to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 1311 and 1311a (MCL 380.1311 and 380.1311a), section 1311 as amended by 1999 PA 23 and section 1311a as amended by 2000 PA 230.

The People of the State of Michigan enact:

380.1311 Suspension or expulsion of pupils.

Sec. 1311. (1) Subject to subsection (2), the school board, or the school district superintendent, a school building principal, or another school district official if designated by the school board, may authorize or order the suspension or expulsion from school of a pupil guilty of gross misdemeanor or persistent disobedience if, in the judgment of the school board or its designee, as applicable, the interest of the school is served by the authorization or order. If there is reasonable cause to believe that the pupil is eligible for special education programs and services, and the school district has not evaluated the pupil in accordance with rules of the state board to determine if the student is eligible for special education programs and services, the pupil shall be evaluated immediately by the intermediate school district of which the school district is constituent in accordance with section 1711.

(2) If a pupil possesses in a weapon free school zone a weapon that constitutes a dangerous weapon, commits arson in a school building or on school grounds, or commits criminal sexual conduct in a school building or on school grounds, the school board, or the designee of the school board as described in subsection (1) on behalf of the school board, shall expel the pupil from the school district permanently, subject to possible reinstatement under subsection (5). However, a school board is not required to expel a pupil for possessing a weapon if the pupil establishes in a clear and convincing manner at least 1 of the following:

(a) The object or instrument possessed by the pupil was not possessed by the pupil for use as a weapon, or for direct or indirect delivery to another person for use as a weapon.

(b) The weapon was not knowingly possessed by the pupil.

(c) The pupil did not know or have reason to know that the object or instrument possessed by the pupil constituted a dangerous weapon.

(d) The weapon was possessed by the pupil at the suggestion, request, or direction of, or with the express permission of, school or police authorities.

(3) If an individual is expelled pursuant to subsection (2), the expelling school district shall enter on the individual's permanent record that he or she has been expelled pursuant to subsection (2). Except if a school district operates or participates cooperatively in an alternative education program appropriate for individuals expelled pursuant to subsection (2) and in its discretion admits the individual to that program, and except for a strict discipline academy established under sections 1311b to 1311*l*, an individual expelled pursuant to subsection (2) is expelled from all public schools in this state and the officials of a school district shall not allow the individual to enroll in the school district unless the individual has been reinstated under subsection (5). Except as otherwise provided by law, a program operated for individuals expelled pursuant to subsection (2) shall ensure that those individuals are physically separated at all times during the school day from the general pupil population. If an individual expelled from a school district pursuant to subsection (2) is not placed in an alternative education program or strict discipline academy, the school district may provide, or may arrange for the intermediate school district to provide, appropriate instructional services to the individual at home. The type of services provided shall meet the requirements of

section 6(4)(u) of the state school aid act of 1979, MCL 388.1606, and the services may be contracted for in the same manner as services for homebound pupils under section 109 of the state school aid act of 1979, MCL 388.1709. This subsection does not require a school district to expend more money for providing services for a pupil expelled pursuant to subsection (2) than the amount of the foundation allowance the school district receives for the pupil under section 20 of the state school aid act of 1979, MCL 388.1620.

(4) If a school board expels an individual pursuant to subsection (2), the school board shall ensure that, within 3 days after the expulsion, an official of the school district refers the individual to the appropriate county department of social services or county community mental health agency and notifies the individual's parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, notifies the individual of the referral.

(5) The parent or legal guardian of an individual expelled pursuant to subsection (2) or, if the individual is at least age 18 or is an emancipated minor, the individual may petition the expelling school board for reinstatement of the individual to public education in the school district. If the expelling school board denies a petition for reinstatement, the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, the individual may petition another school board for reinstatement of the individual in that other school district. All of the following apply to reinstatement under this subsection:

(a) For an individual who was enrolled in grade 5 or below at the time of the expulsion and who has been expelled for possessing a firearm or threatening another person with a dangerous weapon, the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, the individual may initiate a petition for reinstatement at any time after the expiration of 60 school days after the date of expulsion. For an individual who was enrolled in grade 5 or below at the time of the expulsion and who has been expelled pursuant to subsection (2) for a reason other than possessing a firearm or threatening another person with a dangerous weapon, the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, the individual may initiate a petition for reinstatement at any time. For an individual who was in grade 6 or above at the time of expulsion, the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, the individual may initiate a petition for reinstatement at any time after the expiration of 150 school days after the date of expulsion.

(b) An individual who was in grade 5 or below at the time of the expulsion and who has been expelled for possessing a firearm or threatening another person with a dangerous weapon shall not be reinstated before the expiration of 90 school days after the date of expulsion. An individual who was in grade 5 or below at the time of the expulsion and who has been expelled pursuant to subsection (2) for a reason other than possessing a firearm or threatening another person with a dangerous weapon shall not be reinstated before the expiration of 10 school days after the date of the expulsion. An individual who was in grade 6 or above at the time of the expulsion shall not be reinstated before the expiration of 180 school days after the date of expulsion.

(c) It is the responsibility of the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, of the individual to prepare and submit the petition. A school board is not required to provide any assistance in preparing the petition. Upon request by a parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, by the individual, a school board shall make available a form for a petition.

(d) Not later than 10 school days after receiving a petition for reinstatement under this subsection, a school board shall appoint a committee to review the petition and any supporting information submitted by the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, by the individual. The committee shall consist of 2 school board members, 1 school administrator, 1 teacher, and 1 parent of a pupil in the school district. During

this time the superintendent of the school district may prepare and submit for consideration by the committee information concerning the circumstances of the expulsion and any factors mitigating for or against reinstatement.

(e) Not later than 10 school days after all members are appointed, the committee described in subdivision (d) shall review the petition and any supporting information and information provided by the school district and shall submit a recommendation to the school board on the issue of reinstatement. The recommendation shall be for unconditional reinstatement, for conditional reinstatement, or against reinstatement, and shall be accompanied by an explanation of the reasons for the recommendation and of any recommended conditions for reinstatement. The recommendation shall be based on consideration of all of the following factors:

(*i*) The extent to which reinstatement of the individual would create a risk of harm to pupils or school personnel.

(*ii*) The extent to which reinstatement of the individual would create a risk of school district liability or individual liability for the school board or school district personnel.

(*iii*) The age and maturity of the individual.

(*iv*) The individual's school record before the incident that caused the expulsion.

(*v*) The individual's attitude concerning the incident that caused the expulsion.

(*vi*) The individual's behavior since the expulsion and the prospects for remediation of the individual.

(*vii*) If the petition was filed by a parent or legal guardian, the degree of cooperation and support that has been provided by the parent or legal guardian and that can be expected if the individual is reinstated, including, but not limited to, receptiveness toward possible conditions placed on the reinstatement.

(f) Not later than the next regularly scheduled board meeting after receiving the recommendation of the committee under subdivision (e), a school board shall make a decision to unconditionally reinstate the individual, conditionally reinstate the individual, or deny reinstatement of the individual. The decision of the school board is final.

(g) A school board may require an individual and, if the petition was filed by a parent or legal guardian, his or her parent or legal guardian to agree in writing to specific conditions before reinstating the individual in a conditional reinstatement. The conditions may include, but are not limited to, agreement to a behavior contract, which may involve the individual, parent or legal guardian, and an outside agency; participation in or completion of an anger management program or other appropriate counseling; periodic progress reviews; and specified immediate consequences for failure to abide by a condition. A parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, the individual may include proposed conditions in a petition for reinstatement submitted under this subsection.

(6) A school board or school administrator that complies with subsection (2) is not liable for damages for expelling a pupil pursuant to subsection (2), and the authorizing body of a public school academy is not liable for damages for expulsion of a pupil by the public school academy pursuant to subsection (2).

(7) The department shall develop and distribute to all school districts a form for a petition for reinstatement to be used under subsection (5).

(8) This section does not diminish any rights under federal law of a pupil who has been determined to be eligible for special education programs and services.

(9) If a pupil expelled from a public school district pursuant to subsection (2) is enrolled by a public school district sponsored alternative education program or a public school academy during the period of expulsion, the public school academy or alternative education

program shall immediately become eligible for the prorated share of either the public school academy or operating school district's foundation allowance or the expelling school district's foundation allowance, whichever is higher.

(10) If an individual is expelled pursuant to subsection (2), it is the responsibility of that individual and of his or her parent or legal guardian to locate a suitable alternative educational program and to enroll the individual in such a program during the expulsion. The office of safe schools in the department shall compile information on and catalog existing alternative education programs or schools and nonpublic schools that may be open to enrollment of individuals expelled pursuant to subsection (2) and pursuant to section 1311a, and shall periodically distribute this information to school districts for distribution to expelled individuals. A school board that establishes an alternative education program or school described in this subsection shall notify the office of safe schools about the program or school and the types of pupils it serves. The office of safe schools also shall work with and provide technical assistance to school districts, authorizing bodies for public school academies, and other interested parties in developing these types of alternative education programs or schools in geographic areas that are not being served.

(11) As used in this section:

(a) "Arson" means a felony violation of chapter X of the Michigan penal code, 1931 PA 328, MCL 750.71 to 750.80.

(b) "Criminal sexual conduct" means a violation of section 520b, 520c, 520d, 520e, or 520g of the Michigan penal code, 1931 PA 328, MCL 750.520b, 750.520c, 750.520d, 750.520e, and 750.520g.

(c) "Dangerous weapon" means that term as defined in section 1313.

(d) "Firearm" means that term as defined in section 921 of title 18 of the United States Code, 18 USC 921.

(e) "School board" means a school board, intermediate school board, or the board of directors of a public school academy.

(f) "School district" means a school district, a local act school district, an intermediate school district, or a public school academy.

(g) "Weapon free school zone" means that term as defined in section 237a of the Michigan penal code, 1931 PA 328, MCL 750.237a.

380.1311a Assault by pupil against employee, volunteer, or contractor; expulsion required; alternative services; referral; reinstatement; immunity from liability; petition for reinstatement form; rights of pupils eligible for special education programs and services; eligibility of school for prorated share of foundation allowance; report of assaults; responsibility for enrollment in educational program; definitions.

Sec. 1311a. (1) If a pupil enrolled in grade 6 or above commits a physical assault at school against a person employed by or engaged as a volunteer or contractor by the school board and the physical assault is reported to the school board, school district superintendent, or building principal by the victim or, if the victim is unable to report the assault, by another person on the victim's behalf, then the school board, or the designee of the school board as described in section 1311(1) on behalf of the school board, shall expel the pupil from the school district permanently, subject to possible reinstatement under subsection (5). A district superintendent or building principal who receives a report described in this subsection shall forward the report to the school board.

(2) If a pupil enrolled in grade 6 or above commits a verbal assault, as defined by school board policy, at school against a person employed by or engaged as a volunteer or contractor by the school board and the verbal assault is reported to the school board, school district superintendent, or building principal by the victim or, if the victim is unable to report the verbal assault, by another person on the victim's behalf, or if a pupil enrolled in grade 6 or above makes a bomb threat or similar threat directed at a school building, other school property, or a school-related event, then the school board, or the designee of the school board as described in section 1311(1) on behalf of the school board, shall suspend or expel the pupil from the school district for a period of time as determined in the discretion of the school board or its designee. A district superintendent or building principal who receives a report described in this subsection shall forward the report to the school board. Notwithstanding section 1147, a school district is not required to allow an individual expelled from another school district under this subsection to attend school in the school district during the expulsion.

(3) If an individual is permanently expelled pursuant to this section, the expelling school district shall enter on the individual's permanent record that he or she has been permanently expelled pursuant to this section. Except if a school district operates or participates cooperatively in an alternative education program appropriate for individuals expelled pursuant to this section and section 1311(2) and in its discretion admits the individual to that program, and except for a strict discipline academy established under sections 1311b to 1311*l*, an individual permanently expelled pursuant to this section is expelled from all public schools in this state and the officials of a school district shall not allow the individual to enroll in the school district unless the individual has been reinstated under subsection (5). Except as otherwise provided by law, a program operated for individuals expelled pursuant to this section and section 1311(2) shall ensure that those individuals are physically separated at all times during the school day from the general pupil population. If an individual permanently expelled from a school district pursuant to this section is not placed in an alternative education program or strict discipline academy, the school district may provide, or may arrange for the intermediate school district to provide, appropriate instructional services to the individual at home. The type of services provided shall meet the requirements of section 6(4)(u) of the state school aid act of 1979, MCL 388.1606, and the services may be contracted for in the same manner as services for homebound pupils under section 109 of the state school aid act of 1979, MCL 388.1709. This subsection does not require a school district to expend more money for providing services for a pupil permanently expelled pursuant to this section than the amount of the foundation allowance the school district receives for the pupil under section 20 of the state school aid act of 1979, MCL 388.1620.

(4) If a school board permanently expels an individual pursuant to this section, the school board shall ensure that, within 3 days after the expulsion, an official of the school district refers the individual to the appropriate county department of social services or county community mental health agency and notifies the individual's parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, notifies the individual of the referral.

(5) The parent or legal guardian of an individual permanently expelled pursuant to this section or, if the individual is at least age 18 or is an emancipated minor, the individual may petition the expelling school board for reinstatement of the individual to public education in the school district. If the expelling school board denies a petition for reinstatement, the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, the individual may petition another school board for reinstatement of the individual in that other school district. All of the following apply to reinstatement under this subsection:

(a) The individual's parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, the individual may initiate a petition for reinstatement at any time after the expiration of 150 school days after the date of expulsion.

(b) The individual shall not be reinstated before the expiration of 180 school days after the date of expulsion.

(c) It is the responsibility of the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, of the individual to prepare and submit the petition. A school board is not required to provide any assistance in preparing the petition. Upon request by a parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, by the individual, a school board shall make available a form for a petition.

(d) Not later than 10 school days after receiving a petition for reinstatement under this subsection, a school board shall appoint a committee to review the petition and any supporting information submitted by the parent or legal guardian or, if the individual is at least age 18 or is an emancipated minor, by the individual. The committee shall consist of 2 school board members, 1 school administrator, 1 teacher, and 1 parent of a pupil in the school district. During this time the superintendent of the school district may prepare and submit for consideration by the committee information concerning the circumstances of the expulsion and any factors mitigating for or against reinstatement.

(e) Not later than 10 school days after all members are appointed, the committee described in subdivision (d) shall review the petition and any supporting information and information provided by the school district and shall submit a recommendation to the school board on the issue of reinstatement. The recommendation shall be for unconditional reinstatement, for conditional reinstatement, or against reinstatement, and shall be accompanied by an explanation of the reasons for the recommendation and of any recommended conditions for reinstatement. The recommendation shall be based on consideration of all of the following factors:

(*i*) The extent to which reinstatement of the individual would create a risk of harm to pupils or school personnel.

(*ii*) The extent to which reinstatement of the individual would create a risk of school district or individual liability for the school board or school district personnel.

(*iii*) The age and maturity of the individual.

(*iv*) The individual's school record before the incident that caused the expulsion.

(*v*) The individual's attitude concerning the incident that caused the expulsion.

(*vi*) The individual's behavior since the expulsion and the prospects for remediation of the individual.

