exemption includes a portable grain bin, which means a structure that is used or is to be used to shelter grain and that is designed to be disassembled without significant damage to its component parts. This exemption also includes grain drying equipment and natural or propane gas used to fuel that equipment for agricultural purposes. This exemption does not include transfers of food, fuel, clothing, or any similar tangible personal property for personal living or human consumption. This exemption does not include tangible personal property permanently affixed and becoming a structural part of real estate. As used in this subdivision, "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of alternative energy.

(f) The sale of a copyrighted motion picture film or a newspaper or periodical admitted under federal postal laws and regulations effective September 1, 1985 as second-class mail matter or as a controlled circulation publication or qualified to accept legal notices for publication in this state, as defined by law, or any other newspaper or periodical of general circulation, established not less than 2 years, and published not less than once a week. Tangible personal property used or consumed in producing a copyrighted motion picture film, a newspaper published more than 14 times per year, or a periodical published more than 14 times per year, and not becoming a component part of that film, newspaper, or periodical is subject to the tax. Tangible personal property used or consumed in producing a newspaper published 14 times or less per year or a periodical published 14 times or less per year and that portion or percentage of tangible personal property used or consumed in producing an advertising supplement that becomes a component part of a newspaper or periodical is exempt from the tax under this subdivision. A claim for a refund for taxes paid before January 1, 1999, under this subdivision shall be made before June 30, 1999. For purposes of this subdivision, tangible personal property that becomes a component part of a newspaper or periodical and consequently not subject to tax includes an advertising supplement inserted into and circulated with a newspaper or periodical that is otherwise exempt from tax under this subdivision, if the advertising supplement is delivered directly to the newspaper or periodical by a person other than the advertiser, or the advertising supplement is printed by the newspaper or periodical.

(g) A sale of tangible personal property to persons licensed to operate commercial radio or television stations if the property is used in the origination or integration of the various sources of program material for commercial radio or television transmission. This subdivision does not include a vehicle licensed and titled for use on public highways or property used in the transmission to or receiving from an artificial satellite.

(h) The sale of a prosthetic device, durable medical equipment, or mobility enhancing equipment.

(i) The sale of a vehicle not for resale to a Michigan nonprofit corporation organized exclusively to provide a community with ambulance or fire department services.

(j) A sale of tangible personal property to inmates in a penal or correctional institution purchased with scrip or its equivalent issued and redeemed by the institution.

(k) A sale of textbooks sold by a public or nonpublic school to or for the use of students enrolled in any part of a kindergarten through twelfth grade program.

(*l*) A sale of tangible personal property installed as a component part of a water pollution control facility for which a tax exemption certificate is issued pursuant to part 37 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3701 to 324.3708, or an air pollution control facility for which a tax exemption certificate is issued pursuant to part 59 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.5901 to 324.5908.

(m) The sale or lease of the following to an industrial laundry after December 31, 1997:

(*i*) Textiles and disposable products including, but not limited to, soap, paper, chemicals, tissues, deodorizers and dispensers, and all related items such as packaging, supplies, hangers, name tags, and identification tags.

(*ii*) Equipment, whether owned or leased, used to repair and dispense textiles including, but not limited to, roll towel cabinets, slings, hardware, lockers, mop handles and frames, and carts.

(*iii*) Machinery, equipment, parts, lubricants, and repair services used to clean, process, and package textiles and related items, whether owned or leased.

(*iv*) Utilities such as electric, gas, water, or oil.

(*v*) Production washroom equipment and mending and packaging supplies and equipment.

(*vi*) Material handling equipment including, but not limited to, conveyors, racks, and elevators and related control equipment.

(*vii*) Wastewater pretreatment equipment and supplies and related maintenance and repair services.

(n) A sale of tangible personal property to a person holding a direct payment permit under section 8 of the use tax act, 1937 PA 94, MCL 205.98.

(2) The tangible personal property under subsection (1) is exempt only to the extent that that property is used for the exempt purpose if one is stated in subsection (1). The exemption is limited to the percentage of exempt use to total use determined by a reasonable formula or method approved by the department.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 333]

(HB 5769)

AN ACT to amend 2006 PA 272, entitled "An act to create a commission to investigate alternative fuels; to define certain alternative fuels; to determine certain powers and duties of the commission; and to repeal acts and parts of acts," by amending sections 3 and 6 (MCL 290.583 and 290.586).

The People of the State of Michigan enact:

290.583 Renewable fuels commission; establishment; powers and duties; report.

Sec. 3. (1) The renewable fuels commission is established within the department of agriculture. The commission shall investigate and recommend strategies that the governor and the legislature may implement to promote the use of alternative fuels and encourage the use of vehicles that utilize alternative fuels. The commission shall also identify mechanisms that promote research into alternative fuels.

(2) The commission shall identify mechanisms that promote effective communication and coordination of efforts between this state and local governments, private industry,

and institutes of higher education concerning the investigation, research into, and promotion of alternative fuels.

(3) The commission may also review any state regulation that may hinder the use, research, and development of alternative fuels and vehicles that are able to utilize them and recommend changes to the governor.

(4) The commission shall report on the source of alternative fuels that are sold in this state, where producers of alternative fuels located in this state sell the alternative fuels, and the impact of alternative fuels on the economy and environment of this state to establish the condition of the industry in this state.

290.586 Repeal of act.

Sec. 6. This act is repealed effective January 1, 2012.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 334]

(HB 5874)

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 9 (MCL 211.9), as amended by 2006 PA 550.

The People of the State of Michigan enact:

211.9 Personal property exempt from taxation; real property; definitions.

Sec. 9. (1) The following personal property, and real property described in subdivision (j)(*i*), is exempt from taxation:

(a) The personal property of charitable, educational, and scientific institutions incorporated under the laws of this state. This exemption does not apply to secret or fraternal societies, but the personal property of all charitable homes of secret or fraternal societies and nonprofit corporations that own and operate facilities for the aged and chronically ill in which the net income from the operation of the nonprofit corporations or secret or fraternal societies does not inure to the benefit of a person other than the residents is exempt.

(b) The property of all library associations, circulating libraries, libraries of reference, and reading rooms owned or supported by the public and not used for gain.

(c) The property of posts of the grand army of the republic, sons of veterans' unions, and of the women's relief corps connected with them, of young men's Christian associations, women's Christian temperance union associations, young people's Christian unions, a boy or girl scout or camp fire girls organization, 4-H clubs, and other similar associations.

(d) Pensions receivable from the United States.

(e) The property of Indians who are not citizens.

(f) The personal property owned and used by a householder such as customary furniture, fixtures, provisions, fuel, and other similar equipment, wearing apparel including personal jewelry, family pictures, school books, library books of reference, and allied items. Personal property is not exempt under this subdivision if it is used to produce income, if it is held for speculative investment, or if it constitutes an inventory of goods for sale in the regular course of trade.

(g) Household furnishings, provisions, and fuel of not more than $5,000.00 in taxable value, of each social or professional fraternity, sorority, and student cooperative house recognized by the educational institution at which it is located.

(h) The working tools of a mechanic of not more than $500.00 in taxable value. "Mechanic", as used in this subdivision, means a person skilled in a trade pertaining to a craft or in the construction or repair of machinery if the person's employment by others is dependent on his or her furnishing the tools.

(i) Fire engines and other implements used in extinguishing fires owned or used by an organized or independent fire company.

(j) Property actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production. As used in this subdivision, "agricultural operations" means farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, or poultry, turf and tree farming, raising and harvesting of fish, and any practices performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations, but excluding retail sales and food processing operations. Property used in agricultural operations includes all of the following:

(*i*) A methane digester and a methane digester electric generating system if the person claiming the exemption complies with all of the following:

(A) After the construction of the methane digester or the methane digester electric generating system is completed, the person claiming the exemption submits to the local tax collecting unit an application for the exemption and a copy of certification from the department of agriculture that it has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program in the year immediately preceding the year in which the affidavit is submitted. Three years after an application for exemption is approved and every 3 years thereafter, the person claiming the exemption shall submit to the local tax collecting unit an affidavit attesting that the department of agriculture has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program. The application for the exemption under this subparagraph shall be in a form prescribed by the department of treasury and shall be provided to the person claiming the exemption by the local tax collecting unit.

(B) When the application is submitted to the local tax collecting unit, the person claiming the exemption also submits certification provided by the department of environmental quality that he or she is not currently being investigated for a violation of part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, that within a 3-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found guilty of a criminal violation under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, and that within a 1-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found responsible for a civil violation that resulted in a civil fine of $10,000.00 or more under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133.

(C) The person claiming an exemption cooperates by allowing access for not more than 2 universities to collect information regarding the effectiveness of the methane digester and the methane digester electric generating system in generating electricity and processing animal waste and production area waste. Information collected under this sub-subparagraph shall not be provided to the public in a manner that would identify the owner of the methane digester or the methane digester electric generating system or the farm operation on which the methane digester or the methane digester electric generating system is located. The identity of the owner of the methane digester or the methane digester electric generating system and the identity of the owner and location of the farm operation on which the methane digester or the methane digester electric generating system is located are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this sub-subparagraph, "university" means a public 4-year institution of higher education created under article VIII of the state constitution of 1963.

(D) The person claiming the exemption ensures that the methane digester and methane digester electric generating system are operated under the specific supervision and control of persons certified by the department of agriculture as properly qualified to operate the methane digester, methane digester electric generating system, and related waste treatment and control facilities. The department of agriculture shall consult with the department of environmental quality and the Michigan state university cooperative extension service in developing the operator certification program.

(*ii*) A biomass gasification system. As used in this subparagraph, "biomass gasification system" means apparatus and equipment that thermally decomposes agricultural, food, or animal waste at high temperatures and in an oxygen-free or a controlled oxygen-restricted environment into a gaseous fuel and the equipment used to generate electricity or heat from the gaseous fuel or store the gaseous fuel for future generation of electricity or heat.

(*iii*) A thermal depolymerization system. As used in this subparagraph, "thermal depolymerization system" means apparatus and equipment that use heat to break down natural and synthetic polymers and that can accept only organic waste.

(*iv*) Machinery that is capable of simultaneously harvesting grain or other crops and biomass and machinery used for the purpose of harvesting biomass. As used in this subparagraph, "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of energy.

(*v*) Machinery used to prepare the crop for market operated incidental to a farming operation that does not substantially alter the form, shape, or substance of the crop and is limited to cleaning, cooling, washing, pitting, grading, sizing, sorting, drying, bagging, boxing, crating, and handling if not less than 33% of the volume of the crops processed in the year ending on the applicable tax day or in at least 3 of the immediately preceding 5 years were grown by the farmer in Michigan who is the owner or user of the crop processing machinery.

(k) Personal property of not more than $500.00 in taxable value used by a householder in the operation of a business in the householder's dwelling or at 1 other location in the city, township, or village in which the householder resides.

(*l*) The products, materials, or goods processed or otherwise and in whatever form, but expressly excepting alcoholic beverages, located in a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility on December 31 of each year, if those products, materials, or goods are designated as in transit to destinations outside this state pursuant to the published tariffs of a railroad or common carrier by filing the freight bill covering the products, materials, or goods with the agency designated by the tariffs, entitling the shipper to transportation rate privileges. Products in a United States customs port of entry bonded warehouse that arrived from another state or a foreign country, whether awaiting shipment to another state or to a final destination within this state, are considered to be in transit and temporarily at rest, and not subject to the collection of taxes under this act. To obtain an exemption for products, materials, or goods under this subdivision, the owner shall file a sworn statement with, and in the form required by, the assessing officer of the tax district in which the warehouse, dock, or port facility is located, at a time between the tax day, December 31, and before the assessing officer closes the assessment rolls describing the products, materials, or goods, and reporting their cost and value as of December 31 of each year. The status of persons and products, materials, or goods for which an exemption is requested is determined as of December 31, which is the tax day. Any property located in a public warehouse, dock, or port facility on December 31 of each year that is exempt from taxation under this subdivision but that is not shipped outside this state pursuant to the particular tariff under which the transportation rate privilege was established shall be assessed upon the immediately succeeding or a subsequent assessment roll by the assessing officer and taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission unless the owner or person entitled to possession of the products, materials, or goods is a resident of, or authorized to do business in, this state and files with the assessing officer, with whom statements of taxable property are required to be filed, a statement under oath that the products, materials, or goods are not for sale or use in this state and will be shipped to a point or points outside this state. If a person, firm, or corporation claims exemption by filing a sworn statement, the person, firm, or corporation shall append to the statement of taxable property required to be filed in the immediately succeeding year or, if a statement of taxable property is not filed for the immediately succeeding year, to a sworn statement filed on a form required by the assessing officer, a complete list of the property for which the exemption was claimed with a statement of the manner of shipment and of the point or points to which the products, materials, or goods were shipped from the public warehouse, dock, or port facility. The assessing officer shall assess the products, materials, or goods not shipped to a point or points outside this state upon the immediately succeeding assessment roll or on a subsequent assessment roll and the products, materials, or goods shall be taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of tangible personal property shall be open to and available for inspection, examination, or auditing by assessing officers. A warehouse, dock, port facility, individual, partnership, corporation, owner, or person in possession of tangible personal property shall report within 90 days after shipment of products, materials, or goods in transit, for which an exemption under this section was claimed or granted, the destination of shipments or parts of shipments and the cost value of those shipments or parts of shipments to the assessing officer. A warehouse, dock, port facility, individual, partnership, corporation, or owner is subject to a fine of $100.00 for each failure to report the destination and cost value of shipments

or parts of shipments as required in this subdivision. A person, firm, individual, partnership, corporation, or owner failing to report products, materials, or goods located in a warehouse, dock, or port facility to the assessing officer is subject to a fine of $100.00 and a penalty of 50% of the final amount of taxes found to be assessable for the year on property not reported, the assessable taxes and penalty to be spread on a subsequent assessment roll in the same manner as general taxes on personal property. For the purpose of this subdivision, a public warehouse, dock, or port facility means a warehouse, dock, or port facility owned or operated by a person, firm, or corporation engaged in the business of storing products, materials, or goods for hire for profit who issues a schedule of rates for storage of the products, materials, or goods and who issues warehouse receipts pursuant to 1909 PA 303, MCL 443.50 to 443.55. A United States customs port of entry bonded warehouse means a customs warehouse within a classification designated by 19 CFR 19.1 and that is located in a port of entry, as defined by 19 CFR 101.1. A portion of a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility leased to a tenant or a portion of any premises owned or leased or operated by a consignor or consignee or an affiliate or subsidiary of the consignor or consignee is not a public warehouse, dock, or port facility.

