

Act No. 109
Public Acts of 2024
Approved by the Governor
July 23, 2024
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July 23, 2024
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**STATE OF MICHIGAN
102ND LEGISLATURE
REGULAR SESSION OF 2024**

Introduced by Senator Anthony

ENROLLED SENATE BILL No. 555

AN ACT to amend 2008 PA 549, entitled “An act to authorize the creation of promise zones; to authorize the creation of promise zone authorities and the implementation of promise zone development plans; to prescribe the powers and duties of promise zone authorities; to provide for the capture and disbursement of certain tax revenue; and to prescribe powers and duties of certain state and local officials,” by amending sections 5, 7, and 11 (MCL 390.1665, 390.1667, and 390.1671), as amended by 2016 PA 9.

The People of the State of Michigan enact:

Sec. 5. (1) If a governing body, by resolution, establishes a promise zone under section 4(5), the governing body shall, by resolution, create a promise zone authority.

(2) An authority is a public body corporate that may sue and be sued in any court of this state. An authority possesses all the powers necessary to carry out its purpose. The enumeration of a power in this act must not be construed as a limitation on the general powers of an authority.

(3) An authority shall be under the supervision and control of a board. All of the following apply to the board of an authority:

(a) The board consists of 11 members, as follows:

(i) Nine locally appointed members. The chief executive officer of the eligible entity, with the advice and consent of the governing body, shall appoint the 9 initial locally appointed members of the board described in this subparagraph. If a vacancy occurs in an office of a locally appointed member appointed under this subparagraph, the board shall appoint a new member to fill that vacancy. As used in this subparagraph, for a local school district or an intermediate school district, “chief executive officer” means the superintendent of that local school district or intermediate school district.

- (ii) Subject to subsection (4), 1 member appointed by the senate majority leader.
 - (iii) Subject to subsection (4), 1 member appointed by the speaker of the house of representatives.
 - (b) Not more than 3 members of the board may be government officials.
 - (c) One member of the board must be a representative of the public school community.
 - (d) The term of office of a member of the board is 4 years. However, of the members first appointed, an equal number of the members, as near as is practicable, must be appointed for 1 year, 2 years, 3 years, and 4 years.
 - (e) A member of the board shall hold office until the member's successor is appointed.
 - (f) Members of the board shall serve without compensation, but may be reimbursed for actual and necessary expenses.
 - (g) The board shall elect the chairperson of the board.
- (4) Both of the following apply to any individual appointed to the board under subsection (3)(a)(ii) or (iii) on or after the effective date of the amendatory act that added this subsection:
- (a) To be eligible for the appointment, the individual must reside in the promise zone or within reasonable proximity of it.
 - (b) To continue serving as a member of the board, the individual must continue to reside in the promise zone or within reasonable proximity of it. For purposes of this subdivision and subdivision (a), an individual resides within reasonable proximity of a promise zone if the individual resides within a county contiguous to the promise zone.
- (5) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.
- (6) The proceedings and rules of the board are subject to the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board shall adopt rules governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held if called in the manner provided in the rules of the board.
- (7) After having been given notice and an opportunity to be heard, a member of the board may be removed for cause by the governing body.
- (8) A writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

Sec. 7. (1) A promise zone authority created under section 5 shall prepare a promise zone development plan.

(2) A promise zone development plan must include, but is not limited to, all of the following:

- (a) A complete description of the proposed promise of financial assistance. The proposed promise of financial assistance must include, but is not limited to, a promise of financial assistance to all eligible students residing within the promise zone and who graduate from a public high school or nonpublic high school located within that promise zone, in an amount established by the board to reflect the amount available for disbursement to eligible students and included in the annual budget under section 15. The amount of the proposed promise of financial assistance must, at a minimum, equal or exceed the amount the board determines is sufficient to pay for the qualified educational expenses for an eligible student to obtain an associate degree at a community or junior college in this state, and must not exceed the amount the board determines is sufficient to pay for the qualified educational expenses for an eligible student to obtain a bachelor's degree or its equivalent at a public postsecondary institution in this state or combination of public postsecondary institutions in this state, subject to any limitations authorized under this section. The proposed promise of financial assistance may also, at most, provide funding for an eligible student to attend a private college in this state in an amount that does not exceed the average amount of qualified educational expenses to obtain a bachelor's degree at all public universities in this state. The proposed promise of financial assistance may also authorize the expenditure of funds for educational improvement activities designed to increase student readiness for postsecondary education at public schools located in the promise zone or success programming designed to increase student degree or certificate attainment at postsecondary partner institutions and their entry into the workforce.
- (b) A complete description of any limitation on the promise of financial assistance, including, but not limited to, any of the following:
 - (i) If the promise of financial assistance will be prorated based on the number of years the student has resided within the promise zone.
 - (ii) If the promise of financial assistance will be restricted to students who have resided within or attended a public high school or nonpublic high school within the promise zone for a minimum number of years.

(iii) If the promise of financial assistance is predicated on the student maintaining a minimum college grade point average and carrying a minimum college credit hour classload.

(iv) If the promise of financial assistance is restricted to attendance at 1 or more public or private postsecondary institutions in this state.

(v) If the promise of financial assistance is limited to students whose cumulative high school grade point average exceeds a specified minimum. However, a board may revise, establish, or eliminate a high school grade point average requirement for students after it submits a promise zone development plan to the department of treasury and is not required to amend the plan or obtain approval from the department of treasury for that change.

(vi) If the promise of financial assistance is limited to students who comply with requirements established by the board in order to improve student progress toward degree completion.

(vii) If the promise of financial assistance in a promise zone that encompasses more than 2 school districts is limited to students who reside in and graduate from high schools located within the boundaries of fewer than all of its constituent school districts.

(c) A requirement that graduates of a public high school or nonpublic high school exhaust all other known and available restricted grants for qualified educational expenses for postsecondary education provided by a federal, state, or local governmental entity, as determined by the board.

(d) How the funds necessary to accomplish the promise of financial assistance will be raised. Any amount received under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896, must not be included as a method of raising the necessary funds. The promise zone development plan must be financed from 1 or more of the following sources:

(i) Donations.

(ii) Revenues.

(iii) Money obtained from other sources approved by the governing body or otherwise authorized by law.

(e) An actuarial model of how much the proposed plan is estimated to cost, based on actuarial formulas developed by the department of treasury.

(f) A complete description of the criteria and procedures by which the performance of students receiving financial assistance pursuant to the proposed plan will be assessed and reported. This assessment and reporting methodology must include, but is not limited to, the submission of a written report by no later than October 31 of each year to the department of treasury. This annual report must include the following information, which may be obtained, in whole or in part, from any reliable source that complies with applicable laws regarding student privacy:

(i) The number of students who received financial assistance pursuant to the authority's approved promise zone development plan during the prior academic year.

(ii) Of those students accounted for under subparagraph (i), the number who successfully completed the following:

(A) A certificate or associate program.

(B) A bachelor's program.

(iii) Of those students accounted for under subparagraph (i), the number who withdrew from classes during the prior academic year.

(iv) Of those students accounted for under subparagraph (i) who initially reached successful completion of more than the equivalent of 23 semester credits during the prior academic year, the average time to successfully complete the equivalent of 24 semester credits.

(v) The 6-year graduation rate for recipients of financial assistance pursuant to the authority's approved promise zone development plan.

(3) The proposed promise of financial assistance under subsection (2) must not include funding for attendance at a public or private postsecondary institution not located in this state.

(4) The board shall submit the promise zone development plan to the department of treasury within 5 years after the eligibility to establish the promise zone was certified by the department of treasury under section 4(4). If a promise zone development plan is not submitted within this time frame, the department of treasury may dissolve the promise zone. The promise zone development plan must be published on the website of the eligible entity that established the promise zone.