(*vii*) If the petition was filed by a parent or legal guardian, the degree of cooperation and support that has been provided by the parent or legal guardian and that can be expected if the individual is reinstated, including, but not limited to, receptiveness toward possible conditions placed on the reinstatement.

(f) Not later than the next regularly scheduled board meeting after receiving the recommendation of the committee under subdivision (e), a school board shall make a decision to unconditionally reinstate the individual, conditionally reinstate the individual, or deny reinstatement of the individual. The decision of the school board is final.

(g) A school board may require an individual and, if the petition was filed by a parent or legal guardian, his or her parent or legal guardian to agree in writing to specific conditions before reinstating the individual in a conditional reinstatement. The conditions may include, but are not limited to, agreement to a behavior contract, which may involve the individual, parent or legal guardian, and an outside agency; participation in or completion of an anger management program or other appropriate counseling; periodic progress reviews; and specified immediate consequences for failure to abide by a condition. A parent or legal guardian

or, if the individual is at least age 18 or is an emancipated minor, the individual may include proposed conditions in a petition for reinstatement submitted under this subsection.

(6) A school board or school administrator that complies with this section is not liable for damages for suspending or expelling a pupil pursuant to this section, and the authorizing body of a public school academy is not liable for damages for suspension or expulsion of a pupil by the public school academy pursuant to this section.

(7) The department shall develop and distribute to all school districts a form for a petition for reinstatement to be used under subsection (5). The department may designate the form used for a petition for reinstatement under section 1311 as a form that may be used under this section.

(8) This section does not diminish any rights under federal law of a pupil who has been determined to be eligible for special education programs and services.

(9) If a pupil expelled from a school district pursuant to this section is enrolled by a public school district sponsored alternative education program or a public school academy during the period of expulsion, the public school academy or the alternative education program is immediately eligible for the prorated share of either the public school academy's or operating school district's foundation allowance or the expelling school district's foundation allowance, whichever is higher.

(10) A school board or its designee shall report all assaults described in subsection (1) or (2) to appropriate state or local law enforcement officials and prosecutors as provided in the statewide school safety information policy under section 1308.

(11) If an individual is expelled pursuant to this section, it is the responsibility of that individual and of his or her parent or legal guardian to locate a suitable educational program and to enroll the individual in such a program during the expulsion. The office for safe schools in the department shall compile information on and catalog existing alternative education programs or schools and nonpublic schools that may be open to enrollment of individuals expelled pursuant to this section and pursuant to section 1311(2), and shall periodically distribute this information to school districts for distribution to expelled individuals. A school board that establishes an alternative education program or school described in this subsection shall notify the office of safe schools about the program or school and the types of pupils it serves. The office for safe schools also shall work with and provide technical assistance to school districts, authorizing bodies for public school academies, and other interested parties in developing these types of alternative education programs or schools in geographic areas that are not being served.

(12) As used in this section:

(a) "At school" means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.

(b) "Physical assault" means intentionally causing or attempting to cause physical harm to another through force or violence.

(c) "School board" means a school board, intermediate school board, or the board of directors of a public school academy.

(d) "School district" means a school district, a local act school district, an intermediate school district, or a public school academy.

This act is ordered to take immediate effect.
Approved November 12, 2007.
Filed with Secretary of State November 13, 2007.

[No. 139]

(HB 4234)

AN ACT to amend 1982 PA 325, entitled "An act to authorize county sheriffs to declare a county jail overcrowding state of emergency; to prescribe the powers and duties of certain judges, county sheriffs, and other county officials; and to provide remedies for a county jail overcrowding state of emergency," (MCL 801.51 to 801.64) by adding sections 9a and 9b.

The People of the State of Michigan enact:

801.59a Written county jail population management plan; adoption; implementation; approval; amendments; duration; delegation of judicial sentencing authority.

Sec. 9a. (1) For the purpose of reducing or preventing chronic jail overcrowding, a county or judicial circuit may adopt and implement a written county jail population management plan. The plan shall not take effect unless it is approved by all of the following:

(a) The sheriff of each affected county.

(b) The prosecuting attorney of each affected county.

(c) The chief circuit judge of the judicial circuit or, in the case of a county plan, the chief circuit judge of the judicial circuit that includes that county.

(d) A district judge designated as follows:

(*i*) If the plan affects a single-county or multicounty judicial district, the chief district judge for that judicial district.

(*ii*) In all other cases, a district judge chosen by the chief district judges of all judicial districts affected by the plan.

(2) A written county jail population management plan adopted under subsection (1) may be amended if the amendments are approved by all of the parties listed in subsection (1)(a) to (d).

(3) A written county jail population plan adopted under subsection (1) is effective for the term prescribed in the plan, but not more than 4 years. The amendment of a plan pursuant to subsection (2) does not extend the 4-year limit prescribed in this subsection.

(4) A written county jail population management plan shall provide for the delegation of judicial sentencing authority for the purpose of reducing prior valid jail sentences, consistent with section 9b(1).

(5) A written county jail population management plan shall provide for the delegation of judicial authority for the purpose of reviewing bonds for unsentenced prisoners.

801.59b Suspension or reduction of jail sentence by sentencing judge; delegation of authority to chief judge; modification of bond.

Sec. 9b. (1) For purposes of this act, a sentencing judge may suspend or reduce any validly imposed jail sentence imposed by that judge. A sentencing judge may delegate the authority conferred under this subsection to the chief judge of the judicial district or circuit in which the sentencing judge serves or his or her designee.

(2) For purposes of this act, a judge may modify bond set by the court for unsentenced prisoners. A judge may delegate the authority conferred under this subsection to the chief judge of the judicial district or circuit in which the judge serves, or his or her designee.

This act is ordered to take immediate effect.

Approved November 12, 2007.

Filed with Secretary of State November 13, 2007.

[No. 140]

(HB 4725)

AN ACT to amend 1982 PA 325, entitled "An act to authorize county sheriffs to declare a county jail overcrowding state of emergency; to prescribe the powers and duties of certain judges, county sheriffs, and other county officials; and to provide remedies for a county jail overcrowding state of emergency," by amending sections 1, 2, 3, 4, 5, 8, 9, and 10 (MCL 801.51, 801.52, 801.53, 801.54, 801.55, 801.58, 801.59, and 801.60), sections 8 and 9 as amended by 1988 PA 399, and by adding section 1a.

The People of the State of Michigan enact:

801.51 Definitions.

Sec. 1. As used in this act:

(a) "County jail" means a facility operated by a county for the physical detention and correction of persons charged with or convicted of criminal offenses and ordinance violations, persons found guilty of civil or criminal contempt, and juveniles detained by court order.

(b) "Department of corrections" means the state department of corrections.

(c) "Prisoner" means a person who is currently being physically detained in a county jail.

(d) "Rated design capacity" means the actual available bed space of the general population of a county jail as determined by the department of corrections.

801.51a County jail population exceeding 95% of jail's rated design capacity; actions by county sheriff; maximum value of outstanding bonds; duration; applicability of subsections (1) to (3).

Sec. 1a. (1) In a county other than a county described in subsection (4), the sheriff of that county shall take the following actions on the fifth consecutive day on which the general population of the county jail exceeds 95% of the jail's rated design capacity:

(a) The sheriff shall review the outstanding bonds for each prisoner. If the total of a prisoner's outstanding bonds does not exceed a maximum value determined as provided in subsection (2), the sheriff, subject to the approval of the chief circuit judge in that county, shall modify each outstanding bond for that prisoner to a personal recognizance bond in that same amount, issue to the prisoner a receipt similar to an interim bond receipt, and send a copy of the receipt to the court that set the bond.

(b) The following prisoners, except for any prisoner that the chief circuit judge in that county believes would present a threat to the public safety if released, shall be released immediately:

(*i*) Any sentenced prisoner who has served 85% or more of his or her sentence, unless he or she is serving a sentence for a violent or assaultive offense, sex offense, prison or jail escape offense, weapons offense, drunk driving offense, or a controlled substance offense except possession of less than 25 grams of a controlled substance.

(*ii*) Any prisoner detained in the county jail for a civil contempt adjudication for failure to pay child support who has no other charges pending against him or her.

(2) The maximum value of outstanding bonds, for purposes of subsection (1)(a), shall be determined by a majority vote of the following individuals, as applicable:

(a) In a single-county or multicounty judicial district, the chief circuit judge for the judicial circuit that includes that county, the chief district judge for that district, and the sheriff of the county.

(b) In a county containing 2 or more judicial districts, the chief circuit judge for the judicial circuit that includes that county, the chief probate judge for that county, the sheriff of the county, and 2 district judges chosen by the chief district judges sitting in that county.

(3) A determination made under subsection (2) remains in effect for 1 year after the date on which that determination was made.

(4) Subsections (1) to (3) do not apply to either of the following:

(a) A county for which a county jail management plan has been approved under section 9a.

(b) A county having a population greater than 650,000 as of the most recent federal decennial census that, on the effective date of this section, has implemented a written jail management plan in which the basis of the plan is jail bed allocation. The exception provided by this subsection applies only as long as that plan remains in effect.

801.52 Certifying general prisoner population exceeds 100% of rated design capacity of county jail or percentage of rated design capacity set by court; duties of sheriff.

Sec. 2. If the general prisoner population of a county jail exceeds 100% of the rated design capacity of the county jail or a percentage of rated design capacity less than 100% as set by a court before February 8, 1983, for 7 consecutive days or for a lesser number of days as set by a court before February 8, 1983, the sheriff for that county shall certify that fact in writing, by first-class mail, personal delivery, or electronic communications, to the chief circuit judge, the chief district judge, and each municipal court judge in the county in which the county jail is located, the prosecuting attorney for the county, the chairperson of the county board of commissioners, and the county executive in a county in which a county executive is elected.

801.53 Declaring county jail overcrowding state of emergency.

Sec. 3. If, upon receipt of a certification by the sheriff under section 2, a majority of the judges and county officials notified pursuant to section 2 do not find that the sheriff acted in error, the sheriff shall declare a county jail overcrowding state of emergency.

801.54 Notice of declaration of county jail overcrowding state of emergency.

Sec. 4. Upon the declaration of a county jail overcrowding state of emergency pursuant to section 3, the sheriff shall notify both of the following persons in writing, by first-class mail, personal delivery, or electronic communications, that a county jail overcrowding state of emergency has been declared:

(a) The judges and county officials notified pursuant to section 2.

(b) The chief law enforcement official of each state, county, and municipal law enforcement agency located in the county.

801.55 Reduction of prisoner population by sheriff, notified persons, and other judges; means.

Sec. 5. The sheriff, the persons notified pursuant to section 4, and other circuit, district, and municipal judges may attempt to reduce the prisoner population of the county jail through any available means which are already within the scope of their individual and collective legal authority, including, but not limited to, the following:

(a) Accelerated review and rescheduling of court dates.

(b) Judicial review of bail for possible bail reduction, release on recognizance, or conditional release of prisoners in the county jail.

(c) Prosecutorial pre-trial diversion.

(d) Judicial use of probation, fines, community service orders, restitution, and delayed sentencing as alternatives to commitment to jail.

(e) Use of work-release, community programs, and other alternative housing arrangements by the sheriff, if the programs and alternative housing arrangements are authorized by law.

(f) Review of agreements which allow other units of government to house their prisoners in the overcrowded county jail to determine whether the agreements may be terminated.

(g) Entering into agreements which allow the sheriff for the county in which the overcrowded county jail is located to house prisoners in facilities operated by other units of government.

(h) Refusal by the sheriff to house persons who are not required by law to be housed in the county jail.

(i) Acceleration of the transfer of prisoners sentenced to the state prison system, and prisoners otherwise under the jurisdiction of the department of corrections, to the department of corrections.

(j) Judicial acceleration of pending court proceedings for prisoners under the jurisdiction of the department of corrections who will be returned to the department of corrections regardless of the outcome of the pending proceedings.

(k) Reduction of waiting time for prisoners awaiting examination by the center for forensic psychiatry.

(*l*) Alternative booking, processing, and housing arrangements, including the use of appearance tickets instead of booking at the county jail and the use of weekend arraignment, for categories of cases considered appropriate by the persons notified pursuant to section 4.

(m) Acceptance by the courts of credit cards for payments of bonds, fines, and court costs.

(n) Use of community mental health and private mental health resources in the county as alternatives to housing prisoners in the county jail for those prisoners who qualify for placement in the programs and for whom placement in the programs is appropriate.

(o) Use of community and private substance abuse programs and other therapeutic programs as alternatives to housing prisoners in the county jail for those prisoners who qualify for placement in the programs and for whom placement in the programs is appropriate.

(p) Preparation of a long-range plan for addressing the county jail overcrowding problem, including recommendations to the county board of commissioners on construction of new jail facilities and funding for construction or other options designed to alleviate the overcrowding problem.

(q) Review of sentencing procedures, including the elimination of delays in preparing presentence reports for prisoners awaiting sentence, and staggering the dates on which prisoners will start serving a jail sentence to minimize fluctuating demands on jail capacity.

801.58 Failure of certain actions to reduce population to level prescribed in MCL 801.56(1); deferring acceptance for incarceration of certain persons.

Sec. 8. (1) Except as otherwise provided in this subsection and subsection (2), if the actions taken pursuant to sections 5, 6, and 7 do not reduce the county jail's population to the level prescribed in section 6(1) within 42 days of the declaration of the county jail overcrowding state of emergency, the sheriff shall defer acceptance for incarceration in the general population of the county jail persons sentenced to or otherwise committed to the county jail for incarceration until the county jail overcrowding state of emergency is ended pursuant

to section 9, except that the sheriff shall not defer acceptance for incarceration all persons under sentence for or charged with violent or assaultive crimes, sex offenses, escape from prison or jail, drunk driving offenses, controlled substance offenses except possession of less than 25 grams of a controlled substance, or weapons offenses.

(2) The sheriff shall not defer acceptance of a prisoner for incarceration into the general population of the county jail if both of the following occur:

(a) The sheriff or the sentencing judge presents to the chief circuit judge for the county in which the county jail is located information alleging that deferring acceptance of the prisoner for incarceration would constitute a threat to public safety.

(b) The chief circuit judge, based upon the presence of a threat to public safety, approves of accepting the prisoner for incarceration.

801.59 Ending county jail overcrowding state of emergency; conditions; certification by sheriff.

Sec. 9. If either of the following occur, the sheriff shall certify that fact in writing by first-class mail or personal delivery, to the judges and county officials notified pursuant to section 2 and, unless a majority of the judges and county officials so notified find upon receipt of the certification pursuant to this section that the sheriff has acted in error, the sheriff shall end the county jail overcrowding state of emergency:

(a) At any time during the county jail overcrowding state of emergency, the general prisoner population of the county jail is reduced to the level prescribed in section 6(1).

(b) The county jail's population is not reduced to the level prescribed in section 6(1) within 70 days after the declaration of the county jail overcrowding state of emergency.

801.60 Listing of crimes and offenses; development.

Sec. 10. For purposes of sections 1a and 8, a listing of violent or assaultive crimes, sex offenses, escape from prison or jail offenses, drunk driving offenses, controlled substance offenses except possession of less than 25 grams of a controlled substance, and weapons offenses shall be developed by the department of attorney general.