(m) Personal property owned by a bank or trust company organized under the laws of this state, a national banking association, or an incorporated bank holding company as defined in section 1841 of the bank holding company act of 1956, 12 USC 1841, that controls a bank, national banking association, trust company, or industrial bank subsidiary located in this state. Buildings owned by a state or national bank, trust company, or incorporated bank holding company and situated upon lands of which the state or national bank, trust company, or incorporated bank holding company is not the owner of the fee are considered real property and are not exempt from taxation. Personal property owned by a state or national bank, trust company, or incorporated bank holding company that is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit is not exempt from taxation.

(n) Farm products, processed or otherwise, the ultimate use of which is for human or animal consumption as food, except wine, beer, and other alcoholic beverages regularly placed in storage in a public warehouse, dock, or port facility while in storage are considered in transit and only temporarily at rest and are not subject to personal property taxation. The assessing officer is the determining authority as to what constitutes, is defined as, or classified as, farm products as used in this subdivision. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of farm products shall be open to and available for inspection, examination, or auditing by assessing officers.

(o) Sugar, in solid or liquid form, produced from sugar beets, dried beet pulp, and beet molasses if owned or held by processors.

(p) The personal property of a parent cooperative preschool. As used in this subdivision and section 7z, "parent cooperative preschool" means a nonprofit, nondiscriminatory educational institution maintained as a community service and administered by parents of children currently enrolled in the preschool, that provides an educational and developmental program for children younger than compulsory school age, that provides an educational program for parents, including active participation with children in preschool activities, that is directed by qualified preschool personnel, and that is licensed under 1973 PA 116, MCL 722.111 to 722.128.

(q) All equipment used exclusively in wood harvesting, but not including portable or stationary sawmills or other equipment used in secondary processing operations. As used in this subdivision, "wood harvesting" means clearing land for forest management purposes,

planting trees, all forms of cutting or chipping trees, and loading trees on trucks for removal from the harvest area.

(r) Liquefied petroleum gas tanks located on residential or agricultural property used to store liquefied petroleum gas for residential or agricultural property use.

(s) Water conditioning systems used for a residential dwelling.

(t) For taxes levied after December 31, 2000, aircraft excepted from the registration provisions of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and all other aircraft operating under the provisions of a certificate issued under 14 CFR part 121, and all spare parts for such aircraft.

(2) As used in this section:

(a) "Biogas" means a mixture of gases composed primarily of methane and carbon dioxide.

(b) "Methane digester" means a system designed to facilitate the production, recovery, and storage of biogas from the anaerobic microbial digestion of animal or food waste.

(c) "Methane digester electric generating system" means a methane digester and the apparatus and equipment used to generate electricity or heat from biogas or to store biogas for the future generation of electricity or heat.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 335]

(HB 5878)

AN ACT to amend 2007 PA 36, entitled "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," (MCL 208.1101 to 208.1601) by adding section 460.

The People of the State of Michigan enact:

208.1460 Service station owner; conversion or creation of fuel delivery systems to provide E85 fuel or qualified biodiesel blends; tax exemption; definitions.

Sec. 460. (1) For tax years that begin after December 31, 2008 and end before January 1, 2012, subject to the limitations provided under this section, a taxpayer that is an owner of a service station may claim a credit against the tax imposed by this act equal to 30% of the cost incurred during the tax year to convert existing fuel delivery systems to provide E85 fuel or qualified biodiesel blends and to create new fuel delivery systems designed to provide E85 fuel or qualified biodiesel blends, not to exceed $20,000.00 per tax year per taxpayer.

(2) In determining the amount of the credit under subsection (1), a taxpayer shall not include any costs to convert existing fuel delivery systems to provide E85 fuel or qualified biodiesel blends or to create new fuel delivery systems designed to provide E85 fuel or

qualified biodiesel blends for which the taxpayer received a grant under the service station matching grant program created under section 78 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2078.

(3) The total amount of all credits allowed under this section shall not exceed $1,000,000.00 per calendar year. If the credit allowed under this section exceeds the liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability shall not be refunded.

(4) A taxpayer shall not claim a credit under this section unless the energy office has issued a certificate to the taxpayer. The taxpayer shall attach the certificate to the annual return filed under this act on which the credit under this section is claimed. The certificate required by this subsection shall state all of the following:

(a) The taxpayer is the owner of a service station and has converted existing fuel delivery systems to provide E85 fuel or qualified biodiesel blends or created new fuel delivery systems designed to provide E85 fuel or qualified biodiesel blends, or both, during the tax year for which this credit is sought.

(b) The amount of the costs incurred by the taxpayer during the designated tax year to convert existing fuel delivery systems to provide E85 fuel or qualified biodiesel blends and to create new fuel delivery systems designed to provide E85 fuel or qualified biodiesel blends and the amount of any grant awarded during the designated tax year to the taxpayer based on the same costs.

(c) The taxpayer's federal employer identification number or the Michigan department of treasury number assigned to the taxpayer.

(5) A taxpayer that claims a credit under this section and subsequently stops using the fuel delivery systems to provide E85 fuel or qualified biodiesel blends or within 3 years of receiving this credit may, as determined by the Michigan strategic fund, have its credit reduced or terminated or have a percentage of the credit amount previously claimed under this section added back to the tax liability of the taxpayer in the year that the taxpayer stops using the fuel delivery systems to provide E85 fuel or qualified biodiesel blends.

(6) As used in this section:

(a) "Biodiesel" means a fuel composed of monoalkyl esters of long chain fatty acids derived from vegetable oils or animal fats, and, in accordance with standards specified by the American society for testing and materials, designated B100, and meeting the requirements of D-6751, as approved by the department of agriculture.

(b) "Biodiesel blend" means a fuel composed of a blend of biodiesel fuel with petroleum-based diesel fuel, suitable for use as a fuel in a compression-ignition internal combustion diesel engine.

(c) "E85 fuel" means a fuel blend containing between 70% and 85% denatured fuel ethanol and gasoline suitable for use in a spark-ignition engine and that meets American society for testing and materials D-5798 specifications.

(d) "Michigan strategic fund" means the Michigan strategic fund as described in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094.

(e) "Qualified biodiesel blends" means any biodiesel blend that is blended on site utilizing on-demand bio-blending equipment that is installed after the effective date of the amendatory act that added this section.

This act is ordered to take immediate effect.

Approved December 23, 2008.

Filed with Secretary of State December 23, 2008.

[No. 336]

(HB 5677)

AN ACT to amend 1994 PA 451, entitled "An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending section 36101 (MCL 324.36101), as amended by 2000 PA 262.

The People of the State of Michigan enact:

324.36101 Definitions.

Sec. 36101. As used in this part:

(a) "Agricultural conservation easement" means a conveyance, by a written instrument, in which, subject to permitted uses, the owner relinquishes to the public in perpetuity his or her development rights and makes a covenant running with the land not to undertake development.

(b) "Agricultural use" means the production of plants and animals useful to humans, including forages and sod crops; grains, feed crops, and field crops; dairy and dairy products; poultry and poultry products; livestock, including breeding and grazing of cattle, swine, captive cervidae, and similar animals; berries; herbs; flowers; seeds; grasses; nursery stock; fruits; vegetables; maple syrup production; Christmas trees; and other similar uses and activities. Agricultural use includes use in a federal acreage set-aside program or a federal conservation reserve program. Agricultural use does not include the management and harvesting of a woodlot.

(c) "Conservation district board" means that term as defined in section 9301.

(d) "Development" means an activity that materially alters or affects the existing conditions or use of any land.

(e) "Development rights" means an interest in land that includes the right to construct a building or structure, to improve land for development, to divide a parcel for development, or to extract minerals incidental to a permitted use or as set forth in an instrument recorded under this part.

(f) "Development rights agreement" means a restrictive covenant, evidenced by an instrument in which the owner and the state, for a term of years, agree to jointly hold the right to undertake development of the land, and that contains a covenant running with the land, for a term of years, not to undertake development, subject to permitted uses.

(g) "Development rights easement" means a grant, by an instrument, in which the owner relinquishes to the public in perpetuity or for a term of years the right to undertake development of the land, and that contains a covenant running with the land, not to undertake development, subject to permitted uses.

(h) "Farmland" means 1 or more of the following:

(*i*) A farm of 40 or more acres in 1 ownership, with 51% or more of the land area devoted to an agricultural use.

(*ii*) A farm of 5 acres or more in 1 ownership, but less than 40 acres, with 51% or more of the land area devoted to an agricultural use, that has produced a gross annual income from

agriculture of $200.00 per year or more per acre of cleared and tillable land. A farm described in this subparagraph enrolled in a federal acreage set aside program or a federal conservation reserve program is considered to have produced a gross annual income from agriculture of $200.00 per year or more per acre of cleared and tillable land.

(*iii*) A farm designated by the department of agriculture as a specialty farm in 1 ownership that has produced a gross annual income from an agricultural use of $2,000.00 or more. Specialty farms include, but are not limited to, greenhouses; equine breeding and grazing; the breeding and grazing of cervidae, pheasants, and other game animals; bees and bee products; mushrooms; aquaculture; and other similar uses and activities.

(*iv*) Parcels of land in 1 ownership that are not contiguous but that constitute an integral part of a farming operation being conducted on land otherwise qualifying as farmland may be included in an application under this part.

(i) "Local governing body" means 1 of the following:

(*i*) With respect to farmland or open space land that is located in a city or village, the legislative body of the city or village.

(*ii*) With respect to farmland or open space land that is not located in a city or village but that is located in a township having a zoning ordinance in effect as provided by law, the township board of the township.

(*iii*) With respect to farmland or open space land that is not described in subparagraph (*i*) or (*ii*), the county board of commissioners.

(j) "Open space land" means 1 of the following:

(*i*) Lands defined as 1 or more of the following:

(A) Any undeveloped site included in a national registry of historic places or designated as a historic site pursuant to state or federal law.

(B) Riverfront ownership subject to designation under part 305, to the extent that full legal descriptions may be declared open space under the meaning of this part, if the undeveloped parcel or government lot parcel or portions of the undeveloped parcel or government lot parcel as assessed and owned is affected by that part and lies within 1/4 mile of the river.

(C) Undeveloped lands designated as environmental areas under part 323, including unregulated portions of those lands.

(*ii*) Any other area approved by the local governing body, the preservation of which area in its present condition would conserve natural or scenic resources, including the promotion of the conservation of soils, wetlands, and beaches; the enhancement of recreation opportunities; the preservation of historic sites; and idle potential farmland of not less than 40 acres that is substantially undeveloped and because of its soil, terrain, and location is capable of being devoted to agricultural uses as identified by the department of agriculture.

(k) "Owner" means a person having a freehold estate in land coupled with possession and enjoyment. If land is subject to a land contract, owner means the vendee in agreement with the vendor.

(*l*) "Permitted use" means any use expressly authorized within a development rights agreement, development rights easement, or agriculture conservation easement that is consistent with the farming operation or that does not alter the open space character of the land. Storage, retail or wholesale marketing, or processing of agricultural products is a permitted use in a farming operation if more than 50% of the stored, processed, or merchandised products are produced by the farm operator for at least 3 of the immediately preceding 5 years. The state land use agency shall determine whether a use is a permitted use pursuant to section 36104a.

(m) "Person" includes an individual, corporation, limited liability company, business trust, estate, trust, partnership, or association, or 2 or more persons having a joint or common interest in land.

(n) "Planning commission" means a planning commission created by the local governing body under 1945 PA 282, MCL 125.101 to 125.115, 1959 PA 168, MCL 125.321 to 125.333, or 1931 PA 285, MCL 125.31 to 125.45, as applicable.

