

Act No. 523
Public Acts of 2002
Approved by the Governor
July 25, 2002
Filed with the Secretary of State
July 25, 2002
EFFECTIVE DATE: July 25, 2002

**STATE OF MICHIGAN
91ST LEGISLATURE
REGULAR SESSION OF 2002**

**Introduced by Reps. Shulman, Mead, Stewart, Shackleton, Kooiman, Stamas, Vander Roest, Newell,
LaSata, Pumford, Pappageorge, Cameron Brown, Mortimer, Toy, Caul, Jelinek and Jansen**

ENROLLED HOUSE BILL No. 5647

AN ACT to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2003; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

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

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	241.5	
GROSS APPROPRIATION		\$ 59,586,200
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION		\$ 59,586,200
Federal revenues:		
Total federal revenues		8,111,300
Special revenue funds:		
Total local revenues		0
Total private revenues		577,400
Total other state restricted revenues		1,900,900
State general fund/general purpose		\$ 48,996,600

Sec. 102. DEPARTMENT OPERATIONS

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	26.0	
Unclassified salaries—6.0 FTE positions		\$ 219,400
Management services—25.0 FTE positions		2,103,600
Building occupancy charges and rent		2,739,300

		For Fiscal Year Ending Sept. 30, 2003
Worker's compensation.....	\$	34,000
Office of film and television services—1.0 FTE position		143,500
GROSS APPROPRIATION	\$	5,239,800
Appropriated from:		
State general fund/general purpose	\$	5,239,800
Sec. 103. INFORMATION TECHNOLOGY		
Information technology services and projects.....	\$	1,166,100
GROSS APPROPRIATION	\$	1,166,100
Appropriated from:		
State general fund/general purpose	\$	1,166,100
Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS		
Full-time equated classified positions.....	10.0	
Administration—10.0 FTE positions	\$	839,100
Arts and cultural grants.....		11,642,600
GROSS APPROPRIATION	\$	12,481,700
Appropriated from:		
Federal revenues:		
NFAH-NEA, promotion of the arts, partnership agreements		700,000
State general fund/general purpose	\$	11,781,700
Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION		
Full-time equated classified positions.....	47.8	
Mackinac Island park operation—22.8 FTE positions	\$	1,541,300
Historical facilities system—25.0 FTE positions		1,409,500
GROSS APPROPRIATION	\$	2,950,800
Appropriated from:		
Special revenue funds:		
Airport and park operation fees		76,400
Mackinac Island state park fund.....		1,037,600
State general fund/general purpose	\$	1,836,800
Sec. 106. MICHIGAN HISTORICAL PROGRAM		
Full-time equated classified positions.....	78.7	
Federal programs—14.9 FTE positions	\$	1,853,900
Heritage publications		700,000
Historical administration and services—63.8 FTE positions		4,940,800
Private grants and gifts		502,400
Thunder Bay national marine sanctuary and underwater preserve		250,000
GROSS APPROPRIATION	\$	8,247,100
Appropriated from:		
Federal revenues:		
DOI-NPS, historic preservation grants-in-aid		1,348,000
Federal funds		505,900
Special revenue funds:		
Heritage publication fund		700,000
Private - grants and gifts		400,000
Private - Mann house trust fund		102,400
State general fund/general purpose	\$	5,190,800

Sec. 107. LIBRARY OF MICHIGAN

Full-time equated classified positions.....	79.0	
Book distribution centers	\$	308,400
Collected gifts and fees.....		161,900
Grand Rapids public library		199,200
Grant to the Detroit public library		2,877,100
Library of Michigan operations—79.0 FTE positions.....		7,577,900
Library services and technology act.....		4,557,400
Renaissance zone reimbursement.....		657,100
State aid to libraries		13,327,000
Subregional state aid		561,200
Wayne County library for the blind and physically handicapped		46,600
GROSS APPROPRIATION.....	\$	30,273,800
Appropriated from:		
Federal revenues:		
Federal section 903(d), SSA funds		1,000,000
Library services and technology act		4,557,400
Special revenue funds:		
Private - gifts and bequests revenues		75,000
User fees		86,900
State general fund/general purpose	\$	24,554,500

Sec. 108. EARLY RETIREMENT AND BUDGETARY SAVINGS

Early retirement savings	\$	(146,300)
Budgetary savings.....		(626,800)
GROSS APPROPRIATION.....	\$	(773,100)
Appropriated from:		
State general fund/general purpose	\$	(773,100)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2002-2003 is \$50,897,500.00 and state spending from state resources to be paid to local units of government for fiscal year 2002-2003 is \$24,168,200.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

Arts and cultural grants.....	\$	7,500,000
State aid to libraries		13,327,000
Detroit public library		1,941,900
Grand Rapids public library		134,400
Subregional state aid		561,200
Wayne County library for the blind and physically handicapped		46,600
Renaissance zone reimbursement.....		657,100
Total department of history, arts, and libraries	\$	24,168,200

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.