Effective date.

Enacting section 1. This amendatory act takes effect 90 days after the date it is enacted.

This act is ordered to take immediate effect.
Approved November 12, 2007.
Filed with Secretary of State November 13, 2007.

[No. 141]

(SB 403)

AN ACT to amend 1976 PA 451, entitled "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to

provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending section 1278b (MCL 380.1278b), as amended by 2006 PA 623.

The People of the State of Michigan enact:

380.1278b Award of high school diploma; credit requirements; annual report.

Sec. 1278b. (1) Except as otherwise provided in this section or section 1278a, beginning with pupils entering grade 8 in 2006, as part of the requirements under section 1278a the board of a school district or board of directors of a public school academy shall not award a high school diploma to a pupil unless the pupil has successfully completed all of the following credit requirements of the Michigan merit standard before graduating from high school:

(a) At least 4 credits in English language arts that are aligned with subject area content expectations developed by the department and approved by the state board under this section.

(b) At least 3 credits in science that are aligned with subject area content expectations developed by the department and approved by the state board under this section, including completion of at least biology and either chemistry or physics. The legislature strongly encourages pupils to complete a fourth credit in science, such as forensics, astronomy, Earth science, agricultural science, environmental science, geology, physics or chemistry, physiology, or microbiology.

(c) The credit requirements specified in section 1278a(1)(a)(*i*) to (*iv*).

(2) If a pupil successfully completes 1 or more of the high school credits required under subsection (1) or under section 1278a(1) before entering high school, the pupil shall be given high school credit for that credit.

(3) For the purposes of this section and section 1278a, the department shall do all of the following:

(a) Develop subject area content expectations that apply to the credit requirements of the Michigan merit standard that are required under subsection (1)(a) and (b) and section 1278a(1)(a)(*i*) and (*ii*) and develop guidelines for the remaining credit requirements of the Michigan merit standard that are required under this section and section 1278a(1)(a), for the online course or learning experience required under section 1278a(1)(b), and for the requirements for a language other than English under section 1278a(2). All of the following apply to these subject area content expectations and guidelines:

(*i*) All subject area content expectations shall be consistent with the state board recommended model core academic curriculum content standards under section 1278. Subject area content expectations or guidelines shall not include attitudes, beliefs, or value systems that are not essential in the legal, economic, and social structure of our society and to the personal and social responsibility of citizens of our society. The subject area content expectations shall require pupils to demonstrate critical thinking skills.

(*ii*) The subject area content expectations and the guidelines must be approved by the state board under subsection (4).

(*iii*) The subject area content expectations shall state in clear and measurable terms what pupils are expected to know upon completion of each credit.

(*iv*) The department shall complete the development of the subject area content expectations that apply to algebra I and the guidelines for the online course or learning experience under section 1278a(1)(b) not later than August 1, 2006.

(*v*) The department shall complete development of the subject area content expectations or guidelines that apply to each of the other credits required in the Michigan merit standard under subsection (1) and section 1278a(1)(a) not later than 1 year before the beginning of the school year in which a pupil entering high school in 2007 would normally be expected to complete the credit.

(*vi*) If the department has not completed development of the subject area content expectations that apply to a particular credit required in the Michigan merit standard under subsection (1) or section 1278a(1)(a) by the date required under this subdivision, a school district or public school academy may align the content of the credit with locally adopted standards.

(*vii*) Until all of the subject area content expectations and guidelines have been developed by the department and approved by the state board, the department shall submit a report at least every 6 months to the senate and house standing committees responsible for education legislation on the status of the development of the subject area content expectations and guidelines. The report shall detail any failure by the department to meet a deadline established under subparagraph (*iv*) or (*v*) and the reasons for that failure.

(b) Develop and implement a process for developing the subject area content expectations and guidelines required under this section. This process shall provide for all of the following:

(*i*) Soliciting input from all of the following groups:

(A) Recognized experts in the relevant subject areas.

(B) Representatives from 4-year colleges or universities, community colleges, and other postsecondary institutions.

(C) Teachers, administrators, and school personnel who have specialized knowledge of the subject area.

(D) Representatives from the business community.

(E) Representatives from vocational and career and technical education providers.

(F) Government officials, including officials from the legislature.

(G) Parents of public school pupils.

(*ii*) A review of the subject area content expectations or guidelines by national experts.

(*iii*) An opportunity for the public to review and provide input on the proposed subject area content expectations or guidelines before they are submitted to the state board for approval. The time period allowed for this review and input shall be at least 15 business days.

(c) Determine the basic level of technology and internet access required for pupils to complete the online course or learning experience requirement of section 1278a(1)(b), and submit that determination to the state board for approval.

(d) Develop and make available material to assist school districts and public school academies in implementing the requirements of this section and section 1278a. This shall include developing guidelines for alternative instructional delivery methods as described in subsection (7).

(4) The state board shall approve subject area content expectations and guidelines developed by the department under subsection (3) before those subject area content expectations and guidelines may take effect. The state board also shall approve the basic level of technology and internet access required for pupils to complete the online course or learning experience requirement of section 1278a(1)(b).

(5) The parent or legal guardian of a pupil may request a personal curriculum under this subsection for the pupil that modifies certain of the Michigan merit standard requirements under subsection (1) or section 1278a(1)(a). If all of the requirements under this subsection for a personal curriculum are met, then the board of a school district or board of directors of a public school academy may award a high school diploma to a pupil who successfully completes his or her personal curriculum even if it does not meet the requirements of the Michigan merit standard required under subsection (1) and section 1278a(1)(a). All of the following apply to a personal curriculum:

(a) The personal curriculum shall be developed by a group that includes at least the pupil, at least 1 of the pupil's parents or the pupil's legal guardian, and the pupil's high school counselor or another designee qualified to act in a counseling role under section 1233 or 1233a selected by the high school principal. In addition, for a pupil who receives special education services, a school psychologist should also be included in this group.

(b) The personal curriculum shall incorporate as much of the subject area content expectations of the Michigan merit standard required under subsection (1) and section 1278a(1)(a) as is practicable for the pupil; shall establish measurable goals that the pupil must achieve while enrolled in high school and shall provide a method to evaluate whether the pupil achieved these goals; and shall be aligned with the pupil's educational development plan developed under subsection (11).

(c) Before it takes effect, the personal curriculum must be agreed to by the pupil's parent or legal guardian and by the superintendent of the school district or chief executive of the public school academy or his or her designee.

(d) The pupil's parent or legal guardian shall be in communication with each of the pupil's teachers at least once each calendar quarter to monitor the pupil's progress toward the goals contained in the pupil's personal curriculum.

(e) Revisions may be made in the personal curriculum if the revisions are developed and agreed to in the same manner as the original personal curriculum.

(f) The English language arts credit requirements of subsection (1)(a) and the science credit requirements of subsection (1)(b) are not subject to modification as part of a personal curriculum under this subsection.

(g) Except as otherwise provided in this subdivision, the mathematics credit requirements of section 1278a(1)(a)(*i*) may be modified as part of a personal curriculum only after the pupil has successfully completed at least 2-1/2 credits of the mathematics credits required under that section and only if the pupil successfully completes at least 3-1/2 total credits of the mathematics credits required under that section before completing high school. The requirement under that section that a pupil must successfully complete at least 1 mathematics course during his or her final year of high school enrollment is not subject to modification as part of a personal curriculum under this subsection. The algebra II credit required under that section may be modified as part of a personal curriculum under this subsection only if the pupil has successfully completed at least 2 credits of the mathematics credits required under section 1278a(1)(a)(*i*) and meets 1 or more of the following:

(*i*) Has successfully completed the same content as 1 semester of algebra II, as determined by the department.

(*ii*) Elects to complete the same content as algebra II over 2 years, with a credit awarded for each of those 2 years, and successfully completes that content.

(*iii*) Enrolls in a formal career and technical education program or curriculum and in that program or curriculum successfully completes the same content as 1 semester of algebra II, as determined by the department.

(h) The social science credit requirements of section 1278a(1)(a)(*ii*) may be modified as part of a personal curriculum only if all of the following are met:

(*i*) The pupil has successfully completed 2 credits of the social science credits required under section 1278a(1), including the civics course described in section 1166(2).

(*ii*) The modification requires the pupil to complete 1 additional credit in English language arts, mathematics, or science or 1 additional credit in a language other than English. This additional credit must be in addition to the number of those credits otherwise required under subsection (1) and section 1278a(1) or under section 1278a(2).

(i) The health and physical education credit requirement under section 1278a(1)(a)(*iii*) may be modified as part of a personal curriculum only if the modification requires the pupil to complete 1 additional credit in English language arts, mathematics, or science or 1 additional credit in a language other than English. This additional credit must be in addition to the number of those credits otherwise required under subsection (1) and section 1278a(1) or under section 1278a(2).

(j) The visual arts, performing arts, or applied arts credit requirement under section 1278a(1)(a)(*iv*) may be modified as part of a personal curriculum only if the modification requires the pupil to complete 1 additional credit in English language arts, mathematics, or science or 1 additional credit in a language other than English. This additional credit must be in addition to the number of those credits otherwise required under subsection (1) and section 1278a(1) or under section 1278a(2).

(k) If the parent or legal guardian of a pupil requests as part of the pupil's personal curriculum a modification of the Michigan merit standard requirements that would not otherwise be allowed under this section and demonstrates that the modification is necessary because the pupil is a child with a disability, the school district or public school academy may allow that additional modification to the extent necessary because of the pupil's disability if the group under subdivision (a) determines that the modification is consistent with both the pupil's educational development plan under subsection (11) and the pupil's individualized education program. If the superintendent of public instruction has reason to believe that a school district or a public school academy is allowing modifications inconsistent with the requirements of this subdivision, the superintendent of public instruction shall monitor the school district or public school academy to ensure that the school district's or public school academy's policies, procedures, and practices are in compliance with the requirements for additional modifications under this subdivision. As used in this subdivision, "child with a disability" means that term as defined in 20 USC 1401.

(*l*) If a pupil transfers to a school district or public school academy from out of state or from a nonpublic school, the pupil's parent or legal guardian may request, as part of the pupil's personal curriculum, a modification of the Michigan merit standard requirements that would not otherwise be allowed under this section. The school district or public school academy may allow this additional modification for a transfer pupil if all of the following are met:

(*i*) The transfer pupil has successfully completed at least the equivalent of 2 years of high school credit out of state or at a nonpublic school. The school district or public school academy may use appropriate assessment examinations to determine what credits, if any, the pupil has earned out of state or at a nonpublic school that may be used to satisfy the curricular requirements of the Michigan merit standard and this subdivision.

(*ii*) The transfer pupil's personal curriculum incorporates as much of the subject area content expectations of the Michigan merit standard as is practicable for the pupil.

(*iii*) The transfer pupil's personal curriculum requires the pupil to successfully complete at least 1 mathematics course during his or her final year of high school enrollment. In addition,

if the transfer pupil is enrolled in the school district or public school academy for at least 1 full school year, both of the following apply:

(A) The transfer pupil's personal curriculum shall require that this mathematics course is at least algebra I.

(B) If the transfer pupil demonstrates that he or she has mastered the content of algebra I, the transfer pupil's personal curriculum shall require that this mathematics course is a course normally taken after completing algebra I.

(*iv*) The transfer pupil's personal curriculum includes the civics course described in section 1166(2).

(m) If a pupil is at least age 18 or is an emancipated minor, the pupil may act on his or her own behalf under this subsection.

(n) This subsection does not apply to a pupil enrolled in a high school that is designated as a specialty school under section 1278a(5) and that is exempt under that section from the English language arts requirement under subsection (1)(a) and the social science credit requirement under section 1278a(1)(a)(*ii*).

(6) If a pupil receives special education services, the pupil's individualized education program, in accordance with the individuals with disabilities education act, title VI of Public Law 91-230, shall identify the appropriate course or courses of study and identify the supports, accommodations, and modifications necessary to allow the pupil to progress in the curricular requirements of this section and section 1278a, or in a personal curriculum as provided under subsection (5), and meet the requirements for a high school diploma.

(7) The board of a school district or board of directors of a public school academy that operates a high school shall ensure that each pupil is offered the curriculum necessary for the pupil to meet the curricular requirements of this section and section 1278a. The board or board of directors may provide this curriculum by providing the credits specified in this section and section 1278a, by using alternative instructional delivery methods such as alternative course work, humanities course sequences, career and technical education, industrial technology courses, or vocational education, or by a combination of these. School districts and public school academies that operate career and technical education programs are encouraged to integrate the credit requirements of this section and section 1278a into those programs.

(8) If the board of a school district or board of directors of a public school academy wants its high school to be accredited under section 1280, the board or board of directors shall ensure that all elements of the curriculum required under this section and section 1278a are made available to all affected pupils. If a school district or public school academy does not offer all of the required credits, the board of the school district or board of directors of the public school academy shall ensure that the pupil has access to the required credits by another means, such as enrollment in a postsecondary course under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524; enrollment in an online course; a cooperative arrangement with a neighboring school district or with a public school academy; or granting approval under section 6(6) of the state school aid act of 1979, MCL 388.1606, for the pupil to be counted in membership in another school district.

(9) If a pupil is not successfully completing a credit required for graduation under this section and section 1278a, or is identified as being at risk of withdrawing from high school, then the pupil's school district or public school academy shall notify the pupil's parent or legal guardian or, if the pupil is at least age 18 or is an emancipated minor, the pupil, of the availability of tutoring or other supplemental educational support and counseling services that may be available to the pupil under existing state or federal programs, such as those programs or services available under section 31a of the state school aid act of 1979, MCL 388.1631a, or under the no child left behind act of 2001, Public Law 107-110.

(10) To the extent required by the no child left behind act of 2001, Public Law 107-110, the board of a school district or public school academy shall ensure that all components of the curricular requirements under this section and section 1278a are taught by highly qualified teachers. If a school district or public school academy demonstrates to the department that the school district or public school academy is unable to meet the requirements of this section because the school district or public school academy is unable to hire enough highly qualified teachers, the department shall work with the school district or public school academy to develop a plan to allow the school district or public school academy to hire enough highly qualified teachers to meet the requirements of this section.

(11) The board of a school district or board of directors of a public school academy shall ensure that each pupil in grade 7 is provided with the opportunity to develop an educational development plan, and that each pupil has developed an educational development plan before he or she begins high school. An educational development plan shall be developed by the pupil under the supervision of the pupil's school counselor or another designee qualified to act in a counseling role under section 1233 or 1233a selected by the high school principal and shall be based on a career pathways program or similar career exploration program. In addition, if the pupil receives special education services, a school psychologist should also participate in developing the pupil's educational development plan.

