, and to transfer title to the state building authority, with the approval of the state administrative board, for an amount necessary to defease outstanding certificates of participation, in an aggregate cost not to exceed \$140,000,000.00. This state is also authorized to pay any ancillary costs including estimated real estate taxes.

(2) All documents regarding the acquisition of the property described in subsection (1) shall be approved by the attorney general.

(3) The acquisition by the state and subsequent conveyance to the state building authority shall conform to the provisions of 1964 PA 183, MCL 830.411 to 830.425.

**DEPARTMENT OF LABOR AND ECONOMIC GROWTH****FTE positions.**

Sec. 351. For fiscal year 2004-2005 there is appropriated to the public service commission, administration planning and regulation, an additional 8.0 FTE positions bringing the total number of authorized FTE positions to 154.0.

**FAMILY INDEPENDENCE AGENCY****Adrian training school; implementation of proposal; exception.**

Sec. 401. It is the intent of the legislature that the administration's proposal for the Adrian training school be implemented, except that the W.J. Maxey training school Sequoyah center shall be closed and residents at the Sequoyah center and the male residents at the Adrian training school shall be relocated to alternative public or private facilities or community settings, unless a formal solicitation of bids, in accordance with the Management and Budget Act, 1984 PA 431, from all Michigan private providers of juvenile justice residential services reveals that there is insufficient private sector capacity to comply with this section. The department shall notify the legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility.

**DEPARTMENT OF TREASURY****State sports tourism.**

Sec. 500. The unexpended funds appropriated in part 1A to the department of treasury for state sports tourism shall not lapse at the end of the fiscal year and shall be carried over into the succeeding fiscal year and made available for expenditure.

**Repeal of sections.**

Enacting section 1. The following sections are repealed:

- (a) Section 205 of Enrolled House Bill No. 5509 of the 92nd Legislature.
- (b) Section 452 of 2003 PA 237.

**Repeal of section.**

Enacting section 2. Section 719 of Enrolled House Bill No. 5516 of the 92nd Legislature is repealed.

This act is ordered to take immediate effect.

Approved September 30, 2004.

Filed with Secretary of State September 30, 2004.

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**[No. 361]**

**(HB 5528)**

AN ACT to make appropriations for the state transportation department and certain transportation purposes for the fiscal year ending September 30, 2005; to provide for the imposition of fees; to provide for reports; to create certain funds and programs; to prescribe requirements for certain railroad and bus facilities; to prescribe certain powers and duties of certain state departments and officials and local units of government; and to provide for the expenditure of the appropriations.

*The People of the State of Michigan enact:*

PART 1

LINE-ITEM APPROPRIATIONS

**Appropriations; state transportation program.**

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the state transportation department and certain state purposes designated in this act for the fiscal year ending September 30, 2005, from the funds indicated in this part. The following is a summary of the appropriations in this part:

**STATE TRANSPORTATION DEPARTMENT**

APPROPRIATION SUMMARY:

Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	3,031.3	
GROSS APPROPRIATION .....		\$ 3,284,643,600
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers ....		0
ADJUSTED GROSS APPROPRIATION .....		\$ 3,284,643,600
Federal revenues:		
DOT, federal transit act .....		59,200,000
DOT-FHWA, highway research, planning, and construction.....		1,072,401,200
DOT-FRA, local rail service assistance.....		100,000
DOT-FRA, rail passenger/HSGT .....		1,000,000
Total federal revenues.....		1,132,701,200
Special revenue funds:		
Local funds.....		5,800,000
Total local revenues .....		5,800,000
Total private revenues.....		0
Blue Water Bridge fund.....		16,208,000
Comprehensive transportation fund .....		232,526,600
Economic development fund.....		57,315,000
Intercity bus equipment fund.....		1,000,000
Local bridge fund.....		18,539,500
Michigan transportation fund .....		1,071,934,700
Rail preservation fund.....		2,000,000
State aeronautics fund.....		12,126,600
State trunkline fund .....		734,492,000
Total other state restricted revenues.....		2,146,142,400
State general fund/general purpose .....		\$ 0

**Debt service.**

**Sec. 102. DEBT SERVICE**

State trunkline .....		\$ 114,271,800
Economic development .....		16,804,800
Critical bridge .....		3,000,000
Blue Water Bridge .....		2,506,900
Airport safety and protection plan.....		1,786,600
Comprehensive transportation.....		29,380,000
GROSS APPROPRIATION .....		\$ 167,750,100