(5) The department of treasury shall review the promise zone development plan submitted under subsection (4). Not more than 60 days after receipt of a promise zone development plan submitted under subsection (4), the department of treasury shall either approve the promise zone development plan or provide a written notice of deficiencies. If the department of treasury does not approve a promise zone development plan

submitted under subsection (4) or provide a written notice of deficiencies within 60 days, the promise zone development plan must be considered approved. If a promise zone development plan is approved, the department of treasury shall certify that the promise zone development plan meets all requirements under this act and is sustainable.

(6) The department of treasury shall review any proposed amendments to a promise zone development plan. Not more than 60 days after receipt of proposed amendments to a promise zone development plan, the department of treasury shall either approve the proposed amendments or provide a written notice of deficiencies. If the department of treasury does not approve proposed amendments or provide a written notice of deficiencies within 60 days, the proposed amendments must be considered approved. If proposed amendments are approved, the department of treasury shall certify that the amendments meet all requirements under this act.

(7) A promise zone development plan approved under this act before February 16, 2016 must be amended as necessary to meet the assessment and reporting requirements described in subsection (2)(f). The amendment must include a first annual reporting deadline not later than October 31, 2017. The board shall submit the amendment to the department of treasury within 60 days after February 16, 2016 and the amendment is subject to the review process set forth in subsection (6).

Sec. 11. (1) The board may employ a director. All of the following apply to a director employed by a board under this subsection:

- (a) The board shall establish the director's compensation.
- (b) The director serves at the pleasure of the board.
- (c) A member of the board is not eligible to hold the position of director.

(d) Before beginning the duties of office, the director shall take and subscribe to the constitutional oath and furnish a bond in an amount determined in the resolution establishing the authority, payable to the authority for use and benefit of the authority, approved by the board, and filed with the clerk of the eligible entity. The premium on the bond must be considered an operating expense of the authority, payable from money available to the authority for expenses of operation.

- (e) The director is the chief executive officer of the authority.

(2) Subject to the approval of the board, the director shall supervise and is responsible for implementing the promise zone development plan and the performance of the functions of the authority in the manner authorized under this act. The director shall attend the meetings of the board and shall provide to the board, the governing body, and the chief executive officer of the eligible entity a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before beginning the duties of office, the acting director shall take and subscribe to the oath, and furnish a bond, as required of the director under subsection (1)(d). The director shall furnish the board with any information or reports governing the operation of the authority that the board requires.

(3) The board may employ and fix the compensation of a treasurer, who shall keep the financial records of the authority and who, together with the director, shall approve all vouchers for the expenditure of money of the authority. The treasurer shall perform all duties delegated to the treasurer by the board and shall furnish a bond in an amount prescribed by the board.

(4) The board may employ and fix the compensation of a secretary, who shall maintain custody of the official seal and of records, books, documents, or other papers the treasurer is not required to maintain. The secretary shall attend meetings of the board and keep a record of its proceedings and shall perform other duties delegated by the board.

- (5) The board may retain legal counsel to advise the board in the proper performance of its duties.

- (6) The board may employ any other personnel that the board considers necessary.

(7) The authority shall immediately deposit any money it receives to the credit of the authority, subject to disbursement under this act.

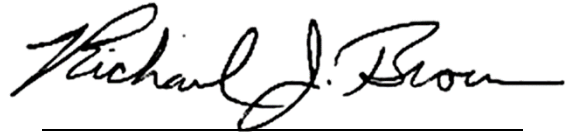
(8) Beginning in the first fiscal year in which it receives revenue from the state from the capture of state education tax revenue under section 17, the authority may use not more than 15% of the amount of that revenue to pay for administrative costs. As used in this subsection, "administrative costs" does not include the cost of personnel who provide services to students or any expenditure of funds for implementing and carrying out educational improvement activities or success programming for students as described in section 7(2)(a).

(9) Within 120 days after the end of each fiscal year, the board shall submit audited financial statements of the authority for that fiscal year to the department of education. The board shall include with the financial statements a certification by the board that the board and authority are in compliance with this act and with the authority's approved promise zone development plan.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved _____

Governor