(o) "Prohibited use" means a use that is not consistent with an agricultural use for farmland subject to a development rights agreement or is not consistent with the open space character of the land for lands subject to a development rights easement.

(p) "Property taxes" means general ad valorem taxes levied after January 1, 1974, on lands and structures in this state, including collection fees, but not including special assessments, penalties, or interest.

(q) "Regional planning commission" means a regional planning commission created pursuant to 1945 PA 281, MCL 125.11 to 125.25.

(r) "Regional planning district" means the planning and development regions as established by executive directive 1968-1, as amended, whose organizational structure is approved by the regional council.

(s) "State income tax act" means the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532, and in effect during the particular year of the reference to the act.

(t) "State land use agency" means the department of agriculture.

(u) "Substantially undeveloped" means any parcel or area of land essentially unimproved except for a dwelling, building, structure, road, or other improvement that is incidental to agricultural and open space uses.

(v) "Unique or critical land area" means agricultural or open space lands identified by the land use agency as an area that should be preserved.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 337]

(HB 5678)

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending section 9 (MCL 211.9), as amended by 2006 PA 550.

The People of the State of Michigan enact:

211.9 Personal property exempt from taxation; real property; definitions.

Sec. 9. (1) The following personal property, and real property described in subdivision (j)(*i*), is exempt from taxation:

(a) The personal property of charitable, educational, and scientific institutions incorporated under the laws of this state. This exemption does not apply to secret or fraternal societies, but the personal property of all charitable homes of secret or fraternal societies and nonprofit corporations that own and operate facilities for the aged and chronically ill in which the net income from the operation of the nonprofit corporations or secret or fraternal societies does not inure to the benefit of a person other than the residents is exempt.

(b) The property of all library associations, circulating libraries, libraries of reference, and reading rooms owned or supported by the public and not used for gain.

(c) The property of posts of the grand army of the republic, sons of veterans' unions, and of the women's relief corps connected with them, of young men's Christian associations, women's Christian temperance union associations, young people's Christian unions, a boy or girl scout or camp fire girls organization, 4-H clubs, and other similar associations.

(d) Pensions receivable from the United States.

(e) The property of Indians who are not citizens.

(f) The personal property owned and used by a householder such as customary furniture, fixtures, provisions, fuel, and other similar equipment, wearing apparel including personal jewelry, family pictures, school books, library books of reference, and allied items. Personal property is not exempt under this subdivision if it is used to produce income, if it is held for speculative investment, or if it constitutes an inventory of goods for sale in the regular course of trade.

(g) Household furnishings, provisions, and fuel of not more than $5,000.00 in taxable value, of each social or professional fraternity, sorority, and student cooperative house recognized by the educational institution at which it is located.

(h) The working tools of a mechanic of not more than $500.00 in taxable value. "Mechanic", as used in this subdivision, means a person skilled in a trade pertaining to a craft or in the construction or repair of machinery if the person's employment by others is dependent on his or her furnishing the tools.

(i) Fire engines and other implements used in extinguishing fires owned or used by an organized or independent fire company.

(j) Property actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production. As used in this subdivision, "agricultural operations" means farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, or poultry, turf and tree farming, raising and harvesting of fish, collecting, evaporating, and preparing maple syrup if the owner of the property has $25,000.00 or less in annual gross wholesale sales, and any practices performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations, but excluding retail sales and food processing operations. Property used in agricultural operations includes all of the following:

(*i*) A methane digester and a methane digester electric generating system if the person claiming the exemption complies with all of the following:

(A) After the construction of the methane digester or the methane digester electric generating system is completed, the person claiming the exemption submits to the local tax

collecting unit an application for the exemption and a copy of certification from the department of agriculture that it has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program in the year immediately preceding the year in which the affidavit is submitted. Three years after an application for exemption is approved and every 3 years thereafter, the person claiming the exemption shall submit to the local tax collecting unit an affidavit attesting that the department of agriculture has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program. The application for the exemption under this subparagraph shall be in a form prescribed by the department of treasury and shall be provided to the person claiming the exemption by the local tax collecting unit.

(B) When the application is submitted to the local tax collecting unit, the person claiming the exemption also submits certification provided by the department of environmental quality that he or she is not currently being investigated for a violation of part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, that within a 3-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found guilty of a criminal violation under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, and that within a 1-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found responsible for a civil violation that resulted in a civil fine of $10,000.00 or more under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133.

(C) The person claiming an exemption cooperates by allowing access for not more than 2 universities to collect information regarding the effectiveness of the methane digester and the methane digester electric generating system in generating electricity and processing animal waste and production area waste. Information collected under this sub-subparagraph shall not be provided to the public in a manner that would identify the owner of the methane digester or the methane digester electric generating system or the farm operation on which the methane digester or the methane digester electric generating system is located. The identity of the owner of the methane digester or the methane digester electric generating system and the identity of the owner and location of the farm operation on which the methane digester or the methane digester electric generating system is located are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this sub-subparagraph, "university" means a public 4-year institution of higher education created under article VIII of the state constitution of 1963.

(D) The person claiming the exemption ensures that the methane digester and methane digester electric generating system are operated under the specific supervision and control of persons certified by the department of agriculture as properly qualified to operate the methane digester, methane digester electric generating system, and related waste treatment and control facilities. The department of agriculture shall consult with the department of environmental quality and the Michigan state university cooperative extension service in developing the operator certification program.

(*ii*) A biomass gasification system. As used in this subparagraph, "biomass gasification system" means apparatus and equipment that thermally decomposes agricultural, food, or animal waste at high temperatures and in an oxygen-free or a controlled oxygen-restricted environment into a gaseous fuel and the equipment used to generate electricity or heat from the gaseous fuel or store the gaseous fuel for future generation of electricity or heat.

(*iii*) A thermal depolymerization system. As used in this subparagraph, "thermal depolymerization system" means apparatus and equipment that use heat to break down natural and synthetic polymers and that can accept only organic waste.

(*iv*) Machinery that is capable of simultaneously harvesting grain or other crops and biomass and machinery used for the purpose of harvesting biomass. As used in this subparagraph, "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of energy.

(*v*) Machinery used to prepare the crop for market operated incidental to a farming operation that does not substantially alter the form, shape, or substance of the crop and is limited to cleaning, cooling, washing, pitting, grading, sizing, sorting, drying, bagging, boxing, crating, and handling if not less than 33% of the volume of the crops processed in the year ending on the applicable tax day or in at least 3 of the immediately preceding 5 years were grown by the farmer in Michigan who is the owner or user of the crop processing machinery.

(k) Personal property of not more than $500.00 in taxable value used by a householder in the operation of a business in the householder's dwelling or at 1 other location in the city, township, or village in which the householder resides.

(*l*) The products, materials, or goods processed or otherwise and in whatever form, but expressly excepting alcoholic beverages, located in a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility on December 31 of each year, if those products, materials, or goods are designated as in transit to destinations outside this state pursuant to the published tariffs of a railroad or common carrier by filing the freight bill covering the products, materials, or goods with the agency designated by the tariffs, entitling the shipper to transportation rate privileges. Products in a United States customs port of entry bonded warehouse that arrived from another state or a foreign country, whether awaiting shipment to another state or to a final destination within this state, are considered to be in transit and temporarily at rest, and not subject to the collection of taxes under this act. To obtain an exemption for products, materials, or goods under this subdivision, the owner shall file a sworn statement with, and in the form required by, the assessing officer of the tax district in which the warehouse, dock, or port facility is located, at a time between the tax day, December 31, and before the assessing officer closes the assessment rolls describing the products, materials, or goods, and reporting their cost and value as of December 31 of each year. The status of persons and products, materials, or goods for which an exemption is requested is determined as of December 31, which is the tax day. Any property located in a public warehouse, dock, or port facility on December 31 of each year that is exempt from taxation under this subdivision but that is not shipped outside this state pursuant to the particular tariff under which the transportation rate privilege was established shall be assessed upon the immediately succeeding or a subsequent assessment roll by the assessing officer and taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission unless the owner or person entitled to possession of the products, materials, or goods is a resident of, or authorized to do business in, this state and files with the assessing officer, with whom statements of taxable property are required to be filed, a statement under oath that the products, materials, or goods are not for sale or use in this state and will be shipped to a point or points outside this state. If a person, firm, or corporation claims exemption by filing a sworn statement, the person, firm, or corporation shall append to the statement of taxable property required to be filed in the immediately succeeding year or, if a statement of taxable property is not filed for the immediately succeeding year, to a sworn statement filed on a form required by the assessing officer, a complete list of the property for which the exemption was claimed with a statement of the manner of shipment and of the point or points to

which the products, materials, or goods were shipped from the public warehouse, dock, or port facility. The assessing officer shall assess the products, materials, or goods not shipped to a point or points outside this state upon the immediately succeeding assessment roll or on a subsequent assessment roll and the products, materials, or goods shall be taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of tangible personal property shall be open to and available for inspection, examination, or auditing by assessing officers. A warehouse, dock, port facility, individual, partnership, corporation, owner, or person in possession of tangible personal property shall report within 90 days after shipment of products, materials, or goods in transit, for which an exemption under this section was claimed or granted, the destination of shipments or parts of shipments and the cost value of those shipments or parts of shipments to the assessing officer. A warehouse, dock, port facility, individual, partnership, corporation, or owner is subject to a fine of $100.00 for each failure to report the destination and cost value of shipments or parts of shipments as required in this subdivision. A person, firm, individual, partnership, corporation, or owner failing to report products, materials, or goods located in a warehouse, dock, or port facility to the assessing officer is subject to a fine of $100.00 and a penalty of 50% of the final amount of taxes found to be assessable for the year on property not reported, the assessable taxes and penalty to be spread on a subsequent assessment roll in the same manner as general taxes on personal property. For the purpose of this subdivision, a public warehouse, dock, or port facility means a warehouse, dock, or port facility owned or operated by a person, firm, or corporation engaged in the business of storing products, materials, or goods for hire for profit who issues a schedule of rates for storage of the products, materials, or goods and who issues warehouse receipts pursuant to 1909 PA 303, MCL 443.50 to 443.55. A United States customs port of entry bonded warehouse means a customs warehouse within a classification designated by 19 CFR 19.1 and that is located in a port of entry, as defined by 19 CFR 101.1. A portion of a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility leased to a tenant or a portion of any premises owned or leased or operated by a consignor or consignee or an affiliate or subsidiary of the consignor or consignee is not a public warehouse, dock, or port facility.

(m) Personal property owned by a bank or trust company organized under the laws of this state, a national banking association, or an incorporated bank holding company as defined in section 1841 of the bank holding company act of 1956, 12 USC 1841, that controls a bank, national banking association, trust company, or industrial bank subsidiary located in this state. Buildings owned by a state or national bank, trust company, or incorporated bank holding company and situated upon real property that the state or national bank, trust company, or incorporated bank holding company is not the owner of the fee are considered real property and are not exempt under this section. Personal property owned by a state or national bank, trust company, or incorporated bank holding company that is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit is not exempt under this section.

(n) Farm products, processed or otherwise, the ultimate use of which is for human or animal consumption as food, except wine, beer, and other alcoholic beverages regularly placed in storage in a public warehouse, dock, or port facility while in storage are considered in transit and only temporarily at rest and are not subject to the collection of taxes under this act. The assessing officer is the determining authority as to what constitutes, is defined as, or classified as, farm products as used in this subdivision. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of farm products shall be open to and available for inspection, examination, or auditing by assessing officers.

(o) Sugar, in solid or liquid form, produced from sugar beets, dried beet pulp, and beet molasses if owned or held by processors.

(p) The personal property of a parent cooperative preschool. As used in this subdivision and section 7z, "parent cooperative preschool" means a nonprofit, nondiscriminatory educational institution maintained as a community service and administered by parents of children currently enrolled in the preschool, that provides an educational and developmental program for children younger than compulsory school age, that provides an educational program for parents, including active participation with children in preschool activities, that is directed by qualified preschool personnel, and that is licensed under 1973 PA 116, MCL 722.111 to 722.128.

(q) All equipment used exclusively in wood harvesting, but not including portable or stationary sawmills or other equipment used in secondary processing operations. As used in this subdivision, "wood harvesting" means clearing land for forest management purposes, planting trees, all forms of cutting or chipping trees, and loading trees on trucks for removal from the harvest area.

(r) Liquefied petroleum gas tanks located on residential or agricultural property used to store liquefied petroleum gas for residential or agricultural property use.

(s) Water conditioning systems used for a residential dwelling.

(t) For taxes levied after December 31, 2000, aircraft excepted from the registration provisions of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and all other aircraft operating under the provisions of a certificate issued under 14 CFR part 121, and all spare parts for such aircraft.

(2) As used in this section:

(a) "Biogas" means a mixture of gases composed primarily of methane and carbon dioxide.

(b) "Methane digester" means a system designed to facilitate the production, recovery, and storage of biogas from the anaerobic microbial digestion of animal or food waste.