Sec. 203. As used in this appropriation act:

- (a) "Department" means the department of history, arts, and libraries.
- (b) "Director" means the director of the department of history, arts, and libraries.
- (c) "DOI-NPS" means the United States department of interior, national park service.
- (d) "Fiscal agencies" means the house fiscal agency and the senate fiscal agency.

- (e) "FTE" means full-time equated.
- (f) "NEA" means the national endowment for the arts.
- (g) "NFAH" means the national foundation of the arts and the humanities.
- (h) "Subcommittees" means all members of the appropriate subcommittees of the house and senate appropriations committees.

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

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause 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 a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

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

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

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

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$750,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 207. At least 60 days before beginning any effort to privatize, the department shall submit a complete project plan to the subcommittees and the fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. The evaluation shall be completed and submitted to the fiscal agencies and to the subcommittees within 30 months.

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

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

Sec. 210. The director 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. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. The department shall establish and maintain affirmative action programs based on guidelines developed by the state equal opportunity workforce planning council which was created by Executive Order No. 1996-13 in order to receive general fund/general purpose dollars.

Sec. 212. In addition to the funds appropriated in part 1, the department may accept contributions, gifts, bequests, devises, user fees, grants, and donations. Funds accepted by the department are appropriated and allotted when received and may be expended immediately upon receipt or at any later time. Those funds that are not expended in the current fiscal year shall not lapse at the close of the fiscal year and may be carried over by the department for expenditure in the following fiscal years.

Sec. 213. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology related services and projects. These user fees are subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 214. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 215. The department shall maintain an accounting structure within MAIN to track expenditures and revenues of that portion of the library of Michigan-operations line item that are for the purposes of the line item included within 2001 PA 83 entitled "statewide database access".

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

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

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

Sec. 262. (1) Subject to subsection (2), in addition to the amounts appropriated under part 1, for the fiscal year ending September 30, 2003, \$11,900,000.00 is appropriated to the arts and cultural grants from the state general fund.

(2) The appropriations in subsection (1) shall become effective only if the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 30 cents or more per pack of cigarettes on or before September 30, 2002.

DEPARTMENT OPERATIONS

Sec. 301. (1) The funds appropriated in part 1 may be used for per diem payments to the members of commissions, boards, or committees for a full day of commission, board, or committee work at which a quorum is present, for attending a hearing as authorized by the respective commission, board, or committee, or for performing official business as authorized by each respective commission, board, or committee.

(2) The per diem payments shall be \$50.00 per day for all commissions and boards.

MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

Sec. 401. (1) The Michigan council for arts and cultural affairs in the department shall administer the arts and cultural grants appropriated in part 1. The council shall provide for fair and independent decisions on arts and cultural grant requests based upon published criteria to evaluate program quality. These criteria shall include a prohibition of art projects that include displays of human wastes on religious symbols, displays of sex acts, and depictions of flag desecration. The council shall seek to award grants on an equitable geographic basis to the extent possible given the quality of grant applications received. Priority shall be given to projects that serve multiple counties and that leverage significant additional public and private investment. Counties, cities, villages, townships, community foundations, and organizations, including science museums/centers, may apply for the following categories of grants:

(a) Anchor organization program for organizations that serve a statewide audience. Anchor organizations shall demonstrate a commitment to education, to mentoring smaller organizations, and to reaching underserved audiences.

(b) Arts projects program.

(c) Arts and learning program.

(d) Artists in schools program.

(e) Arts organization development program.

(f) Capital improvement projects.

(g) Local, regional, or statewide arts agencies services program.

(h) Regional regrants program.

(i) Partnership program.

(j) Discretionary grants program.

(k) Rural arts and cultural projects.

(2) Potential applicants, including anchor organizations, that are considered ineligible to apply for grants and applicants that are unsuccessful in obtaining a grant shall be provided by the council with the following:

(a) A written rationale as to why the potential applicant was considered ineligible or why the applicant's grant was not funded.

(b) A description of actions the potential applicant or applicant needs to take in order to become eligible or to receive funding in future years.

(3) The appropriation for arts and cultural grants in part 1 and disbursed under this section shall, at a minimum, be matched on an equal dollar-for-dollar basis from local and private contributions paid and received by each awardee receiving grants under this section. The dollar-for-dollar match may include the reasonable value of services, materials, and equipment as allowed under the federal internal revenue code for charitable contributions subject also to the preapproval of such a match by the Michigan council for arts and cultural affairs. The council shall receive proof of the entire amount of the matching funds, services, materials, or equipment by the end of the award period.