(12) Except as otherwise provided in this subsection, if a school district or public school academy is unable to implement all of the curricular requirements of this section and section 1278a for pupils entering grade 9 in 2007 or is unable to implement another requirement of this section or section 1278a, the school district or public school academy may apply to the department for permission to phase in 1 or more of the requirements of this section or section 1278a. To apply, the school district or public school academy shall submit a proposed phase-in plan to the department. The department shall approve a phase-in plan if the department determines that the plan will result in the school district or public school academy making satisfactory progress toward full implementation of the requirements of this section and section 1278a. If the department disapproves a proposed phase-in plan, the department shall work with the school district or public school academy to develop a satisfactory plan that may be approved. However, if legislation is enacted that adds section 1290 to allow school districts and public school academies to apply for a contract that waives certain state or federal requirements, then this subsection does not apply but a school district or public school academy may take action as described in subsection (13). This subsection does not apply to a high school that is designated as a specialty school under section 1278a(5) and that is exempt under that section from the English language arts requirement under subsection (1)(a) and the social science credit requirement under section 1278a(1)(a)(*ii*).

(13) If a school district or public school academy does not offer all of the required credits or provide options to have access to the required credits as provided under subsection (8) and if legislation is enacted that adds section 1290 to allow school districts and public school academies to apply for a contract that waives certain state or federal requirements, then the school district or public school academy is encouraged to apply for a contract under section 1290. The purpose of a contract described in this subsection is to improve pupil performance.

(14) This section and section 1278a do not prohibit a pupil from satisfying or exceeding the credit requirements of the Michigan merit standard under this section and section 1278a through advanced studies such as accelerated course placement, advanced placement, dual enrollment in a postsecondary institution, or participation in the international baccalaureate program or an early college/middle college program.

(15) Not later than April 1 of each year, the department shall submit an annual report to the legislature that evaluates the overall success of the curriculum required under this section and section 1278a, the rigor and relevance of the course work required by the curriculum, the ability of public schools to implement the curriculum and the required course work, and the

impact of the curriculum on pupil success, and that details any activities the department has undertaken to implement this section and section 1278a or to assist public schools in implementing the requirements of this section and section 1278a.

This act is ordered to take immediate effect.
Approved November 13, 2007.
Filed with Secretary of State November 14, 2007.

[No. 142]

(HB 4494)

AN ACT to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2007; 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; 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, 2007, from the following funds:

APPROPRIATION SUMMARY		
GROSS APPROPRIATION	$	8,046,000
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	$	8,046,000
Total federal revenues		5,130,000
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		46,000
State general fund/general purpose	$	2,870,000

Agriculture.

Sec. 101a. AGRICULTURE		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	$	500,000
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	$	500,000
Total federal revenues		0
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	$	500,000
(2) ANIMAL INDUSTRY		
Bovine tuberculosis program	$	500,000
GROSS APPROPRIATION	$	500,000
Appropriated from:		
State general fund/general purpose	$	500,000

		For Fiscal Year Ending Sept. 30, 2007
Labor and economic growth.		
Sec. 102. LABOR AND ECONOMIC GROWTH		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	$	46,000
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	$	46,000
Total federal revenues		0
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		46,000
State general fund/general purpose	$	0
(2) BOARDS, AUTHORITIES, AND COMMISSIONS		
Commission for the blind	$	46,000
GROSS APPROPRIATION	$	46,000
Appropriated from:		
Special revenue funds:		
Newsline for the blind fund		46,000
State general fund/general purpose	$	0
Natural resources.		
Sec. 103. NATURAL RESOURCES		
(1) APPROPRIATION SUMMARY		
GROSS APPROPRIATION	$	7,500,000
Total interdepartmental grants and intradepartmental transfers		0
ADJUSTED GROSS APPROPRIATION	$	7,500,000
Total federal revenues		5,130,000
Total local revenues		0
Total private revenues		0
Total other state restricted revenues		0
State general fund/general purpose	$	2,370,000
(2) FOREST, MINERAL, AND FIRE MANAGEMENT		
Forest fire protection	$	7,500,000
GROSS APPROPRIATION	$	7,500,000
Appropriated from:		
Federal revenues:		
DHS, federal		5,130,000
State general fund/general purpose	$	2,370,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Total state spending; payments to local units of government.

Sec. 201. In accordance with the provisions of section 30 of article IX of the state constitution of 1963, total state spending from state resources in this appropriation act for the fiscal

year ending September 30, 2007 is $2,916,000.00 and state appropriations paid to local units of government are $500,000.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

NATURAL RESOURCES		
Forest fire protection	$	500,000
TOTAL	$	500,000

Appropriations subject to MCL 18.1101 to 18.1594.

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

NATURAL RESOURCES

Obligations associated with Sleeper Lake fire; appropriation; notice.

Sec. 301. (1) In the event that federal emergency management agency reimbursement is not approved prior to fiscal year 2006-2007 bookclosing, or is approved in an amount less than the federal appropriation in part 1, not more than $5,130,000.00 is appropriated from state general fund/general purpose revenues to meet the fiscal year 2006-2007 obligations associated with the Sleeper Lake fire, as appropriated in part 1.

(2) If state general fund/general purpose appropriations are made under subsection (1), the department shall notify the state budget director, the senate and house appropriations committees, and the senate and house fiscal agencies within 30 days of the appropriation.

DEPARTMENT OF STATE

Help America vote act of 2002; reappropriaton of funds; availability for expenditure; unexpended funds as work project; carrying over funds into succeeding fiscal years.

Sec. 401. (1) Unexpended and unencumbered amounts of funds remaining in accounts appropriated in section 752 of 2003 PA 39 and section 501 of 2003 PA 173, for implementing the help America vote act of 2002, 42 USC 15301 to 15545, for the secretary of state shall be reappropriated for the fiscal year ending September 30, 2007 in an appropriation line item entitled help America vote act.

(2) The funds described in subsection (1) shall remain available for expenditure to implement provisions of the help America vote act of 2002, 42 USC 15301 to 15545, section 37 of the Michigan election law, 1954 PA 116, MCL 168.37, and other election reforms. Consistent with the help America vote act of 2002, 42 USC 15301 to 15545, the unexpended funds reappropriated into the help America vote act line item are considered work project appropriations and any unencumbered or unallotted funds are carried over into succeeding fiscal years. The following is in compliance with section 451a(1) of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the project is to implement provisions of the help America vote act of 2002, 42 USC 15301 to 15545, section 37 of the Michigan election law, 1954 PA 116, MCL 168.37, and other election reforms.

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

(c) The total estimated cost of these projects is identified in each line-item appropriation.

(d) The tentative completion date for these projects is September 30, 2011.

REPEALER

Repeal of section 724 of 2007 PA 131.

Sec. 1001. Section 724 of 2007 PA 131 is repealed.

This act is ordered to take immediate effect.
Approved November 19, 2007.
Filed with Secretary of State November 19, 2007.

[No. 143]

(SB 79)

AN ACT to amend 1949 PA 300, entitled "An act to provide for the registration, titling, sale, transfer, and regulation of certain vehicles operated upon the public highways of this state or any other place open to the general public or generally accessible to motor vehicles and distressed vehicles; to provide for the licensing of dealers; to provide for the examination, licensing, and control of operators and chauffeurs; to provide for the giving of proof of financial responsibility and security by owners and operators of vehicles; to provide for the imposition, levy, and collection of specific taxes on vehicles, and the levy and collection of sales and use taxes, license fees, and permit fees; to provide for the regulation and use of streets and highways; to create certain funds; to provide penalties and sanctions for a violation of this act; to provide for civil liability of owners and operators of vehicles and service of process on residents and nonresidents; to provide for the levy of certain assessments; to provide for the enforcement of this act; to provide for the creation of and to prescribe the powers and duties of certain state and local agencies; to impose liability upon the state or local agencies; to provide appropriations for certain purposes; to repeal all other acts or parts of acts inconsistent with this act or contrary to this act; and to repeal certain parts of this act on a specific date," by amending section 223 (MCL 257.223).

The People of the State of Michigan enact:

257.223 Registration certificate; carrying; display; violation as civil infraction.

Sec. 223. (1) A registration certificate shall at all times be carried in the vehicle to which it refers or shall be carried by the person driving or in control of the vehicle, who shall display the registration certificate upon demand of a police officer.

(2) A person who violates this section is responsible for a civil infraction.

This act is ordered to take immediate effect.
Approved November 19, 2007.
Filed with Secretary of State November 19, 2007.

[No. 144]

(HB 4591)

AN ACT to amend 1976 PA 451, entitled "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending sections 1538 and 1539 (MCL 380.1538 and 380.1539), section 1538 as added by 1988 PA 339 and section 1539 as amended by 2004 PA 76, and by adding sections 1531h and 1538a.

The People of the State of Michigan enact:

380.1531h Teacher certification database system; establishment; implementation; funding.

Sec. 1531h. (1) Not later than July 1, 2010, the department shall establish and implement a teacher certification database system that provides for at least all of the following:

(a) The ability for teachers to renew a professional teaching certificate online.

(b) Online credit card payment capability, to result in processing of teaching certificate applications and issuance of teaching certificates within 48 to 72 hours for in-state applicants and within 3 weeks for out-of-state applicants who have provided a complete application, as determined by the department.

(c) A central registry that documents each teacher's professional development activities and completion of state board continuing education units.

(d) Improved compatibility with the registry of educational personnel data reporting system.

(e) Improved efficiency of the teacher preparation institution web-based teacher certification recommendation process.

(f) Improved capacity to generate reports about the number of certificates and endorsements issued.

(g) Improved quality control through customization of the system.

(2) The department shall fund the system required under subsection (1) from the fee increases in section 1538 that result from the amendatory act that added this section.

380.1538 Fees for evaluation of application; validity of certificate, permit, authorization, endorsement, approval, or certain renewals.

Sec. 1538. (1) An applicant shall pay the following fees to the department for having the application evaluated for conformance with the application requirements:

(a) Original application fee	In-State Applicant	Out-of-State Applicant
(*i*) Provisional teaching certificate	$160.00	$210.00

(*ii*) Professional teaching certificate	160.00	210.00
(*iii*) Vocational temporary authorization or interim occupational certificate	160.00	210.00
(*iv*) Occupational education certificate	160.00	210.00
(*v*) Additional teaching certificate endorsement	50.00	
(*vi*) Substitute teacher permit	45.00	
(*vii*) Full-year teacher permit	45.00	
(*viii*) Emergency permit	45.00	
(*ix*) Annual occupational authorization	40.00	
(*x*) Duplicate certificate or authorization	25.00	
(*xi*) School psychologist certificate	160.00	210.00
(*xii*) Temporary special education approval	50.00	
(*xiii*) School administrator certificate for persons eligible for certificate after July 1, 1988	160.00	210.00
(*xiv*) School administrator endorsement	50.00	
(*xv*) School counselor license	160.00	210.00

(b) Renewal or reinstatement application fee	In-State Applicant
(*i*) Provisional teaching certificate	$100.00
(*ii*) Continuing teaching certificate reinstatement	50.00
(*iii*) Professional teaching certificate	160.00
(*iv*) Vocational temporary authorization or interim occupational certificate	100.00
(*v*) Occupational education certificate	160.00
(*vi*) School psychologist certificate	160.00
(*vii*) School administrator certificate	160.00
(*viii*) School counselor license	160.00

(2) Except as otherwise provided by an administrative rule in effect on October 1, 1988, or as otherwise provided by law, a certificate, permit, authorization, endorsement, or approval, and the renewal of a certificate, certificate reinstatement, or authorization issued pursuant to subsection (1) is valid for 5 years.

380.1538a Teacher preparation institution and subject area specialty programs; approval; fees; periodic review; frequency.

Sec. 1538a. (1) A teacher preparation institution and its subject area specialty programs shall be approved by the state as provided under R 390.1151 to R 390.1156 of the Michigan administrative code. As provided under R 390.1151 of the Michigan administrative code, and subject to subsection (3), the teacher preparation program and subject area specialty programs of a state-approved teacher preparation institution are subject to periodic review for conformance with state board standards and procedures.

(2) A state-approved teacher preparation institution shall pay the following fees to the department for approval and periodic review under subsection (1):

(a) For approval or periodic review of a teacher preparation program, the following:

(*i*) If the college or university of which the teacher preparation institution is part has a total student enrollment of less than 2,000, a fee of $2,000.00.

(*ii*) If the college or university of which the teacher preparation institution is part has a total student enrollment of 2,000 or more, a fee of $3,500.00.

(b) For approval or periodic review of a subject area specialty program, a fee of $300.00.

(3) The department shall not conduct a periodic review of a particular teacher preparation program or subject area specialty program more frequently than once every 5 years. However, if the content standards for a subject area specialty program are revised, the department may conduct a periodic review of that subject area specialty program before the 5-year review period has expired.

380.1539 Teacher-administrator preparation and certification fund; establishment; administration; deposit of fees; receipt of revenue; expenditures; carryover of unexpended money.

Sec. 1539. (1) A teacher-administrator preparation and certification fund is established in the department of treasury to be administered by the department of education.

(2) The department of education shall receive and forward to the state treasurer for deposit in the teacher-administrator preparation and certification fund all fees collected under section 1538 or 1538a. The teacher-administrator preparation and certification fund may receive as revenue money from any other source, as appropriated by the legislature.

(3) The revenue in the teacher-administrator preparation and certification fund shall be expended for the operation of the teacher preparation and certification program and the administrator preparation and certification program and for teacher and administrator professional development and other quality-related activities, including the teacher certification database system under section 1531h.

(4) Money in the teacher-administrator preparation and certification fund that is unexpended at the end of the state fiscal year shall be carried over to the succeeding state fiscal year, shall not revert to the general fund, and shall be expended as provided in subsection (3).

This act is ordered to take immediate effect.
Approved November 19, 2007.
Filed with Secretary of State November 19, 2007.

[No. 145]

(HB 5408)

AN ACT to amend 2007 PA 36, entitled "An act to provide for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations," by amending the title and sections 105, 111, 113, 201, 239, 265, 403, 405, 409, 413, 445, 447, 515, and 601 (MCL 208.1105, 208.1111, 208.1113, 208.1201, 208.1239, 208.1265, 208.1403, 208.1405, 208.1409, 208.1413, 208.1445, 208.1447, 208.1515, and 208.1601), section 201 as amended by 2007 PA 90, and by adding chapter 2C and section 451; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

TITLE

An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement of taxes on certain commercial, business, and financial activities; to prescribe the powers and duties of public officers and state departments; to provide for the inspection of certain taxpayer records; to provide for interest and penalties; to provide exemptions, credits, and refunds; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to make appropriations.

208.1105 Definitions; B.

Sec. 105. (1) "Business activity" means a transfer of legal or equitable title to or rental of property, whether real, personal, or mixed, tangible or intangible, or the performance of services, or a combination thereof, made or engaged in, or caused to be made or engaged in, whether in intrastate, interstate, or foreign commerce, with the object of gain, benefit, or advantage, whether direct or indirect, to the taxpayer or to others, but does not include the services rendered by an employee to his or her employer or services as a director of a corporation. Although an activity of a taxpayer may be incidental to another or to other of his or her business activities, each activity shall be considered to be business engaged in within the meaning of this act.