(c) "Methane digester electric generating system" means a methane digester and the apparatus and equipment used to generate electricity or heat from biogas or to store biogas for the future generation of electricity or heat.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 338]

(HB 5679)

AN ACT to amend 2000 PA 92, entitled "An act to codify the licensure and regulation of certain persons engaged in processing, manufacturing, production, packing, preparing, repacking, canning, preserving, freezing, fabricating, storing, selling, serving, or offering for sale food or drink for human consumption; to prescribe powers and duties of the department of agriculture; to provide for delegation of certain powers and duties to certain local units of government; to provide exemptions; to regulate the labeling, manufacture, distribution, and sale of food for protection of the consuming public and to prevent fraud and deception by prohibiting the misbranding, adulteration, manufacture, distribution, and sale of foods in violation of this act; to provide standards for food products and food establishments; to

provide for enforcement of the act; to provide penalties and remedies for violation of the act; to provide for fees; to provide for promulgation of rules; and to repeal acts and parts of acts," by amending sections 1105 and 1107 (MCL 289.1105 and 289.1107), as amended by 2007 PA 113.

The People of the State of Michigan enact:

289.1105 Definitions; A to C.

Sec. 1105. As used in this act:

(a) "Adulterated" means food to which any of the following apply:

(*i*) It bears or contains any poisonous or deleterious substance that may render it injurious to health except that, if the substance is not an added substance, the food is not considered adulterated if the quantity of that substance in the food does not ordinarily render it injurious to health.

(*ii*) It bears or contains any added poisonous or added deleterious substance, other than a substance that is a pesticide chemical in or on a raw agricultural commodity; a food additive; or a color additive considered unsafe within the meaning of subparagraph (*v*).

(*iii*) It is a raw agricultural commodity that bears or contains a pesticide chemical considered unsafe within the meaning of subparagraph (*v*).

(*iv*) It bears or contains any food additive considered unsafe within the meaning of subparagraph (*v*) provided that where a pesticide chemical has been used in or on a raw agricultural commodity in conformity with an exemption granted or tolerance prescribed under subparagraph (*v*) and the raw agricultural commodity has been subjected to processing the residue of that pesticide chemical remaining in or on that processed food is, notwithstanding the provisions of subparagraph (*v*) and this subdivision, not be considered unsafe if that residue in or on the raw agricultural commodity has been removed to the extent possible in good manufacturing practice and if the concentration of that residue in the processed food when ready to eat is not greater than the tolerance prescribed for the raw agricultural commodity.

(*v*) Any added poisonous or deleterious substance, any food additive, and pesticide chemical in or on a raw agricultural commodity, or any color additive is considered unsafe for the purpose of application of this definition, unless there is in effect a federal regulation or exemption from regulation under the federal act, meat inspection act, poultry product inspection act, or other federal acts, or a rule adopted under this act limiting the quantity of the substance, and the use or intended use of the substance, and the use or intended use of the substance conforms to the terms prescribed by the rule.

(*vi*) It is or contains a new animal drug or conversion product of a new animal drug that is unsafe within the meaning of section 360b of the federal act, 21 USC 360b.

(*vii*) It consists in whole or in part of a diseased, contaminated, filthy, putrid, or decomposed substance or it is otherwise unfit for food.

(*viii*) It has been produced, prepared, packed, or held under insanitary conditions in which it may have become contaminated with filth or in which it may have been rendered diseased, unwholesome, or injurious to health.

(*ix*) It is the product of a diseased animal or an animal that has died other than by slaughter or that has been fed uncooked garbage or uncooked offal from a slaughterhouse.

(*x*) Its container is composed, in whole or in part, of any poisonous or deleterious substance that may render the contents injurious to health.

(*xi*) A valuable constituent has been in whole or in part omitted or abstracted from the food; a substance has been substituted wholly or in part for the food; damage or inferiority

has been concealed in any manner; or a substance has been added to the food or mixed or packed with the food so as to increase its bulk or weight, reduce its quality or strength, or make it appear better or of greater value than it is.

(*xii*) It is confectionery and has partially or completely imbedded in it any nonnutritive object except in the case of any nonnutritive object if, as provided by rules, the object is of practical functional value to the confectionery product and would not render the product injurious or hazardous to health; it bears or contains any alcohol other than alcohol not in excess of 1/2 of 1% by volume derived solely from the use of flavoring extracts; or it bears or contains any nonnutritive substance except a nonnutritive substance such as harmless coloring, harmless flavoring, harmless resinous glaze not in excess of 4/10 of 1%, harmless natural wax not in excess of 4/10 of 1%, harmless natural gum and pectin or to any chewing gum by reason of its containing harmless nonnutritive masticatory substances which is in or on confectionery by reason of its use for some practical functional purpose in the manufacture, packaging, or storage of such confectionery if the use of the substance does not promote deception of the consumer or otherwise result in adulteration or misbranding in violation of the provisions of this act. For the purpose of avoiding or resolving uncertainty as to the application of this subdivision, the director may issue rules allowing or prohibiting the use of particular nonnutritive substances.

(*xiii*) It is or bears or contains any color additive that is unsafe within the meaning of subparagraph (*v*).

(*xiv*) It has been intentionally subjected to radiation, unless the use of the radiation was in conformity with a rule or exemption under this act or a regulation or exemption under the federal act.

(*xv*) It is bottled water that contains a substance at a level higher than allowed under this act.

(b) "Advertisement" means a representation disseminated in any manner or by any means, other than by labeling, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of food.

(c) "Agricultural use operation" means a maple syrup production facility or similar food establishment that finishes a raw commodity and is integral to the agricultural production of, and is located at, a farm. An agricultural use operation is not considered a food processing plant or retail processing operation for purposes of personal or real property but must meet those same standards and licensing requirements as prescribed in this act.

(d) "Bed and breakfast" means a private residence that offers sleeping accommodations to transient tenants in 14 or fewer rooms for rent, is the innkeeper's residence in which the innkeeper resides while renting the rooms to transient tenants, and serves breakfasts, or other meals in the case of a bed and breakfast described in section 1107(n)(*ii*), at no extra cost to its transient tenants. A bed and breakfast is not considered a food service establishment if exempt under section 1107(n)(*ii*) or (*iii*).

(e) "Color additive" means a dye, pigment, or other substance made by process of synthesis or similar artifice or extracted, isolated, or otherwise derived, with or without intermediate or final change of identity from a vegetable, animal, mineral, or other source, or when added or applied to a food or any part of a food is capable alone or through reaction with other substance of imparting color to the food. Color additive does not include any material that is exempt or hereafter is exempted under the federal act. This subdivision does not apply to any pesticide chemical, soil or plant nutrient, or other agricultural chemical solely because of its effect in aiding, retarding, or otherwise affecting, directly or indirectly, the growth of other natural physiological process of produce of the soil and thereby affecting its color, whether before or after harvest. Color includes black, white, and intermediate grays.

(f) "Contaminated with filth" means contamination applicable to any food not securely protected from dust, dirt, and, as far as may be necessary by all reasonable means, from all foreign or injurious contaminations.

(g) "Continental breakfast" means the serving of only non-potentially-hazardous food such as a roll, pastry or doughnut, fruit juice, or hot beverage, but may also include individual portions of milk and other items incidental to those foods.

(h) "Critical violation" or "critical item" means a violation of the food code that the director determines is more likely than other violations to contribute to food contamination, illness to humans, or environmental health hazard.

289.1107 Definitions; D to F.

Sec. 1107. As used in this act:

(a) "Department" means the Michigan department of agriculture.

(b) "Director" means the director of the Michigan department of agriculture or his or her designee.

(c) "Evaluation" means a food safety audit, inspection, or food safety and sanitation assessment, whether announced or unannounced, that identifies violations or verifies compliance with this act and determines the degree of active control by food establishment operators over foodborne illness risk factors.

(d) "Extended retail food establishment" means a retail grocery that does both of the following:

(*i*) Serves or provides an unpackaged food for immediate consumption.

(*ii*) Provides customer seating in the food service area.

(e) "Fair concession" means a food concession, storage, preparation, or dispensing operation at a state or county fair.

(f) "Federal act" means the federal food, drug, and cosmetic act, 21 USC 301 to 397.

(g) "Food" means articles used for food or drink for humans or other animals, chewing gum, and articles used for components of any such article.

(h) "Food additive" means any substance, the intended use of which, directly or indirectly, results in or may be reasonably expected to result in its becoming a component or otherwise affecting the characteristics of any food if that substance is not generally recognized among experts as having been adequately shown through scientific procedures to be safe under the conditions of its intended use. Food additive includes any substance intended for use in producing, manufacturing, packing, processing, preparing, treating, packaging, transporting, or holding food and includes any source of radiation intended for any use. Food additive does not include any of the following:

(*i*) A pesticide chemical in or on a raw agricultural commodity.

(*ii*) A pesticide chemical to the extent that it is intended for use or is used in the production, storage, or transportation of any raw agricultural commodity.

(*iii*) A color additive.

(*iv*) Any substance used in accordance with a sanction or approval granted before the enactment of the food additives amendment of 1958, Public Law 85-929, pursuant to the federal act, the poultry products inspection act, 21 USC 451 to 471, or the meat inspection act of March 4, 1907, chapter 2907, 34 Stat. 1258.

(i) "Food code" means food code, 2005 recommendations of the food and drug administration of the United States public health service that regulates the design, construction, management, and operation of certain food establishments.

(j) "Food establishment" means an operation where food is processed, packed, canned, preserved, frozen, fabricated, stored, prepared, served, sold, or offered for sale. Food establishment includes a food processing plant, a food service establishment, and a retail grocery. Food establishment does not include any of the following:

(*i*) A charitable, religious, fraternal, or other nonprofit organization operating a home-prepared baked goods sale or serving only home-prepared food in connection with its meetings or as part of a fund-raising event.

(*ii*) An inpatient food operation located in a health facility or agency subject to licensure under article 17 of the public health code, MCL 333.20101 to 333.22260.

(*iii*) A food operation located in a prison, jail, state mental health institute, boarding house, fraternity or sorority house, convent, or other facility where the facility is the primary residence for the occupants and the food operation is limited to serving meals to the occupants as part of their living arrangement.

(k) "Food processing plant" means a food establishment that processes, manufactures, packages, labels, or stores food and does not provide food directly to a consumer. Food processing plant does not include a maple syrup producer.

(*l*) "Food safety and sanitation assessment" means judging or assessing specific food handling activities, events, conditions, or management systems in an effort to determine their potential effectiveness in controlling risks for foodborne illness and required compliance with this act, accompanied by a report of findings.

(m) "Food safety audit" means the methodical examination and review of records, food sources, food handling procedures, and facility cleaning and sanitation practices for compliance with this act, accompanied by a report of findings. Food safety audit includes checking or testing, or both, of observable practices and procedures to determine compliance with standards contained in or adopted by this act, accompanied by a report of findings.

(n) "Food service establishment" means a fixed or mobile restaurant, coffee shop, cafeteria, short order cafe, luncheonette, grill, tearoom, sandwich shop, soda fountain, tavern, bar, cocktail lounge, nightclub, drive-in, industrial feeding establishment, private organization serving the public, rental hall, catering kitchen, delicatessen, theater, commissary, food concession, or similar place in which food or drink is prepared for direct consumption through service on the premises or elsewhere, and any other eating or drinking establishment or operation where food is served or provided for the public. Food service establishment does not include any of the following:

(*i*) A motel that serves continental breakfasts only.

(*ii*) A bed and breakfast that has 10 or fewer sleeping rooms, including sleeping rooms occupied by the innkeeper, 1 or more of which are available for rent to transient tenants.

(*iii*) A bed and breakfast that has at least 11 but fewer than 15 rooms for rent, if the bed and breakfast serves continental breakfasts only.

(*iv*) A child care organization regulated under 1973 PA 116, MCL 722.111 to 722.128, unless the establishment is carrying out an operation considered by the director to be a food service establishment.

(o) "Food warehouse" means a food establishment that stores or distributes prepackaged food for wholesaling.

This act is ordered to take immediate effect.

Approved December 23, 2008.

Filed with Secretary of State December 23, 2008.

[No. 339]

(HB 4552)

AN ACT to amend 1931 PA 328, entitled "An act to revise, consolidate, codify, and add to the statutes relating to crimes; to define crimes and prescribe the penalties and remedies; to provide for restitution under certain circumstances; to provide for the competency of evidence at the trial of persons accused of crime; to provide immunity from prosecution for certain witnesses appearing at such trials; and to repeal certain acts and parts of acts inconsistent with or contravening any of the provisions of this act," by amending section 50b (MCL 750.50b), as amended by 1996 PA 80.

The People of the State of Michigan enact:

750.50b Animal defined; prohibited acts; violation; penalty; exceptions.

Sec. 50b. (1) As used in this section, "animal" means any vertebrate other than a human being.

(2) Except as otherwise provided in this section, a person shall not do any of the following without just cause:

(a) Knowingly kill, torture, mutilate, maim, or disfigure an animal.

(b) Commit a reckless act knowing or having reason to know that the act will cause an animal to be killed, tortured, mutilated, maimed, or disfigured.

(c) Knowingly administer poison to an animal, or knowingly expose an animal to any poisonous substance, with the intent that the substance be taken or swallowed by the animal.

