RURAL DEVELOPMENT FUND ACT
Act 411 of 2012

AN ACT to establish certain programs that promote the sustainability of land-based industries and support infrastructure that benefits rural communities; to establish a fund and provide for its use; and to prescribe the powers and duties of certain state agencies and officials.

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

The People of the State of Michigan enact:

286.941 Short title.

Sec. 1. This act shall be known and may be cited as the "rural development fund act".

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

286.942 Definitions.

Sec. 2. As used in this act:

(a) "Board" means the rural development fund board established in section 3.

(b) "Commission" means the commission of agriculture and rural development.

(c) "Department" means the department of agriculture and rural development.

(d) "Director" means the director of the department.

(e) "Fund" means the rural development fund created in section 5.

(f) "Land-based industries" means food and agriculture, forestry, mining, oil and gas production, and tourism.

(g) "Local unit of government" means a county, city, township, village, school district, or any authority composed of counties, cities, townships, villages, or school districts, or any combination of these entities.

(h) "Telecommunication facilities" means either or both of the following:

(*i*) Telecommunication facilities as defined in section 2 of the metropolitan extension telecommunications rights-of-way oversight act, 2002 PA 48, MCL 484.3102.

(*ii*) Facilities used by a video service provider as defined in section 1 of the uniform video services local franchise act, 2006 PA 480, MCL 484.3301.

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

286.943 Rural development fund board; creation; qualifications; appointment; terms; compensation; oath of office; election of chairperson and officers; personnel; quorum; compliance with open meetings act; removal of member; duties.

Sec. 3. (1) The rural development fund board is created within the department.

(2) The board shall be composed of 5 members as follows:

(a) The director, or his or her designee from within the department, who shall provide the board with input and expertise relating to this state's food and agriculture sector and economic development.

(b) Four individuals appointed by the governor with the advice and consent of the senate who have knowledge, skill, or experience in land-based industries or fields of economic development or infrastructure. In making the appointments under this subdivision, the governor shall comply with all of the following:

(*i*) Two of the members shall be residents of the Upper Peninsula and 2 of the members shall be residents of the Lower Peninsula.

(*ii*) Not more than 2 of the members shall be members of the same political party.

(*iii*) At least 1 of the members shall be a resident of the area where funds are generated under section 5(2)(c).

(3) The members appointed under subsection (2)(b) shall serve for terms of 4 years. Of members first appointed, 1 shall be appointed for an initial term of 1 year, 1 shall be appointed for an initial term of 2 years, and 2 shall be appointed for an initial term of 3 years. Members shall serve until a successor is appointed. A vacancy shall be filled for the balance of the unexpired term in the same manner as the original appointment.

(4) A member of the board shall not receive compensation for his or her services. However, a board member is entitled to reimbursement for all expenses necessarily incurred in the performance of his or her duties.

(5) The members of the board shall qualify by taking and filing the oath of office.

(6) The board shall annually elect 1 of the members of the board as chairperson of the board and other officers as considered necessary by the board.

(7) The department shall provide the board with personnel sufficient to perform the board's powers, duties,

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and functions under law.

(8) A majority of the board members shall be required to constitute a quorum. The business which the board may perform shall be conducted at a meeting of the board held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by that act.

(9) A member of the board appointed under subsection (2)(b) may be removed by the governor for inefficiency, neglect of duty, or malfeasance in office.

(10) The board shall carry out responsibilities as provided in this act and as otherwise provided by law.

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

286.944 Board members as public servants and public officers; discharge of duties in nonpartisan manner; conflict of interest; noncompliance with subsection (4).

Sec. 4. (1) Notwithstanding section 3(1) of 1968 PA 317, MCL 15.323, members of the board are considered public servants subject to 1968 PA 317, MCL 15.321 to 15.330, and public officers subject to 1973 PA 196, MCL 15.341 to 15.348. A member of the board shall discharge the duties of the position in a nonpartisan manner, in good faith, in the best interests of this state, and with the degree of diligence, care, and skill that a fiduciary would exercise under similar circumstances in a like position.

(2) A member of the board shall not make or participate in making or in any way attempt to use his or her position as a member of the board to influence a matter before the board regarding a grant, loan, loan guarantee, or other expenditure under this act to his or her employer.