(4) Before any amount appropriated for arts and cultural grants in part 1 may be expended for a grant to eligible applicants for the purposes in this section, the department shall execute a grant agreement with each grantee. The grant agreement shall specify the criteria included in this section with which the application complies. The grant agreement shall include a list of the projects funded.

(5) Counties, cities, villages, townships, community foundations, and organizations receiving funds under this section shall provide the Michigan council for arts and cultural affairs with the following:

(a) A final report covering the grant period within 30 days after the end of the grant period indicating at least the following:

(i) Project revenues and expenditures indicating grant matching fund amounts.

(ii) Number of patrons attracted or benefiting during the grant period.

(iii) A narrative summary of each project and its outcome.

(b) Awardees receiving grants greater than \$100,000.00 shall also submit a report as identified in subdivision (a) on an interim basis by April 7 of the grant year.

(6) Within 1 day following the final council vote, the department shall provide a list of grant awardees to the subcommittees and each legislator whose district is receiving a grant from arts and cultural grants funds appropriated in part 1.

(7) The applicants for arts and cultural grants funds shall be charged a nonrefundable application fee of \$100.00 or 1% of the grant, whichever is less. The application fee may be used by the department to recover direct and indirect costs as appropriated in part 1.

(8) It is the intent of the legislature that the Michigan council for arts and cultural affairs continue to take appropriate steps to ensure that all organizations receiving state arts anchor organization grants have combined grant awards, as defined in subsection (10), of no more than 15.0% of operating revenue for the fiscal year ending September 30, 2005 and beyond. As used in this subsection, "operating revenue" is defined in the same manner as it was defined during the fiscal year 2000 state arts anchor organization application process.

(9) The council shall continue and expand its efforts to encourage and support nonprofit arts and cultural organizations transitioning from solely volunteer-based organizations to professional directed operations. This includes the provision of funds and services from the arts organization development, partnership, arts projects, anchor organization, and regional regranteeing programs as well as the rural arts and culture initiative to support professional development within these organizations. Criteria for support include the requirement of collaboration between these organizations and other community organizations.

(10) Any organizations receiving grants within the anchor organization program category in excess of 10.0% of their operating revenue, as defined in subsection (8), for the fiscal year ending September 30, 2002, shall not receive a combined grant award from all grant categories, except the partnership program, that is greater than the combined grant award from these categories that the organization received for the fiscal year ending September 30, 2002.

(11) The council shall provide for fair, equitable, and efficient distribution of funds granted through the regional regranteeing program. The council shall provide for an annual assessment of grant management and distribution of mini-grant awards by designated regional regranteeing agencies and review the methodology employed.

(12) The council shall make every effort to provide total grant awards in the anchor organization program at a level not to exceed 65% of the total amount appropriated for arts and cultural grants.

(13) The department shall submit 2 annual reports to the appropriations subcommittees, the state budget office, and the fiscal agencies as follows:

(a) The first report is due 30 days after the council makes the annual grant awards. The report shall contain the following:

(i) A listing of each applicant.

- (ii) The county of residence of an applicant.
- (iii) The amount awarded.
- (iv) The amount requested.
- (v) The grant category under which an applicant applied.
- (vi) A summary of projects funded for each awardee.
- (vii) The expected number of patrons for an applicant during the grant period.
- (viii) The amount of matching funds proposed by an applicant.
- (ix) The review score for each application.
- (x) A listing containing the information in subparagraphs (i) to (iii) for any regranted funds in the preceding fiscal year.
- (b) The second report is due when materials are first distributed by the council seeking grant applications for the subsequent fiscal year. The report shall contain the following:
 - (i) The guidelines by which the council awards grants.
 - (ii) A summary of any changes in the program guidelines from the previous fiscal year.
 - (iii) A summary of any initiatives the council is taking to improve public access to the arts and culture, including, but not limited to, the use of technology applications.

MICHIGAN HISTORICAL PROGRAM

Sec. 501. The federal funds appropriated in part 1 for the historic site preservation grants are for work projects and shall not lapse at the end of the fiscal year but shall continue to be available for expenditure until the projects for which the funds were reserved have been completed or are terminated. The purpose of these work projects is the identification, designation, and preservation of historic resources. The method used will be to solicit applications from eligible recipients, score applications based upon established criteria, and award the contracts and subgrants. The total cost is \$1,348,000.00 and the tentative completion date is September 30, 2003.