(2) "Business income" means that part of federal taxable income derived from business activity. For a partnership or S corporation, business income includes payments and items of income and expense that are attributable to business activity of the partnership or S corporation and separately reported to the partners or shareholders. For an organization that is a mutual or cooperative electric company exempt under section 501(c)(12) of the internal revenue code, business income equals the organization's excess or deficiency of revenues over expenses as reported to the federal government by those organizations exempt from the federal income tax under the internal revenue code, less capital credits paid to members of that organization, less income attributed to equity in another organization's net income, and less income resulting from a charge approved by a state or federal regulatory agency that is restricted for a specified purpose and refundable if it is not used for the specified purpose. For a tax-exempt person, business income means only that part of federal taxable income derived from unrelated business activity. For an individual, estate, partnership organized exclusively for estate or gift planning purposes, or trust organized exclusively for estate or gift planning purposes, business income is that part of federal taxable income derived from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

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

(b) Gains or losses incurred in the taxpayer's trade or business from stock and securities of any foreign or domestic corporation and dividend and interest income.

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

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

(e) Income not included in business income for an individual, estate, partnership organized exclusively for estate or gift planning purposes, or trust organized exclusively for estate or gift planning purposes includes, but is not limited to, the following:

(*i*) Personal investment activity, including interest, dividends, and gains from a personal investment portfolio or retirement account.

(*ii*) Disposition of tangible, intangible, or real property held for personal use and enjoyment, such as a personal residence or personal assets.

208.1111 Definitions; G to O.

Sec. 111. (1) "Gross receipts" means the entire amount received by the taxpayer from any activity whether in intrastate, interstate, or foreign commerce carried on for direct or indirect gain, benefit, or advantage to the taxpayer or to others except for the following:

(a) Proceeds from sales by a principal that the taxpayer collects in an agency capacity solely on behalf of the principal and delivers to the principal.

(b) Amounts received by the taxpayer as an agent solely on behalf of the principal that are expended by the taxpayer for any of the following:

(*i*) The performance of a service by a third party for the benefit of the principal that is required by law to be performed by a licensed person.

(*ii*) The performance of a service by a third party for the benefit of the principal that the taxpayer has not undertaken a contractual duty to perform.

(*iii*) Principal and interest under a mortgage loan or land contract, lease or rental payments, or taxes, utilities, or insurance premiums relating to real or personal property owned or leased by the principal.

(*iv*) A capital asset of a type that is, or under the internal revenue code will become, eligible for depreciation, amortization, or accelerated cost recovery by the principal for federal income tax purposes, or for real property owned or leased by the principal.

(*v*) Property not described under subparagraph (*iv*) that is purchased by the taxpayer on behalf of the principal and that the taxpayer does not take title to or use in the course of performing its contractual business activities.

(*vi*) Fees, taxes, assessments, levies, fines, penalties, or other payments established by law that are paid to a governmental entity and that are the legal obligation of the principal.

(c) Amounts that are excluded from gross income of a foreign corporation engaged in the international operation of aircraft under section 883(a) of the internal revenue code.

(d) Amounts received by an advertising agency used to acquire advertising media time, space, production, or talent on behalf of another person.

(e) Notwithstanding any other provision of this section, amounts received by a taxpayer that manages real property owned by a third party that are deposited into a separate account kept in the name of that third party and that are not reimbursements to the taxpayer and are not indirect payments for management services that the taxpayer provides to that third party.

(f) Proceeds from the taxpayer's transfer of an account receivable if the sale that generated the account receivable was included in gross receipts for federal income tax purposes. This subdivision does not apply to a taxpayer that during the tax year both buys and sells any receivables.

(g) Proceeds from any of the following:

(*i*) The original issue of stock or equity instruments.

(*ii*) The original issue of debt instruments.

(h) Refunds from returned merchandise.

(i) Cash and in-kind discounts.

(j) Trade discounts.

(k) Federal, state, or local tax refunds.

(*l*) Security deposits.

(m) Payment of the principal portion of loans.

(n) Value of property received in a like-kind exchange.

(o) Proceeds from a sale, transaction, exchange, involuntary conversion, or other disposition of tangible, intangible, or real property that is a capital asset as defined in section 1221(a) of the internal revenue code or land that qualifies as property used in the trade or business as defined in section 1231(b) of the internal revenue code, less any gain from the disposition to the extent that gain is included in federal taxable income.

(p) The proceeds from a policy of insurance, a settlement of a claim, or a judgment in a civil action less any proceeds under this subdivision that are included in federal taxable income.

(q) For a sales finance company, as defined in section 2 of the motor vehicles sales finance act, 1950 (Ex Sess) PA 27, MCL 492.102, and directly or indirectly owned in whole or in part by a motor vehicle manufacturer as of January 1, 2008, amounts realized from the repayment, maturity, sale, or redemption of the principal of a loan, bond, or mutual fund, certificate of deposit, or similar marketable instrument.

(r) For a sales finance company, as defined in section 2 of the motor vehicles sales finance act, 1950 (Ex Sess) PA 27, MCL 492.102, and directly or indirectly owned in whole or in part by a motor vehicle manufacturer as of January 1, 2008, the principal amount received under a repurchase agreement or other transaction properly characterized as a loan.

(s) For a mortgage company, proceeds representing the principal balance of loans transferred or sold in the tax year. For purposes of this subdivision, "mortgage company" means a person that is licensed under the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1651 to 445.1684, or the secondary mortgage loan act, 1981 PA 125, MCL 493.51 to 493.81, and has greater than 90% of its revenues, in the ordinary course of business, from the origination, sale, or servicing of residential mortgage loans.

(t) For a professional employer organization, any amount charged by a professional employer organization that represents the actual cost of wages and salaries, benefits, worker's compensation, payroll taxes, withholding, or other assessments paid to or on behalf of a covered employee by the professional employer organization under a professional employer arrangement.

(u) Any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under this act than to a person not subject to this tax and paid by a manufacturer, distributor, or supplier.

(v) For an individual, estate, partnership organized exclusively for estate or gift planning purposes, or trust organized exclusively for estate or gift planning purposes, amounts received other than those from transactions, activities, and sources in the regular course of the taxpayer's trade or business, including the following:

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

(*ii*) Receipts received in the course of the taxpayer's trade or business from stock and securities of any foreign or domestic corporation and dividend and interest income.

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

(*iv*) Receipts derived from the sale of a business.

(*v*) Receipts excluded from gross receipts under this subsection for an individual, estate, partnership organized exclusively for estate or gift planning purposes, or trust organized exclusively for estate or gift planning purposes include, but are not limited to, the following:

(A) Personal investment activity, including interest, dividends, and gains from a personal investment portfolio or retirement account.

(B) Disposition of tangible, intangible, or real property held for personal use and enjoyment, such as a personal residence or personal assets.

(2) "Insurance company" means an authorized insurer as defined in section 106 of the insurance code of 1956, 1956 PA 218, MCL 500.106.

(3) "Internal revenue code" means the United States internal revenue code of 1986 in effect on January 1, 2008 or, at the option of the taxpayer, in effect for the tax year.

(4) "Inventory" means, except as provided in subdivision (d), all of the following:

(a) The stock of goods held for resale in the regular course of trade of a retail or wholesale business, including electricity or natural gas purchased for resale.

(b) Finished goods, goods in process, and raw materials of a manufacturing business purchased from another person.

(c) For a person that is a new motor vehicle dealer licensed under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, floor plan interest expenses for new motor vehicles. For purposes of this subdivision, "floor plan interest" means interest paid that finances any part of the person's purchase of new motor vehicle inventory from a manufacturer, distributor, or supplier. However, amounts attributable to any invoiced items used to provide more favorable floor plan assistance to a person subject to the tax imposed under this act than to a person not subject to this tax is considered interest paid by a manufacturer, distributor, or supplier.

(d) Inventory does not include either of the following:

(*i*) Personal property under lease or principally intended for lease rather than sale.

(*ii*) Property allowed a deduction or allowance for depreciation or depletion under the internal revenue code.

(5) "Officer" means an officer of a corporation other than a subchapter S corporation, including all of the following:

(a) The chairperson of the board.

(b) The president, vice president, secretary, or treasurer of the corporation or board.

(c) Persons performing similar duties to persons described in subdivisions (a) and (b).

208.1113 Definitions; P and R.

Sec. 113. (1) "Partner" means a partner or member of a partnership.

(2) "Partnership" means a taxpayer that is required to or has elected to file as a partnership for federal income tax purposes.

(3) "Person" means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, subchapter S corporation, limited liability company, receiver, estate, trust, or any other group or combination of groups acting as a unit.

(4) "Professional employer organization" means an organization that provides the management and administration of the human resources of another entity by contractually assuming substantial employer rights and responsibilities through a professional employer agreement that establishes an employer relationship with the leased officers or employees assigned to the other entity by doing all of the following:

(a) Maintaining a right of direction and control of employees' work, although this responsibility may be shared with the other entity.

(b) Paying wages and employment taxes of the employees out of its own accounts.

(c) Reporting, collecting, and depositing state and federal employment taxes for the employees.

(d) Retaining a right to hire and fire employees.

(5) Professional employer organization is not a staffing company as that term is defined in subsection (6).

(6) "Purchases from other firms" means all of the following:

(a) Inventory acquired during the tax year, including freight, shipping, delivery, or engineering charges included in the original contract price for that inventory.

(b) Assets, including the costs of fabrication and installation, acquired during the tax year of a type that are, or under the internal revenue code will become, eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax purposes.

(c) To the extent not included in inventory or depreciable property, materials and supplies, including repair parts and fuel.

(d) For a staffing company, compensation of personnel supplied to customers of staffing companies. As used in this subdivision:

(*i*) "Compensation" means that term as defined under section 107 plus all payroll tax and worker's compensation costs.

(*ii*) "Staffing company" means a taxpayer whose business activities are included in industry group 736 under the standard industrial classification code as compiled by the United States department of labor.

(e) For a person included in major groups 15, 16, and 17 under the standard industrial classification code as compiled by the United States department of labor that does not qualify for a credit under section 417, payments to subcontractors for a construction project under a contract specific to that project.

(f) For the 2009 tax year, 50% of film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer. For the 2010 tax year and each tax year after 2010, all film rental or royalty payments paid by a theater owner to a film distributor, a film producer, or a film distributor and producer.

(7) "Revenue mile" means the transportation for a consideration of 1 net ton in weight or 1 passenger the distance of 1 mile.

208.1201 Business income tax; imposition; adjustments; "business loss" explained.

Sec. 201. (1) Except as otherwise provided in this act, there is levied and imposed a business income tax on every taxpayer with business activity within this state unless prohibited by 15 USC 381 to 384. The business income tax is imposed on the business income tax base, after allocation or apportionment to this state, at the rate of 4.95%.

(2) The business income tax base means a taxpayer's business income subject to the following adjustments, before allocation or apportionment, and the adjustment in subsection (5) after allocation or apportionment:

(a) Add interest income and dividends derived from obligations or securities of states other than this state, in the same amount that was excluded from federal taxable income, less the related portion of expenses not deducted in computing federal taxable income because of sections 265 and 291 of the internal revenue code.

(b) Add all taxes on or measured by net income and the tax imposed under this act to the extent the taxes were deducted in arriving at federal taxable income.

(c) Add any carryback or carryover of a net operating loss to the extent deducted in arriving at federal taxable income.

(d) To the extent included in federal taxable income, deduct dividends and royalties received from persons other than United States persons and foreign operating entities, including, but not limited to, amounts determined under section 78 of the internal revenue code or sections 951 to 964 of the internal revenue code.

(e) To the extent included in federal taxable income, add the loss or subtract the income from the business income tax base that is attributable to another entity whose business activities are taxable under this section or would be subject to the tax under this section if the business activities were in this state.

(f) Except as otherwise provided under this subdivision, to the extent deducted in arriving at federal taxable income, add any royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's unitary business group. The addition of any royalty, interest, or other expense described under this subdivision is not required to be added if the taxpayer can demonstrate that the transaction has a nontax business purpose other than avoidance of this tax, is conducted with arm's-length pricing and rates and terms as applied in accordance with sections 482 and 1274(d) of the internal revenue code, and satisfies 1 of the following:

(*i*) Is a pass through of another transaction between a third party and the related person with comparable rates and terms.

(*ii*) Results in double taxation. For purposes of this subparagraph, double taxation exists if the transaction is subject to tax in another jurisdiction.

(*iii*) Is unreasonable as determined by the treasurer, and the taxpayer agrees that the addition would be unreasonable based on the taxpayer's facts and circumstances.

(g) To the extent included in federal taxable income, deduct interest income derived from United States obligations.

(h) To the extent included in federal taxable income, deduct any earnings that are net earnings from self-employment as defined under section 1402 of the internal revenue code of the taxpayer or a partner or limited liability company member of the taxpayer except to the extent that those net earnings represent a reasonable return on capital.

(i) Subject to the limitation provided under this subdivision, if the book-tax differences for the first fiscal period ending after July 12, 2007 result in a deferred liability for a person subject to tax under this act, deduct the following percentages of the total book-tax difference for each qualifying asset, for each of the successive 15 tax years beginning with the 2015 tax year:

(*i*) For the 2015 through 2019 tax years, 4%.

(*ii*) For the 2020 through 2024 tax years, 6%.

(*iii*) For the 2025 through 2029 tax years, 10%.

(3) The deduction under subsection (2)(i) shall not exceed the amount necessary to offset the net deferred tax liability of the taxpayer as computed in accordance with generally accepted accounting principles which would otherwise result from the imposition of the business income tax under this section and the modified gross receipts tax under section 203 if the deduction provided under this subdivision were not allowed. The deduction under subsection (2)(i) is intended to flow through and reduce the surcharge imposed and levied under section 281. For purposes of the calculation of the deduction under subsection (2)(i), a book-tax difference shall only be used once in the calculation of the deduction arising from the taxpayer's business income tax base under this section and once in the calculation of the deduction arising from the taxpayer's modified gross receipts tax base under section 203. The adjustment under subsection (2)(i) shall be calculated without regard to the federal effect of the deduction. If the adjustment under subsection (2)(i) is greater than the taxpayer's business income tax base, any adjustment that is unused may be carried forward and applied as an adjustment to the taxpayer's business income tax base before apportionment in future years. In order to claim this deduction, the department may require the taxpayer to report the amount of this deduction on a form as prescribed by the department that is to be filed on or after the date that the first quarterly return and estimated payment are due under this act. As used in subsection (2)(i) and this subsection:

(a) "Book-tax difference" means the difference, if any, between the person's qualifying asset's net book value shown on the person's books and records for the first fiscal period ending after July 12, 2007 and the qualifying asset's tax basis on that same date.

(b) "Qualifying asset" means any asset shown on the person's books and records for the first fiscal period ending after July 12, 2007, in accordance with generally accepted accounting principles.

(4) For purposes of subsections (2) and (3), the business income of a unitary business group is the sum of the business income of each person, other than a foreign operating entity or a person subject to the tax imposed under chapter 2A or 2B, included in the unitary business group less any items of income and related deductions arising from transactions including dividends between persons included in the unitary business group.

(5) Deduct any available business loss incurred after December 31, 2007. As used in this subsection, "business loss" means a negative business income taxable amount after allocation or apportionment. The business loss shall be carried forward to the year immediately succeeding the loss year as an offset to the allocated or apportioned business income tax base, then successively to the next 9 taxable years following the loss year or until the loss is used up, whichever occurs first, but for not more than 10 taxable years after the loss year.