(3) A person who violates subsection (2) is guilty of a felony punishable by 1 or more of the following:

(a) Imprisonment for not more than 4 years.

(b) A fine of not more than $5,000.00 for a single animal and $2,500.00 for each additional animal involved in the violation, but not to exceed a total of $20,000.00.

(c) Community service for not more than 500 hours.

(4) As a part of the sentence for a violation of subsection (2), the court may order the defendant to pay the costs of the prosecution and the costs of the care, housing, and veterinary medical care for the impacted animal victim, as applicable. If the court does not order a defendant to pay all of the applicable costs listed in this subsection, or orders only partial payment of these costs, the court shall state on the record the reasons for that action.

(5) If a term of probation is ordered for a violation of subsection (2), the court may include as a condition of that probation that the defendant be evaluated to determine the need for psychiatric or psychological counseling and, if determined appropriate by the court, to receive psychiatric or psychological counseling at his or her own expense.

(6) As a part of the sentence for a violation of subsection (2), the court may order the defendant not to own or possess an animal for any period of time determined by the court, which may include permanent relinquishment.

(7) A person who owns or possesses an animal in violation of an order issued under subsection (6) is subject to revocation of probation if the order is issued as a condition of probation. A person who owns or possesses an animal in violation of an order issued under subsection (6) is also subject to the civil and criminal contempt power of the court and, if found guilty of criminal contempt, may be punished by imprisonment for not more than 90 days or a fine of not more than $500.00, or both.

(8) This section does not prohibit the lawful killing of livestock or a customary animal husbandry or farming practice involving livestock. As used in this subsection, "livestock" means that term as defined in section 5 of the animal industry act, 1988 PA 466, MCL 287.705.

(9) This section does not prohibit the lawful killing of an animal pursuant to any of the following:

(a) Fishing.

(b) Hunting, trapping, or wildlife control regulated under the natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106, and orders issued under that act.

(c) Pest or rodent control regulated under part 83 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.8301 to 324.8336.

(d) Activities authorized under rules promulgated under section 9 of the executive organization act of 1965, 1965 PA 380, MCL 16.109.

(e) Section 19 of the dog law of 1919, 1919 PA 339, MCL 287.279.

(10) This section does not prohibit the lawful killing or use of an animal for scientific research under any of the following or a rule promulgated under any of the following:

(a) 1969 PA 224, MCL 287.381 to 287.395.

(b) Sections 2226, 2671, 2676, 7109, and 7333 of the public health code, 1978 PA 368, MCL 333.2226, 333.2671, 333.2676, 333.7109, and 333.7333.

(11) This section does not apply to a veterinarian or a veterinary technician lawfully engaging in the practice of veterinary medicine under part 188 of the public health code, 1978 PA 368, MCL 333.18801 to 333.18838.

Effective date.

Enacting section 1. This amendatory act takes effect January 1, 2009.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 340]

(HB 4938)

AN ACT to amend 1927 PA 175, entitled "An act to revise, consolidate, and codify the laws relating to criminal procedure and to define the jurisdiction, powers, and duties of courts, judges, and other officers of the court under the provisions of this act; to provide laws relative to the rights of persons accused of criminal offenses and ordinance violations; to provide for the arrest of persons charged with or suspected of criminal offenses and ordinance violations; to provide for bail of persons arrested for or accused of criminal offenses and ordinance violations; to provide for the examination of persons accused of criminal offenses; to regulate the procedure relative to grand juries, indictments, informations, and proceedings before trial; to provide for trials of persons complained of or indicted for criminal offenses and ordinance violations and to provide for the procedure in those trials; to provide for judgments and sentences of persons convicted of criminal offenses and ordinance violations; to establish a sentencing commission and to prescribe its powers and duties; to provide

for procedure relating to new trials and appeals in criminal and ordinance violation cases; to provide a uniform system of probation throughout this state and the appointment of probation officers; to prescribe the powers, duties, and compensation of probation officers; to provide penalties for the violation of the duties of probation officers; to provide for procedure governing proceedings to prevent crime and proceedings for the discovery of crime; to provide for fees of officers, witnesses, and others in criminal and ordinance violation cases; to set forth miscellaneous provisions as to criminal procedure in certain cases; to provide penalties for the violation of certain provisions of this act; and to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act," by amending section 13p of chapter XVII (MCL 777.13p), as amended by 2005 PA 279.

The People of the State of Michigan enact:

CHAPTER XVII

777.13p Applicability of chapter to certain felonies; MCL 338.823 to 388.1937.

Sec. 13p. This chapter applies to the following felonies enumerated in chapters 338 to 399 of the Michigan Compiled Laws:

M.C.L.	Category	Class	Description	Stat Max
338.823	Pub trst	F	Private detective license act violation	4
338.1053	Pub trst	F	Private security business and security alarm act violation	4
338.3434a(2)	Pub trst	F	Unauthorized disclosure of a social security number — subsequent offense	4
338.3471(1)(b)	Pub trst	G	Michigan immigration clerical assistant act violation — subsequent offense	2
339.601(7)(c)	Pub trst	F	Unauthorized practice of an occupation or unauthorized operation of a school teaching an occupation causing serious injury or death	4
339.735	Pub trst	E	Unauthorized practice of public accounting	5
380.1230d(3)(a)	Pub saf	G	Failure by school employee to report charge or conviction	2
380.1816	Pub trst	F	Improper use of bond proceeds	4
388.936	Pub trst	F	Knowingly making false statement — school district loans	4
388.1937	Pub trst	F	Making false statement or concealing material information to obtain qualification of school bond issue or improperly using proceeds of school bonds	4

Conditional effective date.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 1515 of the 94th Legislature is enacted into law.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

Compiler's note: Senate Bill No. 1515, referred to in enacting section 1, was filed with the Secretary of State December 18, 2008, and became 2008 PA 319, Eff. Mar. 31, 2009.

[No. 341]

(HB 5160)

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 625 (MCL 257.625), as amended by 2006 PA 564.

The People of the State of Michigan enact:

257.625 Operating motor vehicle while intoxicated; operating motor vehicle when visibly impaired; penalties for causing death or serious impairment of a body function; operation of motor vehicle by person less than 21 years of age; requirements; controlled substances; costs; enhanced sentence; guilty plea or nolo contendere; establishment of prior conviction; special verdict; public record; burden of proving religious service or ceremony; ignition interlock device; "prior conviction" defined; violations arising out of same transaction.

Sec. 625. (1) A person, whether licensed or not, shall not operate a vehicle upon a highway or other place open to the general public or generally accessible to motor vehicles, including an area designated for the parking of vehicles, within this state if the person is operating while intoxicated. As used in this section, "operating while intoxicated" means either of the following applies:

(a) The person is under the influence of alcoholic liquor, a controlled substance, or a combination of alcoholic liquor and a controlled substance.

(b) The person has an alcohol content of 0.08 grams or more per 100 milliliters of blood, per 210 liters of breath, or per 67 milliliters of urine, or, beginning October 1, 2013, the person has an alcohol content of 0.10 grams or more per 100 milliliters of blood, per 210 liters of breath, or per 67 milliliters of urine.

(2) The owner of a vehicle or a person in charge or in control of a vehicle shall not authorize or knowingly permit the vehicle to be operated upon a highway or other place open to the general public or generally accessible to motor vehicles, including an area designated for the parking of motor vehicles, within this state by a person if any of the following apply:

(a) The person is under the influence of alcoholic liquor, a controlled substance, or a combination of alcoholic liquor and a controlled substance.

(b) The person has an alcohol content of 0.08 grams or more per 100 milliliters of blood, per 210 liters of breath, or per 67 milliliters of urine or, beginning October 1, 2013, the person has an alcohol content of 0.10 grams or more per 100 milliliters of blood, per 210 liters of breath, or per 67 milliliters of urine.

(c) The person's ability to operate the motor vehicle is visibly impaired due to the consumption of alcoholic liquor, a controlled substance, or a combination of alcoholic liquor and a controlled substance.

(3) A person, whether licensed or not, shall not operate a vehicle upon a highway or other place open to the general public or generally accessible to motor vehicles, including an area designated for the parking of vehicles, within this state when, due to the consumption of alcoholic liquor, a controlled substance, or a combination of alcoholic liquor and a controlled substance, the person's ability to operate the vehicle is visibly impaired. If a person is charged with violating subsection (1), a finding of guilty under this subsection may be rendered.

(4) A person, whether licensed or not, who operates a motor vehicle in violation of subsection (1), (3), or (8) and by the operation of that motor vehicle causes the death of another person is guilty of a crime as follows:

(a) Except as provided in subdivision (b), the person is guilty of a felony punishable by imprisonment for not more than 15 years or a fine of not less than $2,500.00 or more than $10,000.00, or both. The judgment of sentence may impose the sanction permitted under section 625n. If the vehicle is not ordered forfeited under section 625n, the court shall order vehicle immobilization under section 904d in the judgment of sentence.

(b) If, at the time of the violation, the person is operating a motor vehicle in a manner proscribed under section 653a and causes the death of a police officer, firefighter, or other emergency response personnel, the person is guilty of a felony punishable by imprisonment for not more than 20 years or a fine of not less than $2,500.00 or more than $10,000.00, or both. This subdivision applies regardless of whether the person is charged with the violation of section 653a. The judgment of sentence may impose the sanction permitted under section 625n. If the vehicle is not ordered forfeited under section 625n, the court shall order vehicle immobilization under section 904d in the judgment of sentence.

(5) A person, whether licensed or not, who operates a motor vehicle in violation of subsection (1), (3), or (8) and by the operation of that motor vehicle causes a serious impairment of a body function of another person is guilty of a felony punishable by imprisonment for not more than 5 years or a fine of not less than $1,000.00 or more than $5,000.00, or both. The judgment of sentence may impose the sanction permitted under section 625n. If the vehicle is not ordered forfeited under section 625n, the court shall order vehicle immobilization under section 904d in the judgment of sentence.

(6) A person who is less than 21 years of age, whether licensed or not, shall not operate a vehicle upon a highway or other place open to the general public or generally accessible

to motor vehicles, including an area designated for the parking of vehicles, within this state if the person has any bodily alcohol content. As used in this subsection, "any bodily alcohol content" means either of the following:

(a) An alcohol content of 0.02 grams or more but less than 0.08 grams per 100 milliliters of blood, per 210 liters of breath, or per 67 milliliters of urine, or, beginning October 1, 2013, the person has an alcohol content of 0.02 grams or more but less than 0.10 grams per 100 milliliters of blood, per 210 liters of breath, or per 67 milliliters of urine.

(b) Any presence of alcohol within a person's body resulting from the consumption of alcoholic liquor, other than consumption of alcoholic liquor as a part of a generally recognized religious service or ceremony.

(7) A person, whether licensed or not, is subject to the following requirements:

(a) He or she shall not operate a vehicle in violation of subsection (1), (3), (4), (5), or (8) while another person who is less than 16 years of age is occupying the vehicle. A person who violates this subdivision is guilty of a crime punishable as follows:

(*i*) Except as provided in subparagraph (*ii*), a person who violates this subdivision is guilty of a misdemeanor and shall be sentenced to pay a fine of not less than $200.00 or more than $1,000.00 and to 1 or more of the following:

(A) Imprisonment for not less than 5 days or more than 1 year. Not less than 48 hours of this imprisonment shall be served consecutively. This term of imprisonment shall not be suspended.

(B) Community service for not less than 30 days or more than 90 days.

(*ii*) If the violation occurs within 7 years of a prior conviction or after 2 or more prior convictions, regardless of the number of years that have elapsed since any prior conviction, a person who violates this subdivision is guilty of a felony and shall be sentenced to pay a fine of not less than $500.00 or more than $5,000.00 and to either of the following:

(A) Imprisonment under the jurisdiction of the department of corrections for not less than 1 year or more than 5 years.

(B) Probation with imprisonment in the county jail for not less than 30 days or more than 1 year and community service for not less than 60 days or more than 180 days. Not less than 48 hours of this imprisonment shall be served consecutively. This term of imprisonment shall not be suspended.

(b) He or she shall not operate a vehicle in violation of subsection (6) while another person who is less than 16 years of age is occupying the vehicle. A person who violates this subdivision is guilty of a misdemeanor punishable as follows:

(*i*) Except as provided in subparagraph (*ii*), a person who violates this subdivision may be sentenced to 1 or more of the following:

(A) Community service for not more than 60 days.

(B) A fine of not more than $500.00.

(C) Imprisonment for not more than 93 days.

(*ii*) If the violation occurs within 7 years of a prior conviction or after 2 or more prior convictions, regardless of the number of years that have elapsed since any prior conviction, a person who violates this subdivision shall be sentenced to pay a fine of not less than $200.00 or more than $1,000.00 and to 1 or more of the following:

(A) Imprisonment for not less than 5 days or more than 1 year. Not less than 48 hours of this imprisonment shall be served consecutively. This term of imprisonment shall not be suspended.

(B) Community service for not less than 30 days or more than 90 days.