Sec. 502. Funds collected by the department under sections 3, 6, 7, and 7a of 1913 PA 271, MCL 399.3, 399.6, 399.7, and 399.7a, are appropriated to the department for the purpose for which they were received and shall not lapse to the general fund at the end of the fiscal year.

Sec. 503. For purposes of administering the museum store as provided in section 7a of 1913 PA 271, MCL 399.7a, the department is exempt from section 261 of the management and budget act, 1984 PA 431, MCL 18.1261.

Sec. 504. (1) From the state funds appropriated in part 1, the department may award discretionary historical grants to preserve Michigan lighthouses. The department may award up to \$152,700.00 in grants for this purpose and may use a portion of those funds to assist in the transfer of lighthouses from federal ownership. A portion of the funds may also be dedicated to program administration and project coordination.

(2) The department shall allocate grant funds under this section pursuant to eligibility and scoring requirements established by the department. The method used will be to solicit applications from eligible recipients, score applications based on the established criteria, and award grants through executed contracts.

(3) Grants under this section may be awarded for purposes of stabilization, rehabilitation, or other preservation work on a Michigan lighthouse, but shall not be awarded for operational purposes. The department shall not allocate a grant under this section that exceeds \$40,000.00.

(4) The funds appropriated in part 1 and allocated by this section are for work projects. The funds shall not lapse to the general fund at the end of the fiscal year but shall remain available in subsequent fiscal years, until funds have been expended, the projects for which the funds were reserved have been completed, or the projects are terminated, whichever occurs first. The tentative date for completion is September 30, 2004.

Sec. 505. From the funds appropriated in part 1 for historical administration and services, \$71,200.00 shall be allocated to support the operations of the Michigan freedom trail commission as specified in section 4 of the Michigan freedom trail commission act, 1998 PA 409, MCL 399.84. These funds shall be used to reimburse commission members, to pay for necessary contractual services of the commission, and to hire not more than 1.0 FTE position in the department's Michigan historical center to support commission operations.

Sec. 506. (1) In addition to the funds appropriated in part 1, the department shall collect an application fee of \$250.00 for each application submitted under section 1 of 1955 PA 10, MCL 399.151, for property designated as a state historic site.

(2) The department shall deposit the fees collected under subsection (1) in a separate revolving fund. Any revenue remaining in the fund at the end of the fiscal year shall not lapse to the general fund but shall remain available for future expenditures. The department may expend any revenues in the fund immediately upon receipt. Expenditures shall be made only for the purpose of correcting, repairing, or replacing numbered markers erected pursuant to section 2 of 1955 PA 10, MCL 399.152.

LIBRARY OF MICHIGAN

Sec. 651. The funds appropriated in part 1 to the library of Michigan for subregional state aid shall only be expended if the local unit of government agrees to maintain local support at the same level of local support expended for subregional library services in the local unit of government's immediately preceding fiscal year. A reduction in local expenditures that equally affects all agencies within a local unit of government shall not be interpreted as a replacement of local financial or in-kind support with state aid funds.

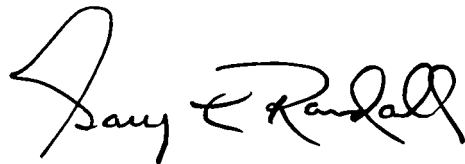
Sec. 652. The funds appropriated in part 1 for a subregional library shall not be released until a budget for that subregional library has been approved by the department for expenditures for library services directly serving the blind and persons with disabilities. Subregional state aid shall be used only for providing services to the blind and to persons with disabilities.

Sec. 653. The funds appropriated in part 1 for statewide database access shall be used only for making computerized databases, searches of those databases, and the products of those searches available through the libraries of Michigan. Only those libraries that qualify under the federal library services and technology act, subtitle B of title II of the museum and library services act, title II of the arts, humanities, and cultural affairs act of 1976, Public Law 94-462, 110 Stat. 3009-295, are eligible to participate in this project.

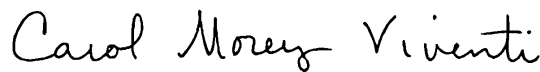
Sec. 654. From the state general fund/general purpose appropriation in part 1, there is allocated \$657,100.00 to reimburse public libraries as provided by section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for property taxes levied in 2002. Reimbursements shall be made in amounts to each eligible recipient not later than 60 days after the department of treasury certifies to the department that it has received all necessary information to properly determine the amounts due each eligible recipient under section 12(4) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692. Any excess allocations shall lapse to the general fund.

Sec. 655. The department shall submit a report on or before October 31, 2003, to the senate and house standing committees on appropriations that details the use of funds appropriated in part 1 within the Grand Rapids public library appropriation line and the grant to the Detroit public library appropriation line.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved _____

Governor.