208.1239 Insurance company; tax credit equal to 65%.

Sec. 239. (1) An insurance company shall be allowed a credit against the tax imposed under this chapter in an amount equal to 50% of the examination fees paid by the insurance company during the tax year pursuant to section 224 of the insurance code of 1956, 1956 PA 218, MCL 500.224.

(2) An insurance company may claim a credit against the tax imposed under this act as provided under section 403(2), not to exceed 65% of the insurance company's tax liability for the tax year after claiming the other credits allowed by this chapter.

208.1265 Financial institution; tax base; net capital; computation; determination; change in organization; combination of financial institutions.

Sec. 265. (1) For a financial institution, tax base means the financial institution's net capital. Net capital means equity capital as computed in accordance with generally accepted accounting principles less goodwill and the average daily book value of United States obligations

and Michigan obligations. If the financial institution does not maintain its books and records in accordance with generally accepted accounting principles, net capital shall be computed in accordance with the books and records used by the financial institution, so long as the method fairly reflects the financial institution's net capital for purposes of the tax levied by this chapter. Net capital does not include up to 125% of the minimum regulatory capitalization requirements of a person subject to the tax imposed under chapter 2A.

(2) Net capital shall be determined by adding the financial institution's net capital as of the close of the current tax year and preceding 4 tax years and dividing the resulting sum by 5. If a financial institution has not been in existence for a period of 5 tax years, net capital shall be determined by adding together the financial institution's net capital for the number of tax years the financial institution has been in existence and dividing the resulting sum by the number of years the financial institution has been in existence. For purposes of this section, a partial year shall be treated as a full year.

(3) For purposes of this section, each of the following applies:

(a) A change in identity, form, or place of organization of 1 financial institution shall be treated as if a single financial institution had been in existence for the entire tax year in which the change occurred and each tax year after the change.

(b) The combination of 2 or more financial institutions into 1 shall be treated as if the constituent financial institutions had been a single financial institution in existence for the entire tax year in which the combination occurred and each tax year after the combination, and the book values and deductions for United States obligations and Michigan obligations of the constituent institutions shall be combined. A combination shall include any acquisition required to be accounted for by the surviving financial institution in accordance with generally accepted accounting principles or a statutory merger or consolidation.

CHAPTER 2C

208.1281 Annual surcharge; imposition; levy; "Michigan personal income" defined; limitation on amount; applicability; administration, collection, and enforcement.

Sec. 281. (1) In addition to the taxes imposed and levied under this act and subject to subsections (2), (3), and (4), to meet deficiencies in state funds an annual surcharge is imposed and levied on each taxpayer equal to the following percentage of the taxpayer's tax liability under this act after allocation or apportionment to this state under this act but before calculation of the various credits available under this act:

(a) For each taxpayer other than a person subject to the tax imposed and levied under chapter 2B, 21.99%.

(b) For a person subject to the tax imposed and levied under chapter 2B:

(*i*) For tax years ending after December 31, 2007 and before January 1, 2009, 27.7%.

(*ii*) For tax years ending after December 31, 2008, 23.4%.

(2) If the Michigan personal income growth exceeds 0% in any 1 of the 3 calendar years immediately preceding the 2017 calendar year, then the surcharge under subsection (1) shall not be levied and imposed on or after January 1, 2017. For purposes of this subsection, "Michigan personal income" means personal income for this state as defined by the bureau of economic analysis of the United States department of commerce or its successor.

(3) The amount of the surcharge imposed and levied on any taxpayer under subsection (1)(a) shall not exceed $6,000,000.00 for any single tax year.

(4) The surcharge imposed and levied under this section does not apply to either of the following:

(a) A person subject to the tax imposed and levied under chapter 2A.

(b) A person subject to the tax imposed and levied under chapter 2B that is authorized to exercise only trust powers.

(5) The surcharge imposed and levied under this section shall constitute a part of the tax imposed under this act and shall be administered, collected, and enforced as provided under this act.

208.1403 Allowable total combined credit; limitation; tax credit; payments by professional employer organization; calculation; tax year in which negative credit is calculated; credit claimed under MCL 208.1405.

Sec. 403. (1) Notwithstanding any other provision in this act, the credits provided in this section shall be taken before any other credit under this act. For the 2008 tax year, the total combined credit allowed under this section shall not exceed 50% of the tax liability imposed under this act before the imposition and levy of the surcharge under section 281. For the 2009 tax year and each tax year after 2009, the total combined credit allowed under this section shall not exceed 52% of the tax liability imposed under this act before the imposition and levy of the surcharge under section 281.

(2) Subject to the limitation in subsection (1), for the 2008 tax year a taxpayer may claim a credit against the tax imposed by this act equal to 0.296% of the taxpayer's compensation in this state. For the 2009 tax year and each tax year after 2009, subject to the limitation in subsection (1), a taxpayer may claim a credit against the tax imposed by this act equal to 0.370% of the taxpayer's compensation in this state. For purposes of this subsection, a taxpayer includes a person subject to the tax imposed under chapter 2A and a person subject to the tax imposed under chapter 2B. A professional employer organization shall not include payments by the professional employer organization to the officers and employees of a client of the professional employer organization whose employment operations are managed by the professional employer organization. A client may include payments by the professional employer organization to the officers and employees of the client whose employment operations are managed by the professional employer organization.

(3) Subject to the limitation in subsection (1), for the 2008 tax year a taxpayer may claim a credit against the tax imposed by this act equal to 2.32% multiplied by the result of subtracting the sum of the amounts calculated under subdivisions (d), (e), and (f) from the sum of the amounts calculated under subdivisions (a), (b), and (c). Subject to the limitation in subsection (1), for the 2009 tax year and each tax year after 2009, a taxpayer may claim a credit against the tax imposed by this act equal to 2.9% multiplied by the result of subtracting the sum of the amounts calculated under subdivisions (d), (e), and (f) from the sum of the amounts calculated under subdivisions (a), (b), and (c):

(a) Calculate the cost, including fabrication and installation, paid or accrued in the taxable year of tangible assets of a type that are, or under the internal revenue code will become, eligible for depreciation, amortization, or accelerated capital cost recovery for federal income tax purposes, provided that the assets are physically located in this state for use in a business activity in this state and are not mobile tangible assets.

(b) Calculate the cost, including fabrication and installation, paid or accrued in the taxable year of mobile tangible assets of a type that are, or under the internal revenue code will become, eligible for depreciation, amortization, or accelerated capital cost recovery for

federal income tax purposes. This amount shall be multiplied by the apportionment factor for the tax year as prescribed in chapter 3.

(c) For tangible assets, other than mobile tangible assets, purchased or acquired for use outside of this state in a tax year beginning after December 31, 2007 and subsequently transferred into this state and purchased or acquired for use in a business activity, calculate the federal basis used for determining gain or loss as of the date the tangible assets were physically located in this state for use in a business activity plus the cost of fabrication and installation of the tangible assets in this state.

(d) If the cost of tangible assets described in subdivision (a) was paid or accrued in a tax year beginning after December 31, 2007, or before December 31, 2007 to the extent the credit is used and at the rate at which the credit was used under former 1975 PA 228 or this act, calculate the gross proceeds or benefit derived from the sale or other disposition of the tangible assets minus the gain, multiplied by the apportionment factor for the taxable year as prescribed in chapter 3, and plus the loss, multiplied by the apportionment factor for the taxable year as prescribed in chapter 3 from the sale or other disposition reflected in federal taxable income and minus the gain from the sale or other disposition added to the business income tax base in section 201.

(e) If the cost of tangible assets described in subdivision (b) was paid or accrued in a tax year beginning after December 31, 2007, or before December 31, 2007 to the extent the credit is used and at the rate at which the credit was used under former 1975 PA 228 or this act, calculate the gross proceeds or benefit derived from the sale or other disposition of the tangible assets minus the gain and plus the loss from the sale or other disposition reflected in federal taxable income and minus the gain from the sale or other disposition added to the business income tax base in section 201. This amount shall be multiplied by the apportionment factor for the tax year as prescribed in chapter 3.

(f) For assets purchased or acquired in a tax year beginning after December 31, 2007, or before December 31, 2007 to the extent the credit is used and at the rate at which the credit was used under former 1975 PA 228 or this act, that were eligible for a credit under subdivision (a) or (c) and that were transferred out of this state, calculate the federal basis used for determining gain or loss as of the date of the transfer.

(4) For a tax year in which the amount of the credit calculated under subsection (3) is negative, the absolute value of that amount is added to the taxpayer's tax liability for the tax year.

(5) A taxpayer that claims a credit under this section is not prohibited from claiming a credit under section 405. However, the taxpayer shall not claim a credit under this section and section 405 based on the same costs and expenses.

208.1405 Taxpayer's research and development expenses; tax credit; limitation; definition.

Sec. 405. For the 2008 tax year, a taxpayer may claim a credit against the tax imposed by this act equal to 1.52% of the taxpayer's research and development expenses in this state in the tax year. For the 2009 tax year and each tax year after 2009, a taxpayer may claim a credit against the tax imposed by this act equal to 1.90% of the taxpayer's research and development expenses in this state in the tax year. The credit under this section combined with the total combined credit allowed under section 403 shall not exceed 65% of the tax liability imposed under this act before the imposition and levy of the surcharge under section 281. As used in this section, "research and development expenses" means that term as defined in section 41(b) of the internal revenue code.

208.1409 Infield renovation, grandstand and infrastructure upgrades; tax credit; limitations; professional fees, additional police officers, and traffic management devices; capital expenditures; definitions.

Sec. 409. (1) For tax years that begin on or after January 1, 2008 and end before January 1, 2013, an eligible taxpayer may claim a credit against the tax imposed by this act equal to the amount of capital expenditures on infield renovation, grandstand and infrastructure upgrades, and any other construction and upgrades, subject to the following:

(a) For the 2008 through 2010 tax years, the credit shall not exceed $1,700,000.00 or the taxpayer's tax liability under this act, whichever is less.

(b) For the 2011 tax year, the credit shall not exceed $1,180,000.00 or the taxpayer's tax liability under this act, whichever is less.

(c) For the 2012 tax year, the credit shall not exceed $650,000.00 or the taxpayer's tax liability under this act, whichever is less.

(2) In addition to the credit allowed under subsection (1), for the 2009 tax year an eligible taxpayer may claim a credit against the tax imposed by this act equal to 50% of the amount of necessary expenditures incurred including any professional fees, additional police officers, and any traffic management devices, to ensure traffic and pedestrian safety while hosting the requisite motorsports events each calendar year. For the 2010 tax year and each tax year after 2010, an eligible taxpayer may claim a credit against the tax imposed by this act equal to all of the necessary expenditures incurred including any professional fees, additional police officers, and any traffic management devices, to ensure traffic and pedestrian safety while hosting the requisite motorsports events each calendar year. If the amount of the credit allowed under this subsection exceeds the tax liability of the taxpayer for the tax year that excess shall be refunded.

(3) An eligible taxpayer shall expend at least $25,000,000.00 on capital expenditures before January 1, 2011.

(4) As used in this section:

(a) "Eligible taxpayer" means any of the following:

(*i*) A person who owns and operates a motorsports entertainment complex and has at least 2 days of motorsports events each calendar year which shall be comparable to NASCAR Nextel cup events held in 2007 or their successor events.

(*ii*) A person who is the lessee and operator of a motorsports entertainment complex or the lessee of the land on which a motorsports entertainment complex is located and operates that motorsports entertainment complex.

(*iii*) A person who operates and maintains a motorsports entertainment complex under an operation and management agreement.

(b) "Motorsports entertainment complex" means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

(*i*) Has at least 70,000 fixed seats for race patrons.

(*ii*) Has at least 6 scheduled days of motorsports events each calendar year.

(*iii*) Serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets, which are staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly benefit from the concession outlets' sales.

(*iv*) Engages in tourism promotion.

(*v*) Has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.

(c) "Motorsports event" means a motorsports race and its ancillary activities that have been sanctioned by a sanctioning body.

(d) "Sanctioning body" means the American motorcycle association (AMA); auto racing club of America (ARCA); championship auto racing teams (CART); grand American road racing association (GRAND AM); Indy racing league (IRL); national association for stock car auto racing (NASCAR); national hot rod association (NHRA); professional sports car racing (PSR); sports car club of America (SCCA); United States auto club (USAC); Michigan state promoters association; or any successor organization or any other nationally or internationally recognized governing body of motorsports that establishes an annual schedule of motorsports events and grants rights to conduct the events, that has established and administers rules and regulations governing all participants involved in the events and all persons conducting the events, and that requires certain liability assurances, including insurance.

208.1413 Tax credit; certain eligible personal property, eligible telephone personal property, and eligible natural gas pipeline property; filing; refund; definitions.

Sec. 413. (1) Subject to subsection (2), a taxpayer may claim a credit against the tax imposed by this act equal to the following:

(a) For property taxes levied after December 31, 2007, 35% of the amount paid for property taxes on eligible personal property in the tax year.

(b) Twenty-three percent of the amount paid for property taxes levied on eligible telephone personal property in the 2008 tax year and 13.5% of the amount paid for property taxes levied on eligible telephone personal property in subsequent tax years.

(c) For property taxes levied after December 31, 2007, 10% of the amount paid for property taxes on eligible natural gas pipeline property in the tax year.

(2) To qualify for the credit under subsection (1), the taxpayer shall file, if applicable, within the time prescribed each of the following:

(a) The statement of assessable personal property prepared pursuant to section 19 of the general property tax act, 1893 PA 206, MCL 211.19, identifying the eligible personal property or eligible natural gas pipeline property, or both, for which the credit under subsection (1) is claimed.

(b) The annual report filed under section 6 of 1905 PA 282, MCL 207.6, identifying the eligible telephone personal property for which the credit under subsection (1) is claimed.

(c) The assessment or bill issued to and paid by the taxpayer for the eligible personal property, eligible natural gas pipeline property, or eligible telephone property for which the credit under subsection (1) is claimed.

(3) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that excess shall be refunded.

(4) As used in this section:

(a) "Eligible natural gas pipeline property" means natural gas pipelines that are classified as utility personal property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, and are subject to regulation under the natural gas act, 15 USC 717 to 717z.

(b) "Eligible personal property" means personal property that is classified as industrial personal property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, or in the case of personal property that is subject to 1974 PA 198, MCL 207.551 to 207.572, is situated on land classified as industrial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(c) "Eligible telephone personal property" means personal property of a telephone company subject to the tax levied under 1905 PA 282, MCL 207.1 to 207.21.

(d) "Property taxes" means any of the following:

(*i*) Taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(*ii*) Taxes levied under 1974 PA 198, MCL 207.551 to 207.572.

(*iii*) Taxes levied under the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797.

(*iv*) Taxes levied under 1905 PA 282, MCL 207.1 to 207.21.

208.1445 Taxpayer as new motor vehicle dealer; tax credit; "new motor vehicle inventory" defined.

Sec. 445. (1) A taxpayer that is a new motor vehicle dealer licensed under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, may claim a credit against the tax imposed by this act equal to 0.25% of the amount paid by the taxpayer to acquire new motor vehicle inventory in the tax year.