(c) In the judgment of sentence under subdivision (a)(*i*) or (b)(*i*), the court may, unless the vehicle is ordered forfeited under section 625n, order vehicle immobilization as provided in section 904d. In the judgment of sentence under subdivision (a)(*ii*) or (b)(*ii*), the court shall, unless the vehicle is ordered forfeited under section 625n, order vehicle immobilization as provided in section 904d.

(d) This subsection does not prohibit a person from being charged with, convicted of, or punished for a violation of subsection (4) or (5) that is committed by the person while violating this subsection. However, points shall not be assessed under section 320a for both a violation of subsection (4) or (5) and a violation of this subsection for conduct arising out of the same transaction.

(8) A person, whether licensed or not, shall not operate a vehicle upon a highway or other place open to the general public or generally accessible to motor vehicles, including an area designated for the parking of vehicles, within this state if the person has in his or her body any amount of a controlled substance listed in schedule 1 under section 7212 of the public health code, 1978 PA 368, MCL 333.7212, or a rule promulgated under that section, or of a controlled substance described in section 7214(a)(*iv*) of the public health code, 1978 PA 368, MCL 333.7214.

(9) If a person is convicted of violating subsection (1) or (8), all of the following apply:

(a) Except as otherwise provided in subdivisions (b) and (c), the person is guilty of a misdemeanor punishable by 1 or more of the following:

(*i*) Community service for not more than 360 hours.

(*ii*) Imprisonment for not more than 93 days.

(*iii*) A fine of not less than $100.00 or more than $500.00.

(b) If the violation occurs within 7 years of a prior conviction, the person shall be sentenced to pay a fine of not less than $200.00 or more than $1,000.00 and 1 or more of the following:

(*i*) Imprisonment for not less than 5 days or more than 1 year. Not less than 48 hours of the term of imprisonment imposed under this subparagraph shall be served consecutively.

(*ii*) Community service for not less than 30 days or more than 90 days.

(c) If the violation occurs after 2 or more prior convictions, regardless of the number of years that have elapsed since any prior conviction, the person is guilty of a felony and shall be sentenced to pay a fine of not less than $500.00 or more than $5,000.00 and to either of the following:

(*i*) Imprisonment under the jurisdiction of the department of corrections for not less than 1 year or more than 5 years.

(*ii*) Probation with imprisonment in the county jail for not less than 30 days or more than 1 year and community service for not less than 60 days or more than 180 days. Not less than 48 hours of the imprisonment imposed under this subparagraph shall be served consecutively.

(d) A term of imprisonment imposed under subdivision (b) or (c) shall not be suspended.

(e) In the judgment of sentence under subdivision (a), the court may order vehicle immobilization as provided in section 904d. In the judgment of sentence under subdivision (b) or (c), the court shall, unless the vehicle is ordered forfeited under section 625n, order vehicle immobilization as provided in section 904d.

(f) In the judgment of sentence under subdivision (b) or (c), the court may impose the sanction permitted under section 625n.

(10) A person who is convicted of violating subsection (2) is guilty of a crime as follows:

(a) Except as provided in subdivisions (b) and (c), a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not less than $100.00 or more than $500.00, or both.

(b) If the person operating the motor vehicle violated subsection (4), a felony punishable by imprisonment for not more than 5 years or a fine of not less than $1,500.00 or more than $10,000.00, or both.

(c) If the person operating the motor vehicle violated subsection (5), a felony punishable by imprisonment for not more than 2 years or a fine of not less than $1,000.00 or more than $5,000.00, or both.

(11) If a person is convicted of violating subsection (3), all of the following apply:

(a) Except as otherwise provided in subdivisions (b) and (c), the person is guilty of a misdemeanor punishable by 1 or more of the following:

(*i*) Community service for not more than 360 hours.

(*ii*) Imprisonment for not more than 93 days.

(*iii*) A fine of not more than $300.00.

(b) If the violation occurs within 7 years of 1 prior conviction, the person shall be sentenced to pay a fine of not less than $200.00 or more than $1,000.00, and 1 or more of the following:

(*i*) Imprisonment for not less than 5 days or more than 1 year. Not less than 48 hours of the term of imprisonment imposed under this subparagraph shall be served consecutively.

(*ii*) Community service for not less than 30 days or more than 90 days.

(c) If the violation occurs after 2 or more prior convictions, regardless of the number of years that have elapsed since any prior conviction, the person is guilty of a felony and shall be sentenced to pay a fine of not less than $500.00 or more than $5,000.00 and either of the following:

(*i*) Imprisonment under the jurisdiction of the department of corrections for not less than 1 year or more than 5 years.

(*ii*) Probation with imprisonment in the county jail for not less than 30 days or more than 1 year and community service for not less than 60 days or more than 180 days. Not less than 48 hours of the imprisonment imposed under this subparagraph shall be served consecutively.

(d) A term of imprisonment imposed under subdivision (b) or (c) shall not be suspended.

(e) In the judgment of sentence under subdivision (a), the court may order vehicle immobilization as provided in section 904d. In the judgment of sentence under subdivision (b) or (c), the court shall, unless the vehicle is ordered forfeited under section 625n, order vehicle immobilization as provided in section 904d.

(f) In the judgment of sentence under subdivision (b) or (c), the court may impose the sanction permitted under section 625n.

(12) If a person is convicted of violating subsection (6), all of the following apply:

(a) Except as otherwise provided in subdivision (b), the person is guilty of a misdemeanor punishable by 1 or both of the following:

(*i*) Community service for not more than 360 hours.

(*ii*) A fine of not more than $250.00.

(b) If the violation occurs within 7 years of 1 or more prior convictions, the person may be sentenced to 1 or more of the following:

(*i*) Community service for not more than 60 days.

(*ii*) A fine of not more than $500.00.

(*iii*) Imprisonment for not more than 93 days.

(13) In addition to imposing the sanctions prescribed under this section, the court may order the person to pay the costs of the prosecution under the code of criminal procedure, 1927 PA 175, MCL 760.1 to 777.69.

(14) A person sentenced to perform community service under this section shall not receive compensation and shall reimburse the state or appropriate local unit of government for the cost of supervision incurred by the state or local unit of government as a result of the person's activities in that service.

(15) If the prosecuting attorney intends to seek an enhanced sentence under this section or a sanction under section 625n based upon the defendant having 1 or more prior convictions, the prosecuting attorney shall include on the complaint and information, or an amended complaint and information, filed in district court, circuit court, municipal court, or family division of circuit court, a statement listing the defendant's prior convictions.

(16) If a person is charged with a violation of subsection (1), (3), (4), (5), (7), or (8) or section 625m, the court shall not permit the defendant to enter a plea of guilty or nolo contendere to a charge of violating subsection (6) in exchange for dismissal of the original charge. This subsection does not prohibit the court from dismissing the charge upon the prosecuting attorney's motion.

(17) A prior conviction shall be established at sentencing by 1 or more of the following:

(a) A copy of a judgment of conviction.

(b) An abstract of conviction.

(c) A transcript of a prior trial or a plea-taking or sentencing proceeding.

(d) A copy of a court register of actions.

(e) A copy of the defendant's driving record.

(f) Information contained in a presentence report.

(g) An admission by the defendant.

(18) Except as otherwise provided in subsection (20), if a person is charged with operating a vehicle while under the influence of a controlled substance or a combination of alcoholic liquor and a controlled substance in violation of subsection (1) or a local ordinance substantially corresponding to subsection (1), the court shall require the jury to return a special verdict in the form of a written finding or, if the court convicts the person without a jury or accepts a plea of guilty or nolo contendere, the court shall make a finding as to whether the person was under the influence of a controlled substance or a combination of alcoholic liquor and a controlled substance at the time of the violation.

(19) Except as otherwise provided in subsection (20), if a person is charged with operating a vehicle while his or her ability to operate the vehicle was visibly impaired due to his or her consumption of a controlled substance or a combination of alcoholic liquor and a controlled substance in violation of subsection (3) or a local ordinance substantially corresponding to subsection (3), the court shall require the jury to return a special verdict in the form of a written finding or, if the court convicts the person without a jury or accepts a plea of guilty or nolo contendere, the court shall make a finding as to whether, due to the consumption of a controlled substance or a combination of alcoholic liquor and a controlled substance, the person's ability to operate a motor vehicle was visibly impaired at the time of the violation.

(20) A special verdict described in subsections (18) and (19) is not required if a jury is instructed to make a finding solely as to either of the following:

(a) Whether the defendant was under the influence of a controlled substance or a combination of alcoholic liquor and a controlled substance at the time of the violation.

(b) Whether the defendant was visibly impaired due to his or her consumption of a controlled substance or a combination of alcoholic liquor and a controlled substance at the time of the violation.

(21) If a jury or court finds under subsection (18), (19), or (20) that the defendant operated a motor vehicle under the influence of or while impaired due to the consumption of a controlled substance or a combination of a controlled substance and an alcoholic liquor, the court shall do both of the following:

(a) Report the finding to the secretary of state.

(b) On a form or forms prescribed by the state court administrator, forward to the department of state police a record that specifies the penalties imposed by the court, including any term of imprisonment, and any sanction imposed under section 625n or 904d.

(22) Except as otherwise provided by law, a record described in subsection (21)(b) is a public record and the department of state police shall retain the information contained on that record for not less than 7 years.

(23) In a prosecution for a violation of subsection (6), the defendant bears the burden of proving that the consumption of alcoholic liquor was a part of a generally recognized religious service or ceremony by a preponderance of the evidence.

(24) The court may order as a condition of probation that a person convicted of violating subsection (1) or (8), or a local ordinance substantially corresponding to subsection (1) or (8), shall not operate a motor vehicle unless that vehicle is equipped with an ignition interlock device approved, certified, and installed as required under sections 625k and 625*l*.

(25) Subject to subsection (27), as used in this section, "prior conviction" means a conviction for any of the following, whether under a law of this state, a local ordinance substantially corresponding to a law of this state, a law of the United States substantially corresponding to a law of this state, or a law of another state substantially corresponding to a law of this state:

(a) Except as provided in subsection (26), a violation or attempted violation of any of the following:

(*i*) This section, except a violation of section 625(2), or a violation of any prior enactment of this section in which the defendant operated a vehicle while under the influence of intoxicating or alcoholic liquor or a controlled substance, or a combination of intoxicating or alcoholic liquor and a controlled substance, or while visibly impaired, or with an unlawful bodily alcohol content.

(*ii*) Section 625m.

(*iii*) Former section 625b.

(b) Negligent homicide, manslaughter, or murder resulting from the operation of a vehicle or an attempt to commit any of those crimes.

(26) Except for purposes of the enhancement described in subsection (12)(b), only 1 violation or attempted violation of subsection (6), a local ordinance substantially corresponding to subsection (6), or a law of another state substantially corresponding to subsection (6) may be used as a prior conviction.

(27) If 2 or more convictions described in subsection (25) are convictions for violations arising out of the same transaction, only 1 conviction shall be used to determine whether the person has a prior conviction.

Effective date.

Enacting section 1. This amendatory act takes effect January 1, 2009.

This act is ordered to take immediate effect.

Approved December 23, 2008.

Filed with Secretary of State December 23, 2008.

[No. 342]

(HB 5722)

AN ACT to amend 1956 PA 218, entitled "An act to revise, consolidate, and classify the laws relating to the insurance and surety business; to regulate the incorporation or formation of domestic insurance and surety companies and associations and the admission of foreign and alien companies and associations; to provide their rights, powers, and immunities and to prescribe the conditions on which companies and associations organized, existing, or authorized under this act may exercise their powers; to provide the rights, powers, and immunities and to prescribe the conditions on which other persons, firms, corporations, associations, risk retention groups, and purchasing groups engaged in an insurance or surety business may exercise their powers; to provide for the imposition of a privilege fee on domestic insurance companies and associations and the state accident fund; to provide for the imposition of a tax on the business of foreign and alien companies and associations; to provide for the imposition of a tax on risk retention groups and purchasing groups; to provide for the imposition of a tax on the business of surplus line agents; to provide for the imposition of regulatory fees on certain insurers; to provide for assessment fees on certain health maintenance organizations; to modify tort liability arising out of certain accidents; to provide for limited actions with respect to that modified tort liability and to prescribe certain procedures for maintaining those actions; to require security for losses arising out of certain accidents; to provide for the continued availability and affordability of automobile insurance and homeowners insurance in this state and to facilitate the purchase of that insurance by all residents of this state at fair and reasonable rates; to provide for certain reporting with respect to insurance and with respect to certain claims against uninsured or self-insured persons; to prescribe duties for certain state departments and officers with respect to that reporting; to provide for certain assessments; to establish and continue certain state insurance funds; to modify and clarify the status, rights, powers, duties, and operations of the nonprofit malpractice insurance fund; to provide for the departmental supervision and regulation of the insurance and surety business within this state; to provide for regulation over worker's compensation self-insurers; to provide for the conservation, rehabilitation, or liquidation of unsound or insolvent insurers; to provide for the protection of policyholders, claimants, and creditors of unsound or insolvent insurers; to provide for associations of insurers to protect policyholders and claimants in the event of insurer insolvencies; to prescribe educational requirements for insurance agents and solicitors; to provide for the regulation of multiple employer welfare arrangements; to create an automobile theft prevention authority to reduce the number of automobile thefts in this state; to prescribe the powers and duties of the automobile theft prevention authority; to provide certain powers and duties upon certain officials, departments, and authorities of this state; to provide for an appropriation; to repeal acts and parts of acts; and to provide penalties for the violation of this act," by amending sections 1001, 1005, 1007, 1010, 1015, 1017, and 1125 (MCL 500.1001, 500.1005, 500.1007, 500.1010, 500.1015, 500.1017, and 500.1125), sections 1001, 1005, 1007, 1010, 1015, and 1017 as added by 1992 PA 182 and section 1125 as amended by 2000 PA 283, and by adding sections 1027, 1029, 1031, and 1033.