For Fiscal Year  
Ending Sept. 30,  
2005

Appropriated from:	
Federal revenues:	
DOT-FHWA, highway research, planning, and construction.....	\$ 44,000,000
Special revenue funds:	
Blue Water Bridge fund.....	2,506,900
Comprehensive transportation fund.....	28,494,000
Economic development fund.....	16,804,800
Michigan transportation fund.....	3,000,000
State aeronautics fund.....	2,672,600
State trunkline fund.....	70,271,800
State general fund/general purpose.....	\$ 0

### Interdepartment and statutory contracts.

#### Sec. 103. INTERDEPARTMENT AND STATUTORY

#### CONTRACTS

MTF grant to department of environmental quality.....	\$ 958,200
MTF grant to department of state for collection of revenue and fees...	20,000,000
MTF grant to department of treasury.....	7,838,800
MTF grant to legislative auditor general.....	204,300
STF grant to department of attorney general.....	2,672,300
STF grant to department of civil service.....	2,000,000
STF grant to department of history, arts, and libraries.....	129,600
STF grant to department of management and budget.....	1,240,800
STF grant to department of state police.....	7,226,700
STF grant to department of treasury.....	29,100
STF grant to legislative auditor general.....	474,600
SAF grant to department of attorney general.....	127,100
SAF grant to department of civil service.....	50,000
SAF grant to department of history, arts, and libraries.....	3,500
SAF grant to department of management and budget.....	34,400
SAF grant to department of treasury.....	62,500
SAF grant to legislative auditor general.....	19,600
CTF grant to attorney general.....	137,000
CTF grant to department of civil service.....	90,000
CTF grant to department of history, arts, and libraries.....	5,900
CTF grant to department of management and budget.....	60,500
CTF grant to department of treasury.....	5,300
CTF grant to legislative auditor general.....	25,200
GROSS APPROPRIATION.....	\$ 43,395,400

Appropriated from:

Special revenue funds:	
Comprehensive transportation fund.....	323,900
Michigan transportation fund.....	29,001,300
State aeronautics fund.....	297,100
State trunkline fund.....	13,773,100
State general fund/general purpose.....	\$ 0

For Fiscal Year  
Ending Sept. 30,  
2005

**Executive direction.**

**Sec. 104. EXECUTIVE DIRECTION**

Full-time equated unclassified positions .....	6.0	
Full-time equated classified positions .....	31.3	
Director .....		\$ 135,000
Chief deputy .....		110,000
Communications director .....		71,400
Governmental affairs director .....		90,000
UPTRAN director .....		60,800
Commission advisor .....		65,000
Asset management council .....		1,626,400
Commission audit		
Salaries and fringe benefits—31.3 FTE positions .....		3,122,400
Travel .....		60,000
Other operational expenses .....		68,300
Subtotal - commission audit .....		3,250,700
GROSS APPROPRIATION .....		\$ 5,409,300
Appropriated from:		
Special revenue funds:		
Michigan transportation fund .....		1,626,400
State trunkline fund .....		3,782,900
State general fund/general purpose .....		\$ 0

**Business support.**

**Sec. 105. BUSINESS SUPPORT**

Full-time equated classified positions .....	58.5	
Executive office		
Salaries and fringe benefits—9.5 FTE positions .....		\$ 932,400
Travel .....		69,300
Other operational expenses .....		116,400
Subtotal - executive office .....		1,118,100
Communications		
Salaries and fringe benefits—12.0 FTE positions .....		1,006,200
Travel .....		40,100
Other operational expenses .....		191,200
Subtotal - communications .....		1,237,500
Governmental affairs		
Salaries and fringe benefits—3.0 FTE positions .....		330,700
Travel .....		3,000
Other operational expenses .....		17,500
Subtotal - governmental affairs .....		351,200
Human resources		
Salaries and fringe benefits—25.0 FTE positions .....		2,206,300
Travel .....		25,400
Other operational expenses .....		216,000
Subtotal - human resources .....		2,447,700
Economic development and enhancement programs		
Salaries and fringe benefits—9.0 FTE positions .....		771,100
Travel .....		24,600
Other operational expenses .....		71,800