(2) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that excess shall not be refunded and shall not be carried forward as an offset to the tax liability in subsequent tax years.

(3) As used in this section, "new motor vehicle inventory" means new motor vehicles or motor vehicle parts.

208.1447 Tax credit equal to 1.0% of taxpayer's compensation; "eligible taxpayer" defined.

Sec. 447. (1) An eligible taxpayer may claim a credit against the tax imposed by this act equal to 1.0% of the taxpayer's compensation in this state, not to exceed $8,500,000.00.

(2) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that excess shall not be refunded and shall not be carried forward as an offset to the tax liability in subsequent tax years.

(3) A taxpayer that claims a credit under this section shall not claim a credit under section 449.

(4) As used in this section, "eligible taxpayer" means a taxpayer that meets all of the following conditions:

(a) Operates at least 17,000,000 square feet of enclosed retail space and 2,000,000 square feet of enclosed warehouse space in this state.

(b) Sells all of the following at retail:

(*i*) Fresh, frozen, or processed food, food products, or consumable necessities.

(*ii*) Prescriptions and over-the-counter medications.

(*iii*) Health and beauty care products.

(*iv*) Cosmetics.

(*v*) Pet products.

(*vi*) Carbonated beverages.

(*vii*) Beer, wine, or liquor.

(c) Sales of the items listed in subdivision (b) represent more than 35% of the taxpayer's total sales in the tax year.

(d) Maintains its headquarters operation in this state.

208.1451 Tax credit; excess amount; refund prohibited; definitions.

Sec. 451. (1) An eligible taxpayer may claim a credit against the tax imposed by this act equal to the following:

(a) If a surcharge is imposed and levied under section 281 for the same tax year for which the credit is claimed under this section, 30.5% of the taxpayer's expenses incurred during the tax year to comply with 1976 IL 1, MCL 445.571 to 445.576.

(b) If a surcharge is not imposed and levied under section 281 for the same tax year for which the credit is claimed under this section, 25% of the taxpayer's expenses incurred during the tax year to comply with 1976 IL 1, MCL 445.571 to 445.576.

(2) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that excess shall not be refunded and shall not be carried forward as an offset to the tax liability in subsequent tax years.

(3) As used in this section:

(a) "Beverage container" and "distributor" mean those terms as defined under 1976 IL 1, MCL 445.571 to 445.576.

(b) "Eligible taxpayer" means a distributor or manufacturer who originates a deposit on a beverage container in accordance with 1976 IL 1, MCL 445.571 to 445.576.

208.1515 Distribution to school aid fund; deposit of balance to general fund; "United States consumer price index" defined.

Sec. 515. (1) In fiscal year 2007-2008, $341,000,000.00 of the revenue collected under this act shall be distributed to the school aid fund and the balance shall be deposited into the general fund. In fiscal year 2008-2009, $729,000,000.00 of the revenue collected under this act shall be distributed to the school aid fund and the balance shall be deposited into the general fund. For each fiscal year after the 2008-2009 fiscal year, that amount from the immediately preceding fiscal year as adjusted by an amount equal to the growth in the United States consumer price index in the immediately preceding year shall be distributed to the school aid fund and the balance shall be deposited into the general fund.

(2) As used in this section, "United States consumer price index" means the United States consumer price index for all urban consumers as defined and reported by the United States department of labor, bureau of labor statistics.

208.1601 Refund of excess amounts; deposit into countercyclical budget and economic stabilization fund; disposition of taxpayer's pro rata share; definitions.

Sec. 601. (1) For the 2008 fiscal year, except as otherwise provided under subsection (4), if total net cash payments from the tax imposed under this act plus any net cash payments from former 1975 PA 228 less any net cash payments made by insurance companies under either act exceed the fiscal year 2008 base, 60% of that excess shall be refunded in the immediately succeeding fiscal year as provided in subsection (5) and the remaining 40% shall be deposited into the countercyclical budget and economic stabilization fund created in section 351 of the management and budget act, 1984 PA 431, MCL 18.1351. To calculate the fiscal year 2008 base, multiply $2,619,100,000.00 by 1.0075 and then multiply this product by the United States consumer price index for fiscal year 2008 and then divide this product by the United States consumer price index for fiscal year 2007.

(2) For the 2009 fiscal year, except as otherwise provided under subsection (4), if total net cash payments from the tax imposed under this act, excluding any revenue collected pursuant to chapter 2A, exceed the fiscal year 2009 base, 60% of that excess shall be refunded in

the immediately succeeding fiscal year as provided in subsection (5) and the remaining 40% shall be deposited into the countercyclical budget and economic stabilization fund created in section 351 of the management and budget act, 1984 PA 431, MCL 18.1351. To calculate the fiscal year 2009 base, multiply $3,051,500,000.00 by 1.015 and then multiply this product by the United States consumer price index for fiscal year 2009 and then divide this product by the United States consumer price index for fiscal year 2007.

(3) For the 2010 fiscal year and each fiscal year after 2010, except as otherwise provided under subsection (4), if total net cash payments from the tax imposed under this act, excluding any revenue collected pursuant to chapter 2A, exceed the fiscal year base, 60% of that excess shall be refunded in the immediately succeeding fiscal year as provided in subsection (5) and the remaining 40% shall be deposited into the countercyclical budget and economic stabilization fund created in section 351 of the management and budget act, 1984 PA 431, MCL 18.1351. To calculate the fiscal year base, multiply the fiscal year base for the immediately preceding fiscal year by 1.0075 and then multiply this product by the United States consumer price index for the fiscal year and divide this product by the United States consumer price index for the immediately preceding fiscal year.

(4) If the amount of the total net cash payments collected from the tax imposed under this act, excluding any revenue collected pursuant to chapter 2A, exceeds the amount described in the applicable subsection by less than $5,000,000.00, then all of that excess shall be deposited into the countercyclical budget and economic stabilization fund created in section 351 of the management and budget act, 1984 PA 431, MCL 18.1351.

(5) For the 2008 fiscal year, the refund available under subsection (1) shall be applied pro rata to the taxpayers that made positive net cash payments during the fiscal year. The taxpayer's pro rata share shall be the total amount to be refunded under subsection (1) multiplied by a fraction the numerator of which is the positive net payments made by the taxpayer during the fiscal year and the denominator of which is the sum of the positive net cash payments made by all taxpayers during the fiscal year. For each fiscal year after the 2008 fiscal year, the refund available under subsection (2) or (3) shall be applied pro rata to the taxpayers that claimed 1 or more credits under section 403 or 405 during the immediately preceding fiscal year. The taxpayer's pro rata share shall be the total amount to be refunded under subsection (2) or (3) multiplied by a fraction the numerator of which is the credits claimed under sections 403 and 405 by the taxpayer during the immediately preceding fiscal year and the denominator of which is the sum of the credits claimed under sections 403 and 405 by all taxpayers during the immediately preceding fiscal year.

(6) As used in this section:

(a) "Fiscal year" means the state fiscal year that commences October 1 and continues through September 30.

(b) "Net cash payments" for the fiscal year are equal to cash annual and estimated payments made during the fiscal year less refunds paid during the fiscal year. Refunds paid under this section are not used to reduce net cash payments for purposes of calculating refunds paid out under this section.

(c) "United States consumer price index" means the United States consumer price index for all urban consumers as defined and reported by the United States department of labor, bureau of labor statistics.

Repeal of MCL 18.1353c, 18.1353e, and 18.1353f.

Enacting section 1. Sections 353c, 353e, and 353f of the management and budget act, 1984 PA 431, MCL 18.1353c, 18.1353e, and 18.1353f, are repealed.

Repeal of MCL 205.93d; effective date as retroactive.

Enacting section 2. Section 3d of the use tax act, 1937 PA 94, MCL 205.93d, is repealed. It is the intent of the legislature that the repeal of section 3d of the use tax act, 1937 PA 94, MCL 205.93d, is retroactive and is effective immediately after section 3d of the use tax act, 1937 PA 94, MCL 205.93d, took effect on December 1, 2007.

Effective date; applicability of sections to business activity occurring after December 31, 2007.

Enacting section 3. Sections 281 and 451 of the Michigan business tax act, 2007 PA 36, MCL 208.1281 and 208.1451, as added by this amendatory act, and sections 105, 111, 113, 201, 239, 265, 403, 405, 409, 413, 445, 447, 515, and 601 of the Michigan business tax act, 2007 PA 36, MCL 208.1105, 208.1111, 208.1113, 208.1201, 208.1239, 208.1265, 208.1403, 208.1405, 208.1409, 208.1413, 208.1445, 208.1447, 208.1515, and 208.1601, as amended by this amendatory act, take effect January 1, 2008 and apply to all business activity occurring after December 31, 2007.

This act is ordered to take immediate effect.
Approved December 1, 2007.
Filed with Secretary of State December 1, 2007.

[No. 146]

(SB 757)

AN ACT to amend 1974 PA 198, entitled "An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to impose and provide for the disposition of an administrative fee; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties," by amending sections 2, 9, and 14 (MCL 207.552, 207.559, and 207.564), section 2 as amended by 2007 PA 12, section 9 as amended by 2006 PA 436, and section 14 as amended by 2007 PA 39.

The People of the State of Michigan enact:

207.552 Definitions.

Sec. 2. (1) "Commission" means the state tax commission created by 1927 PA 360, MCL 209.101 to 209.107.

(2) "Facility" means either a replacement facility, a new facility, or, if applicable by its usage, a speculative building.

(3) "Replacement facility" means 1 of the following:

(a) In the case of a replacement or restoration that occurs on the same or contiguous land as that which is replaced or restored, industrial property that is or is to be acquired, constructed, altered, or installed for the purpose of replacement or restoration of obsolete industrial property together with any part of the old altered property that remains for use as industrial property after the replacement, restoration, or alteration.

(b) In the case of construction on vacant noncontiguous land, property that is or will be used as industrial property that is or is to be acquired, constructed, transferred, or installed

for the purpose of being substituted for obsolete industrial property if the obsolete industrial property is situated in a plant rehabilitation district in the same city, village, or township as the land on which the facility is or is to be constructed and includes the obsolete industrial property itself until the time as the substituted facility is completed.

(4) "New facility" means new industrial property other than a replacement facility to be built in a plant rehabilitation district or industrial development district.

(5) "Local governmental unit" means a city, village, or township located in this state.

(6) "Industrial property" means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is the engaging in a high-technology activity, operation of a strategic response center, operation of a motorsports entertainment complex, operation of a logistical optimization center, operation of qualified commercial activity, the manufacture of goods or materials, creation or synthesis of biodiesel fuel, or the processing of goods and materials by physical or chemical change; property acquired, constructed, altered, or installed due to the passage of proposal A in 1976; the operation of a hydro-electric dam by a private company other than a public utility; or agricultural processing facilities. Industrial property includes facilities related to a manufacturing operation under the same ownership, including, but not limited to, office, engineering, research and development, warehousing, or parts distribution facilities. Industrial property also includes research and development laboratories of companies other than those companies that manufacture the products developed from their research activities and research development laboratories of a manufacturing company that are unrelated to the products of the company. For applications approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007, industrial property also includes an electric generating plant that is not owned by a local unit of government, including, but not limited to, an electric generating plant fueled by biomass. Industrial property also includes convention and trade centers over 250,000 square feet in size. Industrial property also includes a federal reserve bank operating under 12 USC 341, located in a city with a population of 750,000 or more. Industrial property may be owned or leased. However, in the case of leased property, the lessee is liable for payment of ad valorem property taxes and shall furnish proof of that liability. Industrial property does not include any of the following:

(a) Land.

(b) Property of a public utility other than an electric generating plant that is not owned by a local unit of government and for which an application was approved by the legislative body of a local governmental unit between June 30, 1999 and December 31, 2007.

(c) Inventory.

(7) "Obsolete industrial property" means industrial property the condition of which is substantially less than an economically efficient functional condition.

(8) "Economically efficient functional condition" means a state or condition of property the desirability and usefulness of which is not impaired due to changes in design, construction, technology, or improved production processes, or from external influencing factors that make the property less desirable and valuable for continued use.

(9) "Research and development laboratories" means building and structures, including the machinery, equipment, furniture, and fixtures located in the building or structure, used or to be used for research or experimental purposes that would be considered qualified research as that term is used in section 41 of the internal revenue code, 26 USC 41, except that qualified research also includes qualified research funded by grant, contract, or otherwise by another person or governmental entity.

(10) "Manufacture of goods or materials" or "processing of goods or materials" means any type of operation that would be conducted by an entity included in the classifications provided by sector 31-33 — manufacturing, of the North American industry classification system, United States, 1997, published by the office of management and budget, regardless of whether the entity conducting that operation is included in that manual.

(11) "High-technology activity" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

(12) "Logistical optimization center" means a sorting and distribution center that supports a private passenger motor vehicle assembly center and its manufacturing process for the purpose of optimizing transportation, just-in-time inventory management, and material handling, and to which all of the following apply:

(a) The sorting and distribution center is within 2 miles of a private passenger motor vehicle assembly center that, together with supporting facilities, contains at least 800,000 square feet.

(b) The sorting and distribution center contains at least 950,000 square feet.

(c) The sorting and distribution center has applied for an industrial facilities exemption certificate after June 30, 2005 and before January 1, 2006.

(d) The private passenger motor vehicle assembly center is located on land conditionally transferred by a township with a population of more than 25,000 under 1984 PA 425, MCL 124.21 to 124.30, to a city with a population of more than 100,000 that levies an income tax under the city income tax act, 1964 PA 284, MCL 141.501 to 141.787.

(13) "Commercial property" means that term as defined in section 2 of the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2782.

(14) "Qualified commercial activity" means commercial property that meets all of the following:

(a) An application for an exemption certificate approved by the local governmental unit is filed for approval by the state tax commission not later than April 30, 2006.

(b) At least 90% of the property, excluding the surrounding green space, is used for warehousing, distribution, and logistics purposes that provide food for institutional, restaurant, hospital, or hotel customers.

(c) Is located within a village and is within 15 miles of a Michigan state border.

(d) Occupies 1 or more buildings or structures that together are greater than 300,000 square feet in size.

(15) "Motorsports entertainment complex" means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

(a) Has at least 70,000 fixed seats for race patrons.

(b) Has at least 6 scheduled days of motorsports events each calendar year, at least 2 of which shall be comparable to nascar nextel cup events held in 2007 or their successor events.

(c) Serves food and beverages at the facility during sanctioned events each calendar year through concession outlets, a majority of which are staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly financially benefit from the concession outlets' sales.

(d) Engages in tourism promotion.

(e) Has permanent exhibitions of motorsports history, events, or vehicles.

207.559 Finding and determination in resolution approving application for certificate; valuation requiring separate finding and statement; compliance with certain requirements as condition to approval of application and granting of certificate; demolition, sale, or transfer of obsolete industrial property; certificate applicable to speculative building; procedural information; failure of commission to receive application; replacement facility; property owned or operated by casino; issuance of certificate ending December 30, 2010.