(3) A member, employee, or agent of the board shall not engage in any conduct that constitutes a conflict of interest and shall immediately advise the board in writing of the details of any incident or circumstances that may present the existence of a conflict of interest with respect to the performance of the board-related work or duty of the member or agent of the board.

(4) A member of the board who has a conflict of interest related to any matter before the board shall disclose the conflict of interest before the board takes any action with respect to the matter, which disclosure shall become a part of the record of the board's official proceedings. The member with the conflict of interest shall refrain from doing all of the following with respect to the matter that is the basis of the conflict of interest:

(a) Voting in the board's proceedings related to the matter.

(b) Participating in the board's discussion of and deliberation on the matter.

(c) Being present at the meeting when the discussion, deliberation, and voting on the matter take place.

(d) Discussing the matter with any other board member.

(5) Failure of a member to comply with subsection (4) constitutes malfeasance in office subject to removal under section 3(9).

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

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286.945 Rural development fund.

Sec. 5. (1) The rural development fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the fund, including, but not limited to, all of the following:

(a) State or federal appropriations, transfers, or grants.

(b) Gifts, bequests, or donations.

(c) Funds generated under the nonferrous metallic minerals extraction severance tax act.

(3) The state treasurer shall direct the investment of the fund. The state treasurer shall have the same authority to invest the assets of the fund as is granted to an investment fiduciary under the public employee retirement system investment act, 1965 PA 314, MCL 38.1132 to 38.1140m. The state treasurer shall comply with the divestment from terror act, 2008 PA 234, MCL 129.291 to 129.301, in making investments under this act. The state treasurer shall credit to the fund interest and earnings from fund investments.

(4) Money in the fund at the close of the fiscal year shall remain in the fund and shall not lapse to the general fund.

(5) The department shall be the administrator of the fund for auditing purposes.

(6) The department shall annually compile a report containing an accounting of revenues and expenditures from the fund prepared by the state treasurer. The report shall identify the interest and earnings of the fund from the previous year, the investment performance of the fund during the previous year, and the total amount of appropriations from the fund during the previous year. The report shall also include a status report for projects funded under this act and the criteria used by the department for the allocation of funds. The report shall be provided to the senate and house of representatives appropriations committees and the standing

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committees of the senate and house of representatives with jurisdiction over issues pertaining to agriculture and rural development.

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

286.946 Evaluation of project proposals; criteria; review and update; posting on department's website and printed materials.

Sec. 6. (1) The board shall develop criteria for evaluating project proposals for funding with money from the fund. The criteria shall include both of the following:

(a) A preference for projects in the region in which revenues are generated as described in section 5(2)(c).

(b) Support for projects that address the expansion and sustainability of land-based industries, worker training related to land-based industries, and energy, transportation, communications, water, and wastewater infrastructures to benefit rural communities and micropolitan statistical areas described in the 2010 standards for delineating metropolitan and micropolitan statistical areas of the United States office of management and budget, 75 FR 123, p 37246 (June 28, 2010).

(2) The board shall annually review the criteria developed under subsection (1) and update the criteria as the board considers necessary.

(3) The criteria developed under this section, as updated under subsection (2), shall be posted on the department's website and on printed materials in advance of any request for funding proposals.

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

286.947 Expenditures; requests for project proposals; determinations; prohibited expenditures; matching funds.

Sec. 7. (1) Money in the fund shall be expended, upon legislative appropriation, for all of the following:

(a) Grants, loans, and loan guarantees to fund projects identified under subsection (3).

(b) Administrative expenses of the department in implementing this act.

(c) Not more than $250,000.00 of the revenue received during each state fiscal year may be transferred to the nonferrous metallic mineral surveillance fund created in section 63217 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.63217.

(2) The department shall solicit requests for project proposals to be funded with money from the fund from individuals, organizations, businesses, local units of government, federally recognized tribes, and educational institutions.

(3) The department, with the advice of the board, shall determine which projects should be funded with money from the fund, based on the criteria established by the board under section 6. However, money from the fund shall not be expended for any of the following:

(a) Projects that include telecommunication facilities owned or operated by an educational institution or an affiliate, a local unit of government, or any other governmental entity.

(b) The construction of telecommunication facilities or wireless telecommunication facilities in areas where broadband service of at least 3 mbps downstream and 768 kbps upstream is available.

(4) Grants from the fund may be used to provide matching funds for other available grants, as allowed by law.

History: 2012, Act 411, Imd. Eff. Dec. 20, 2012.

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