The People of the State of Michigan enact:

500.1001 Definitions.

Sec. 1001. As used in this chapter:

(a) "Audited financial report" means the report required in section 1005 and furnished pursuant to section 1007.

(b) "Audit committee" means a committee or equivalent body established by the board of directors of an entity to oversee the accounting and financial reporting processes and audits

of the financial statements of an insurer or group of insurers. The audit committee of an entity that controls a group of insurers may be the audit committee for 1 or more of these controlled insurers solely for the purposes of compliance with this chapter at the election of the controlling person as permitted in section 1027(6). If an audit committee is not designated by an insurer, the insurer's entire board of directors shall constitute the audit committee.

(c) "Group of insurers" means those licensed insurers included in the reporting requirements of chapter 13, or a set of insurers as identified by management, for the purpose of assessing the effectiveness of internal control over financial reporting.

(d) "Indemnification agreement" means an agreement of indemnity or a release from liability where the intent or effect is to shift or limit in any manner the potential liability of the person or firm for failure to adhere to applicable auditing or professional standards, whether or not resulting in part from knowing of other misrepresentations made by the insurer or its representatives.

(e) "Independent board member" has the same meaning as described in section 1027(4).

(f) "Independent public accountant" means an independent certified public accountant or accounting firm in good standing with the American institute of certified public accountants and in good standing in all states in which they are licensed to practice. For Canadian and British companies, "independent public accountant" means a Canadian-chartered or British-chartered accountant.

(g) "Internal control over financial reporting" means a process effected by an entity's board of directors, management, and other personnel designed to provide reasonable assurance regarding the reliability of the financial statements filed with the commissioner, and includes the following:

(*i*) Policies and procedures pertaining to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets.

(*ii*) Policies and procedures providing reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements filed with the commissioner and that receipts and expenditures are being made only in accordance with authorizations of management and directors.

(*iii*) Policies and procedures providing reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements filed with the commissioner.

(h) "SEC" means the United States securities and exchange commission.

(i) "Section 404" means section 404 of the Sarbanes-Oxley act of 2002 and the SEC's rules and regulations promulgated thereunder.

(j) "Section 404 report" means management's report on "internal control over financial reporting" as defined by the SEC and the related attestation report of the independent certified public accountant.

(k) "SOX compliant entity" means an entity that either is required to be compliant with, or voluntarily is compliant with, all of the following provisions of the Sarbanes-Oxley act of 2002:

(*i*) The preapproval requirements of section 201, section 10A(i) of the securities exchange act of 1934.

(*ii*) The audit committee independence requirements of section 301, section 10A(m)(3) of the securities exchange act of 1934.

(*iii*) The internal control over financial reporting requirements of section 404, item 308 of SEC regulation S-K.

500.1005 Insurer; annual audit; filing date; extensions; designation of audit committee.

Sec. 1005. (1) Each insurer authorized to do business in this state shall have an annual audit by an independent public accountant and shall file an audited financial report with the commissioner on or before June 1 for the immediately preceding calendar year. With 90 days' advance notice to the insurer, the commissioner may require an insurer to file an audited financial report earlier than June 1.

(2) Extensions of the June 1 filing date under subsection (1) may be granted by the commissioner for 30-day periods upon a showing by the insurer and its independent public accountant of the reasons for requesting the extension and upon a determination by the commissioner of good cause for an extension. The extension request shall be submitted in writing not less than 10 days prior to the due date and in sufficient detail to permit the commissioner to make an informed decision on the requested extension. An extension granted under this subsection shall include a 30-day extension to the filing of management's report of internal control over financial reporting.

(3) Each insurer required to file an annual audited financial report under this chapter shall designate a group of individuals as constituting its audit committee. The audit committee of an entity that controls an insurer may be the insurer's audit committee for purposes of this chapter at the election of the controlling person.

500.1007 Annual audited financial report; contents; form; conduct of examination by independent public accountant.

Sec. 1007. (1) The annual audited financial report shall report the insurer's financial condition as of the end of the most recent calendar year and the results of its operations, cash flows, and changes in capital and surplus for the year then ended in conformity with accounting practices prescribed, or otherwise permitted, by the commissioner and shall include all of the following:

(a) The report of an independent public accountant.

(b) A balance sheet reporting admitted assets, liabilities, capital, and surplus.

(c) A statement of operations.

(d) A statement of cash flows.

(e) A statement of changes in capital and surplus.

(f) Notes to financial statements. These notes shall be those required by the commissioner's annual statement instructions and accounting practices prescribed by the commissioner. The notes shall include a reconciliation of differences, if any, between the audited financial statements and the annual statement filed pursuant to section 438 with a written description of the nature of these differences.

(2) The financial statements included in the audited financial report shall be prepared in a form and using language and groupings substantially the same as the relevant sections of the insurer's annual statement filed with the commissioner, may be rounded to the nearest thousand dollars, may combine insignificant amounts, and, except for the first year the insurer is required to file an audited financial report, shall be comparative, presenting the amounts as of December 31 of the current year and the amounts as of the immediately preceding December 31.

(3) The independent public accountant shall conduct the examination in accordance with generally accepted auditing standards. Consideration shall be given, as the independent public accountant considers necessary, to the procedures illustrated in the "Financial Conditions Examiners Handbook" prepared by the national association of insurance commissioners.

500.1010 Recognition of person or firm as independent public accountant; mediation or arbitration of disputes; limitation on period of service; relief from rotation requirement; restrictions; hearing; ruling by commissioner; exemption from subsection (7); nonaudit services; preapproval; waiver; independent public accountant not recognized as qualified; condition; relief from subsection (14).

Sec. 1010. (1) The commissioner shall not recognize a person or firm as an independent public accountant unless that person or firm meets both of the following:

(a) Is in good standing with the American institute of certified public accountants and in good standing in all states in which the independent public accountant is licensed to practice, or, for a Canadian or British company, unless that person or firm is a chartered accountant.

(b) Has not either directly or indirectly entered into an indemnification agreement, whether an agreement of indemnity or release from liability, with respect to the insurer's audit.

(2) Except as otherwise provided, a certified public accountant shall be recognized as independent as long as he or she conforms to the standards of his or her profession, as contained in the code of professional ethics of the American institute of certified public accountants, its rules and regulations, and this state's board of accountancy's code of ethics and rules of professional conduct.

(3) A qualified independent accountant may enter into an agreement with an insurer to have disputes relating to an audit resolved by mediation or arbitration. However, if a delinquency proceeding is commenced against the insurer under chapter 81, the mediation or arbitration provision shall operate at the option of the statutory successor.

(4) An individual independent public accountant or a lead partner having primary responsibility for an annual audit or other person responsible for rendering a report by an independent public accounting firm retained to conduct an annual audit under this chapter shall not act in that capacity for the same insurer for more than 5 consecutive years. Following such a 5-year period of service, the individual independent public accountant or partner or other responsible person for the accounting firm shall not conduct an annual audit under this chapter for the same insurer or its insurance subsidiaries or affiliates for a period of 5 years. An insurer may apply for relief from the commissioner from this rotation requirement on the basis of unusual circumstances. This application shall be made at least 30 days before the end of the calendar year. The commissioner may consider the following factors in determining if relief should be granted:

(a) Number of partners, expertise of the partners, or the number of insurance clients in the independent public accounting firm.

(b) The insurer's premium volume.

(c) Number of jurisdictions in which the insurer transacts business.

(5) An approval for relief granted under subsection (4) shall be filed by the insurer with its annual statement filing with the states that it is licensed in or doing business in and with the national association of insurance commissioners. If the nondomestic state accepts electronic filing with the national association of insurance commissioners, the insurer shall file the approval in an electronic format acceptable to the national association of insurance commissioners.

(6) The commissioner shall not recognize as a qualified independent public accountant, or accept an annual audited financial report, prepared in whole or in part by an individual who has done any of the following:

(a) Been convicted of fraud, bribery, a violation of chapter 96 of title 18 of the United States Code, 18 USC 1961 to 1968, or any dishonest conduct or practices under federal or state law.

(b) Been found to have violated the insurance laws of this state with respect to any previous reports submitted under this chapter.

(c) Has failed to detect or disclose material information in 1 or more previous reports filed under this chapter.

(7) The commissioner shall not recognize as a qualified independent public accountant, or accept an annual audited financial report prepared in whole or in part by, an individual who provides to an insurer, contemporaneously with the audit, any of the following nonaudit services:

(a) Bookkeeping or other services related to the accounting records or financial statements of the insurer.

(b) Financial information systems design and implementation.

(c) Appraisal or valuation services, fairness opinions, or contribution-in-kind reports.

(d) Actuarially oriented advisory services involving the determination of amounts recorded in the financial statements. The accountants may assist an insurer in understanding the methods, assumptions, and inputs used in the determination of amounts recorded in the financial statements only if it is reasonable to conclude that the services provided will not be subject to audit procedures during an audit of the insurer's financial statements. An accountant's actuary may also issue an actuarial opinion or certification on an insurer's reserves if all of the following conditions have been met:

(*i*) Neither the accountant nor the accountant's actuary has performed any management functions or made any management decisions.

(*ii*) The insurer has competent personnel or engages a third party actuary to estimate the reserves for which management takes responsibility.

(*iii*) The accountant's actuary tests the reasonableness of the reserves after the insurer's management has determined the amount of the reserves.

(e) Internal audit outsourcing services.

(f) Management functions or human resources.

(g) Broker or dealer, investment adviser, or investment banking services.

(h) Legal services or expert services unrelated to the audit.

(i) Any other services that the commissioner determines, by order or regulation, are impermissible.

(8) To be a qualified independent public accountant, the accountant shall not function in the role of management, shall not audit his or her own work, and shall not serve in an advocacy role for the insurer.

(9) The commissioner may hold a public hearing pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to determine whether a certified public accountant is qualified. After considering the evidence presented, the commissioner may rule that the accountant is not qualified for purposes of expressing his or her opinion on the financial statements in the annual audited financial report made pursuant to this chapter and may require the insurer to replace the accountant with another whose relationship with the insurer is qualified within the meaning of this chapter.

(10) Insurers having direct written and assumed premiums of less than $100,000,000.00 in any calendar year may request an exemption from subsection (7). An insurer requesting an exemption shall file with the commissioner a written statement discussing the reasons why the insurer should be exempt. The commissioner shall grant the exemption if after review of the statement the commissioner finds that compliance with subsection (7) would constitute a financial or organizational hardship upon the insurer.

(11) A qualified independent public accountant who performs an audit under this chapter may engage in other nonaudit services, including tax services, that are not described in subsection (7) and that do not conflict with subsection (8), only if the activity is approved in advance by the audit committee as provided in subsection (12).

(12) All auditing services and nonaudit services provided to an insurer by a qualified independent public accountant of the insurer shall be preapproved by the audit committee. The preapproval requirement is waived with respect to nonaudit services in either of the following cases:

(a) If the insurer is a SOX compliant entity or a direct or indirect wholly-owned subsidiary of a SOX compliant entity.

(b) If the aggregate amount of all such nonaudit services provided to the insurer constitutes not more than 5% of the total amount of fees paid by the insurer to its qualified independent public accountant during the fiscal year in which the nonaudit services are provided, the services were not recognized by the insurer at the time of the engagement to be nonaudit services, and the services are promptly brought to the attention of the audit committee and approved prior to the completion of the audit by the audit committee or by 1 or more members of the audit committee who are the members of the board of directors to whom authority to grant such approvals has been delegated by the audit committee.

(13) The audit committee may delegate to 1 or more designated members of the audit committee the authority to grant the preapprovals required by subsection (12). The decisions of any member to whom this authority is delegated shall be presented to the full audit committee at each of its scheduled meetings.

(14) The commissioner shall not recognize an independent public accountant as qualified for a particular insurer if a member of the board, president, chief executive officer, controller, chief financial officer, chief accounting officer, or any person serving in an equivalent position for that insurer was employed by the independent public accountant and participated in the audit of that insurer during the 1-year period preceding the date that the most current statutory opinion is due. This subsection only applies to partners and senior managers involved in the audit. An insurer may request relief from this subsection by filing a request with the commissioner 30 days prior to the end of the calendar year for the audit in a manner prescribed by the commissioner showing the unusual circumstances that support the need for relief from this subsection. An approval for relief granted by the commissioner under this subsection shall be filed by the insurer with its annual statement filing with the states that it is licensed in or doing business in and with the national association of insurance commissioners. If the nondomestic state accepts electronic filing with the national association of insurance commissioners, the insurer shall file the approval in an electronic format acceptable to the national association of insurance commissioners.