Sec. 9. (1) The legislative body of the local governmental unit, in its resolution approving an application, shall set forth a finding and determination that the granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of a taxing unit that levies an ad valorem property tax in the local governmental unit in which the facility is located or to be located. If the state equalized valuation of property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate state equalized valuation of property exempt under certificates previously granted and currently in force, exceeds 5% of the state equalized valuation of the local governmental unit, the commission, with the approval of the state treasurer, shall make a separate finding and shall include a statement in the order approving the industrial facilities exemption certificate that exceeding that amount shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of an affected taxing unit.

(2) Except for an application for a speculative building, which is governed by subsection (4), the legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate unless the applicant complies with all of the following requirements:

(a) The commencement of the restoration, replacement, or construction of the facility occurred not earlier than 12 months before the filing of the application for the industrial facilities exemption certificate. If the application is not filed within the 12-month period, the application may be filed within the succeeding 12-month period and the industrial facilities exemption certificate shall in this case expire 1 year earlier than it would have expired if the application had been timely filed. This subdivision does not apply for applications filed with the local governmental unit after December 31, 1983.

(b) For applications made after December 31, 1983, the proposed facility shall be located within a plant rehabilitation district or industrial development district that was duly established in a local governmental unit eligible under this act to establish a district and that was established upon a request filed or by the local governmental unit's own initiative taken before the commencement of the restoration, replacement, or construction of the facility.

(c) For applications made after December 31, 1983, the commencement of the restoration, replacement, or construction of the facility occurred not earlier than 6 months before the filing of the application for the industrial facilities exemption certificate.

(d) The application relates to a construction, restoration, or replacement program that when completed constitutes a new or replacement facility within the meaning of this act and that shall be situated within a plant rehabilitation district or industrial development district duly established in a local governmental unit eligible under this act to establish the district.

(e) Completion of the facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to create employment, retain employment, prevent a loss of employment, or produce energy in the community in which the facility is situated.

(f) Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity but rather is primarily for the purpose and will primarily have the effect of restoration, replacement, or updating the technology of obsolete industrial property. An increase in productive capacity, even though significant, is not an impediment to the issuance of an industrial facilities exemption certificate if other criteria in this section and act are met. This subdivision does not apply to a new facility.

(g) The provisions of subdivision (c) do not apply to a new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in April of 1992 if the application was approved by the local governing body and was denied by the state tax commission in April of 1993.

(h) The provisions of subdivisions (b) and (c) and section 4(3) do not apply to 1 or more of the following:

(*i*) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in October 1995 for construction that was commenced in July 1992 in a district that was established by the legislative body of the local governmental unit in July 1994. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16(3).

(*ii*) A facility located in an industrial development district that was established in January 1994 and was owned by a person who filed an application for an industrial facilities exemption certificate in February 1994 if the personal property and real property portions of the application were approved by the legislative body of the local governmental unit and the personal property portion of the application was approved by the state tax commission in December 1994 and the real property portion of the application was denied by the state tax commission in December 1994. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16(3).

(*iii*) A facility located in an industrial development district that was established in December 1995 and was owned by a person who filed an application for an industrial facilities exemptions certificate in November or December 1995 for construction that was commenced in September 1995.

(*iv*) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in July 2001 for construction that was commenced in February 2001 in a district that was established by the legislative body of the local governmental unit in September 2001. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16. The facility described in this subparagraph shall be taxed under this act as if it was granted an industrial facilities exemption certificate in October 2001, and a corrected tax bill shall be issued by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll. If granting the industrial facilities exemption certificate under this subparagraph results in an overpayment of the tax, a rebate, including any interest and penalties paid, shall be made to the taxpayer by the local tax collecting unit if the local tax collecting unit has possession of the tax roll or by the county treasurer if the county has possession of the tax roll within 30 days of the date the exemption is granted. The rebate shall be without interest.

(*v*) A facility located in an industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in December 2005 for construction that was commenced in September 2005 in a district that was established by the legislative body of the local governmental unit in December 2005. An industrial facilities exemption certificate described in this subparagraph shall expire as provided in section 16.

(*vi*) A facility located in an existing industrial development district owned by a person who filed or amended an application for an industrial facilities exemption certificate for real property in July 2006 if the application was approved by the legislative body of the local governmental unit in September 2006 but not submitted to the state tax commission until September 2006.

(*vii*) A new facility located in an existing industrial development district owned by a person who filed or amended an application for an industrial facilities exemption certificate for personal property in June 2006 if the application was approved by the legislative body of the local governmental unit in August 2006 but not submitted to the state tax commission until 2007. The effective date of the certificate shall be December 31, 2006.

(*viii*) A new facility located in an industrial development district that was established by the legislative body of the local governmental unit in September of 2007 for construction that was commenced in March 2007 and for which an application for an industrial facilities exemption certificate was filed in September of 2007.

(*ix*) A facility located in an industrial development district that was established by the legislative body of the local governmental unit in August 2007 and was owned by a person who filed an application for an industrial facilities exemption certificate in June 2007 for equipment that was purchased in January 2007.

(i) The provisions of subdivision (c) do not apply to any of the following:

(*i*) A new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in October 1993 if the application was approved by the legislative body of the local governmental unit and the real property portion of the application was denied by the state tax commission in December 1993.

(*ii*) A new facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in September 1993 if the personal property portion of the application was approved by the legislative body of the local governmental unit and the real property portion of the application was denied by the legislative body of the local governmental unit in October 1993 and subsequently approved by the legislative body of the local governmental unit in September 1994.

(*iii*) A facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in August 1993 if the application was approved by the local governmental unit in September 1993 and the application was denied by the state tax commission in December 1993.

(*iv*) A facility located in an existing industrial development district occupied by a person who filed an application for an industrial facilities exemption certificate in June of 1995 if the application was approved by the legislative body of the local governmental unit in October of 1995 for construction that was commenced in November or December of 1994.

(*v*) A facility located in an existing industrial development district owned by a person who filed an application for an industrial facilities exemption certificate in June of 1995 if the application was approved by the legislative body of the local governmental unit in July of 1995 and the personal property portion of the application was approved by the state tax commission in November of 1995.

(j) If the facility is locating in a plant rehabilitation district or an industrial development district from another location in this state, the owner of the facility is not delinquent in any of the taxes described in section 10(1)(a) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2690, or substantially delinquent in any of the taxes described in and as provided under section 10(1)(b) of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2690.

(3) If the replacement facility when completed will not be located on the same premises or contiguous premises as the obsolete industrial property, then the applicant shall make provision for the obsolete industrial property by demolition, sale, or transfer to another person with the effect that the obsolete industrial property shall within a reasonable time again be subject to assessment and taxation under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, or be used in a manner consistent with the general purposes of this act, subject to approval of the commission.

(4) The legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate that applies to a speculative building unless the speculative building is or is to be located in a plant rehabilitation district or industrial development district duly established by a local governmental unit eligible under this act to establish a district; the speculative building was constructed less than 9 years before the filing of the application for the industrial facilities exemption certificate; the speculative building has not been occupied since completion of construction; and the speculative building otherwise qualifies under subsection (2)(e) for an industrial facilities exemption certificate. An industrial facilities exemption certificate granted under this subsection shall expire as provided in section 16(3).

(5) Not later than September 1, 1989, the commission shall provide to all local assessing units the name, address, and telephone number of the person on the commission staff responsible for providing procedural information concerning this act. After October 1, 1989, a local unit of government shall notify each prospective applicant of this information in writing.

(6) Notwithstanding any other provision of this act, if on December 29, 1986 a local governmental unit passed a resolution approving an exemption certificate for 10 years for real and personal property but the commission did not receive the application until 1992 and the application was not made complete until 1995, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 30, 1987 and ends December 30, 1997. The facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate on December 30, 1987.

(7) Notwithstanding any other provision of this act, if a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on July 8, 1991 but rescinded that resolution and passed a resolution approving an industrial facilities exemption certificate for that same facility as a replacement facility on October 21, 1996, the commission shall issue for that property an industrial facilities exemption certificate that begins December 30, 1991 and ends December 2003. The replacement facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate on December 30, 1991.

(8) Property owned or operated by a casino is not industrial property or otherwise eligible for an abatement or reduction of ad valorem property taxes under this act. As used in this subsection, "casino" means a casino or a parking lot, hotel, motel, convention and trade center, or retail store owned or operated by a casino, an affiliate, or an affiliated company, regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226.

(9) Notwithstanding section 16a and any other provision of this act, if a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on October 28, 1996 for a certificate that expired in December 2003 and the local governmental unit passes a resolution approving the extension of the certificate after December 2003 and before March 1, 2006, the commission shall issue for that property

an industrial facilities exemption certificate that begins on December 30, 2005 and ends December 30, 2010 as long as the property continues to qualify under this act.

(10) Notwithstanding any other provision of this act, if the commission issued an industrial facilities exemption certificate for a new facility on December 8, 1998 but revoked that industrial facilities exemption certificate for that same facility effective December 30, 2006 and that new facility is purchased by a buyer on or before November 1, 2007, the commission shall issue for that property an industrial facilities exemption certificate that begins December 31, 1998 and ends December 30, 2010 and shall transfer that industrial facilities exemption certificate to the buyer. The new facility described in this subsection shall be taxed under this act as if it was granted an industrial facilities exemption certificate effective on December 31, 1998.

207.564 Industrial facility tax; amount of tax; determination; reduction.

Sec. 14. (1) The amount of the industrial facility tax, in each year for a replacement facility, shall be determined by multiplying the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is situated by the taxable value of the real and personal property of the obsolete industrial property for the tax year immediately preceding the effective date of the industrial facilities exemption certificate after deducting the taxable value of the land and of the inventory as specified in section 19.

(2) The amount of the industrial facility tax, in each year for a new facility or a speculative building for which an industrial facilities exemption certificate became effective before January 1, 1994, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied for school operating purposes by a local school district within which the facility is located or mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus 1/2 of the number of mills levied for local school district operating purposes in 1993.

(3) Except as provided in subsection (4), the amount of the industrial facility tax in each year for a new facility or a speculative building for which an industrial facilities exemption certificate becomes effective after December 31, 1993, shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, plus, subject to section 14a, the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(4) For taxes levied after December 31, 2007, for the personal property tax component of an industrial facilities exemption certificate for a new facility or a speculative building that is sited on real property classified as industrial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, the amount of the industrial facility tax in each year for a new facility or a speculative building shall be determined by multiplying the taxable value of the facility excluding the land and the inventory personal property by the sum of 1/2 of the total mills levied as ad valorem taxes for that year by all taxing units within which the facility is located other than mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and the number of mills from which the property is exempt under section 1211(1) of the revised school code, 1976 PA 451, MCL 380.1211.

(5) For a termination or revocation of only the real property component, or only the personal property component, of an industrial facilities exemption certificate as provided in this act, the valuation and the tax determined using that valuation shall be reduced

proportionately to reflect the exclusion of the component with respect to which the termination or revocation has occurred.

This act is ordered to take immediate effect.
Approved December 10, 2007.
Filed with Secretary of State December 10, 2007.

[No. 147]

(SB 799)

AN ACT to amend 1984 PA 22, entitled "An act to establish the Michigan civilian conservation corps; to prescribe the powers and duties of certain state officers, agencies, and departments; to create and provide for the use of an endowment fund; and to provide for an appropriation," by amending the title and section 12a (MCL 409.312a), the title as amended by 1994 PA 394 and section 12a as amended by 2002 PA 57.

The People of the State of Michigan enact:

TITLE

An act to establish the Michigan civilian conservation corps; to prescribe the powers and duties of certain state officers, agencies, and departments; to create and provide for the use of an endowment fund; and to provide for appropriations.

409.312a Michigan civilian conservation corps endowment fund; creation; disposition, investment, and credit of money and assets; money to remain in endowment fund; expenditure of interest and earnings; report on accounting of revenues and expenditures; surplus funds; restoration of revenue; submission of recommendations.

Sec. 12a. (1) The Michigan civilian conservation corps endowment fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the endowment fund. The state treasurer shall direct the investment of the endowment fund. The state treasurer shall have the same authority to invest the assets of the endowment 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 credit to the endowment fund interest and earnings from endowment fund investments.

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

(4) The department, with the concurrence of the commission, shall expend only the interest and earnings of the endowment fund for the operation of the corps.

(5) The department shall annually prepare a report containing an accounting of revenues and expenditures from the endowment fund. This report shall identify the interest and earnings of the endowment fund from the previous year, the investment performance of the endowment fund during the previous year, and the total amount of appropriations from the endowment fund during the previous year. This report shall be provided to the senate and house of representatives appropriations committees and the standing committees of

the senate and house of representatives with jurisdiction over issues pertaining to natural resources and the environment.

(6) For the state fiscal year ending September 30, 2007 only, surplus funds of $20,000,000.00 in the endowment fund are hereby appropriated to the general fund.

(7) The department, in consultation with the commission, shall develop recommendations for restoring revenue to the endowment fund, including possible corporate sponsorship. By March 1, 2008, the department shall submit a report on its recommendations to the subcommittees of the senate and house appropriations committees with primary responsibility for appropriations to the department.

This act is ordered to take immediate effect.
Approved December 10, 2007.
Filed with Secretary of State December 10, 2007.

[No. 148]

(SB 845)

AN ACT to amend 1937 PA 94, entitled "An act to provide for the levy, assessment, and collection of a specific excise tax on the storage, use, or consumption in this state of tangible personal property and certain services; to appropriate the proceeds of that tax; to prescribe penalties; and to make appropriations," (MCL 205.91 to 205.111) by adding section 3e.

The People of the State of Michigan enact:

205.93e Persons providing services subject to tax; collection; refund; liability for failure to collect tax; remittance; certain collections or penalties by department of treasury prohibited.

Sec. 3e. Beginning December 1, 2007, all of the following apply:

(a) A person that provides 1 or more of the services subject to the tax under this act pursuant to section 3d shall not collect the tax from any person that receives a service subject to the tax under this act pursuant to section 3d. Prior to the effective date of the amendatory act that added this section, if a person that provides 1 or more of the services subject to the tax under this act pursuant to section 3d collects the tax from a person that receives a service subject to the tax under this act pursuant to section 3d, the tax shall be returned to the person that received the service or remitted to the department and the person that received the service may file an application for a refund of the tax. The application shall be in a form prescribed by the department.

(b) A person that provides 1 or more of the services subject to the tax under this act pursuant to section 3d is not liable for any failure to collect the tax levied under this act on services subject to the tax under section 3d. However, if a person that provides 1 or more of the services subject to the tax under this act pursuant to section 3d collects the tax from a person that receives a service subject to the tax under this act pursuant to section 3d prior to the effective date of the amendatory act that added this section, the tax shall be remitted as provided in subdivision (a). If a person that provides 1 or more of the services subject to the tax under this act pursuant to section 3d fails to remit any tax collected from a person that receives a service subject to the tax under this act pursuant to section 3d prior to the effective date of the amendatory act that added this section, the person that collected the tax is subject to the penalties provided in section 16 unless the tax collected was returned to the person that received the service.