500.1015 Independent public accountant; reporting determination that insurer materially misstated financial condition or does not meet requirements of MCL 500.408 or MCL 500.410; liability; action to be taken after date of audited financial report.

Sec. 1015. (1) An insurer required to furnish the annual audited financial report shall require the independent public accountant to report in writing within 5 business days to the board of directors or its audit committee any determination by that independent public accountant that the insurer has materially misstated its financial condition as reported to the commissioner as of the balance sheet date currently under examination or that the insurer does not meet the requirements of section 408 or 410 as of that date. The insurer shall furnish a copy of this report to the commissioner within 5 business days of receipt of the report and shall provide the independent public accountant making the report with evidence

of the report being furnished to the commissioner. If the independent public accountant fails to receive the evidence within the required 5-business day period, the independent public accountant shall furnish a copy of its report to the commissioner within the next 5 business days.

(2) An independent public accountant is not liable to any person for a statement or report made in connection with this section if the statement or report is made in good faith in compliance with subsection (1).

(3) If after the date of the audited financial report filed pursuant to this chapter the accountant becomes aware of facts that might have affected his or her report, the accountant shall take action as prescribed by the professional standards of the American institute of certified public accountants.

500.1017 Independent public accountant; communicating unremediated material weaknesses; description.

Sec. 1017. (1) In addition to the annual audited financial report, each insurer shall furnish the commissioner with a written communication as to any unremediated material weaknesses in the insurer's internal controls over financial reporting noted during the audit. This communication shall be prepared by the accountant within 60 days after the filing of the annual audited financial report and shall contain a description of any unremediated material weaknesses, as of the December 31 immediately preceding, in the insurer's internal control over financial reporting noted by the accountant during the course of his or her audit of the financial statements. The communication shall also state if no unremediated material weaknesses were noted.

(2) The insurer shall provide to the commissioner a description of remedial actions taken or proposed to correct unremediated material weaknesses, if the actions taken or proposed are not described in the accountant's communication.

500.1027 Applicability of section to domestic insurer not SOX compliant entity; duties of audit committee; member of audit committee as independent; election of controlling person; report by accountant; reports provided on aggregate basis; structure of audit committee; waiver from section based on hardship; effective date of section.

Sec. 1027. (1) This section applies to a domestic insurer that is not a SOX compliant entity. A domestic insurer that is a direct or indirect subsidiary of a SOX compliant entity is considered to be a SOX compliant entity for purposes of this section.

(2) The audit committee shall be directly responsible for the appointment, compensation, and oversight of the work of any accountant, including resolution of disagreements between management and the accountant regarding financial reporting, for the purpose of preparing or issuing the audited financial report or related work pursuant to this chapter. Each accountant shall report directly to the audit committee.

(3) Each member of the audit committee shall be a member of the board of directors of the insurer or a member of the board of directors of an entity elected pursuant to subsection (6).

(4) To be considered independent for purposes of this section, a member of the audit committee shall not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee, accept any consulting, advisory, or other compensatory fee from the entity audited or be an affiliated person of the entity or subsidiary audited, unless the individual serves on the board to meet another statutory requirement related to the composition of the board. However, in no case can the independent audit committee member be an officer or employee of the insurer or 1 of its affiliates.

(5) If a member of the audit committee ceases to be independent for reasons outside the member's reasonable control, that person, with notice by the responsible entity to the state, may remain an audit committee member of the responsible entity until the earlier of the next annual meeting of the responsible entity or 1 year from the occurrence of the event that caused the member to be no longer independent.

(6) To exercise the election of the controlling person to designate the audit committee for purposes of this section, the ultimate controlling person shall provide written notice to the commissioner. Notification shall be made timely prior to the issuance of the statutory audit report and include a description of the basis for the election. The election can be changed through notice to the commissioner by the insurer, which shall include a description of the basis for the change. The election shall remain in effect until rescinded.

(7) The audit committee shall require the accountant that performs for an insurer any audit required by this chapter to timely report to the audit committee in accordance with the requirements of SAS 61, communication with audit committees, or a substantially similar replacement publication as required by the commissioner, including all of the following:

(a) All significant accounting policies and material permitted practices.

(b) All material alternative treatments of financial information within statutory accounting principles that have been discussed with management officials of the insurer, ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the accountant.

(c) Other material written communications between the accountant and the management of the insurer, such as any management letter or schedule of unadjusted differences.

(8) If an insurer is a member of an insurance holding company system, the reports required by subsection (7) may be provided to the audit committee on an aggregate basis for insurers in the holding company system, provided that any substantial differences among insurers in the system are identified to the audit committee.

(9) All insurers are encouraged to structure their audit committees with at least a supermajority of independent committee members. An insurer with $300,000,000.01 or less of direct written and assumed premiums in the prior calendar year is not required to have independent audit committee members. An insurer with over $300,000,000.00 but $500,000,000.00 or less of direct written and assumed premiums in the prior calendar year shall have 50% or more of its audit committee members be independent. An insurer with over $500,000,000.00 of direct written and assumed premiums in the prior calendar year shall have 75% or more of its audit committee members be independent. As used in this section, "direct written and assumed premiums" is the combined total of direct premiums and assumed premiums from nonaffiliates for the reporting entities.

(10) The commissioner may require an entity's board to enact improvements to the independence of the audit committee membership if the insurer is in a risk-based capital action level event, meets 1 or more of the standards listed in chapter 4 of an insurer considered to be in hazardous financial condition, or otherwise exhibits signs of a troubled insurer.

(11) An insurer with direct written and assumed premium, excluding premiums reinsured with the federal crop insurance corporation and federal flood program, of less than $500,000,000.00 may apply to the commissioner for a waiver from this section based upon hardship. The insurer shall file, with its annual statement filing, the approval for relief from this section granted by the commissioner with the states that it is licensed in or doing business in and with the national association of insurance commissioners. If the nondomestic state accepts electronic filing with the national association of insurance commissioners, the insurer shall file the approval in an electronic format acceptable to the national association of insurance commissioners.

(12) This section takes effect January 1, 2010. An insurer or group of insurers that is not required to have independent audit committee members or only 50% independent audit committee members because the total written and assumed premium is below the required threshold in subsection (9) and subsequently becomes subject to 1 of the independence requirements due to changes in premium, whether through business combination or not, shall have 1 year after the year the threshold is exceeded to comply with the independence requirements of subsection (9).

500.1029 Director or officer of insurer; prohibited conduct.

Sec. 1029. (1) A director or officer of an insurer shall not directly or indirectly do either of the following:

(a) Make or cause to be made a materially false or misleading statement to an accountant in connection with any audit, review, or communication required under this chapter.

(b) Omit to state, or cause another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which the statements were made, not misleading to an accountant in connection with any audit, review, or communication required under this chapter.

(2) A director or officer of an insurer, or any other person acting under the direction thereof, shall not directly or indirectly take any action to coerce, manipulate, mislead, or fraudulently influence any accountant engaged in the performance of an audit under this chapter if that person knew or should have known that the action, if successful, could result in rendering the insurer's financial statements materially misleading. Actions that, if successful, could result in rendering the insurer's financial statements materially misleading include, but are not limited to, actions taken at any time with respect to the professional engagement period to coerce, manipulate, mislead, or fraudulently influence an accountant to do any of the following:

(a) To issue or reissue a report on an insurer's financial statements that is not warranted under the circumstances due to material violations of statutory accounting principles prescribed by the commissioner, generally accepted auditing standards, or other professional or regulatory standards.

(b) Not to perform audit, review, or other procedures required by generally accepted auditing standards or other professional standards.

(c) Not to withdraw an issued report.

(d) Not to communicate matters to an insurer's audit committee.

500.1031 Report of insurer's or group of insurers' internal control over financial reporting; requirements.

Sec. 1031. (1) Every insurer required to file an audited financial report pursuant to this chapter that has annual direct written and assumed premiums, excluding premiums reinsured with the federal crop insurance corporation and federal flood program, of $500,000,000.00 or more shall prepare a report of the insurer's or group of insurers' internal control over financial reporting, which shall be as of the immediately preceding December 31. The report shall be filed with the commissioner along with the communication of internal control related matters noted in an audit described under section 1017.

(2) Notwithstanding the premium threshold in subsection (1), the commissioner may require an insurer to file a report of internal control over financial reporting if the insurer is in a risk-based capital level event or meets 1 or more of the standards listed in chapter 4 of an insurer considered to be in hazardous financial condition, or otherwise exhibits signs of a troubled insurer.

(3) An insurer or a group of insurers that is directly subject to section 404, part of a holding company system whose parent is directly subject to section 404, not directly subject to section 404 but is a SOX compliant entity, or a member of a holding company system whose parent is not directly subject to section 404 but is a SOX compliant entity may file its or its parent's section 404 report and an addendum in satisfaction of the requirements of this section provided that those internal controls of the insurer or group of insurers having a material impact on the preparation of the insurer's or group of insurers' audited statutory financial statements as required in section 1007 were included in the scope of the section 404 report. The addendum shall be a positive statement by management that there are no material processes with respect to the preparation of the insurer's or group of insurers' audited statutory financial statements as required in section 1007 excluded from the section 404 report. If there are internal controls of the insurer or group of insurers that have a material impact on the preparation of the insurer's or group of insurers' audited statutory financial statements and those internal controls were not included in the scope of the section 404 report, the insurer or group of insurers may either file a report as specified in subsection (1), or the section 404 report and a report as specified in subsection (1) for those internal controls that have a material impact on the preparation of the insurer's or group of insurers' audited statutory financial statements not covered by the section 404 report.

(4) The report of internal control over financial reporting shall include all of the following:

(a) A statement that management is responsible for establishing and maintaining adequate internal control over financial reporting.

(b) A statement that management has established internal control over financial reporting and an assertion, to the best of management's knowledge and belief, after diligent inquiry, as to whether its internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial statements in accordance with statutory accounting principles.

(c) A statement that briefly describes the approach or processes by which management evaluated the effectiveness of its internal control over financial reporting.

(d) A statement that briefly describes the scope of work that is included and whether any internal controls were excluded.

(e) Disclosure of any unremediated material weaknesses in the internal control over financial reporting identified by management as of the immediately preceding December 31. Management shall not conclude that the internal control over financial reporting is effective to provide reasonable assurance regarding the reliability of financial statements in accordance with statutory accounting principles if there is 1 or more unremediated material weaknesses in its internal control over financial reporting.

(f) A statement regarding the inherent limitations of internal control systems.

(g) Signatures of the chief executive officer and the chief financial officer or his or her equivalent.

(5) Management shall document and make available upon financial condition examination the basis upon which its assertions, required in subsection (4), are made. Management may base its assertions, in part, upon its review, monitoring, and testing of internal controls undertaken in the normal course of its activities. Management has discretion as to the nature of the internal control framework used, and the nature and extent of documentation, in order to make its assertion in a cost-effective manner and, as such, may include assembly of or reference to existing documentation.

(6) The office of financial and insurance regulation shall keep confidential the report on internal control over financial reporting, required by subsection (1), and any documentation provided in support thereof during the course of a financial condition examination.

(7) This section takes effect beginning with the reporting period that ends December 31, 2010. An insurer or group of insurers that is not required to file a report because the total written premium is below the required threshold and subsequently becomes subject to the reporting requirement, whether through business combination or not, shall have 2 years after the year the threshold is exceeded to comply with this section's reporting requirements.

500.1033 Exemption from any or all provisions of chapter.

Sec. 1033. Upon written application of any insurer, the commissioner may grant an exemption from compliance with any or all provisions of this chapter if the commissioner finds, upon review of the application, that compliance with this chapter would constitute a financial or organizational hardship upon the insurer. An exemption may be granted at any time and from time to time for a specified period or periods. An exemption granted under this section shall be filed by the insurer with the states that it is licensed in or doing business in and with the national association of insurance commissioners. If the nondomestic state accepts electronic filing with the national association of insurance commissioners, the insurer shall file the approval in an electronic format acceptable to the national association of insurance commissioners. Within 10 days from a denial of an insurer's written request for an exemption from this chapter, the insurer may request in writing a hearing on its application for an exemption. The hearing shall be held pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

500.1125 Reinsurance agreement; use; execution; "reasonable period of time" defined; provisions; assumption of obligations by life and health insurance guaranty association.

Sec. 1125. (1) Neither a reinsurance agreement nor any amendment to that agreement shall be used to reduce any liability or to establish any asset in any financial statement filed with the commissioner unless the agreement, amendment, or a binding letter of intent has been duly executed by the appropriate party no later than the filing date of the financial statement.

(2) A letter of intent, a reinsurance agreement, or an amendment to a reinsurance agreement shall be executed within a reasonable period of time in order for credit to be granted for the reinsurance ceded. As used in this subsection, "reasonable period of time" means that period of time as provided by the national association of insurance commissioners accounting practices and procedures manual and as approved by the commissioner.

(3) Except for facultative certificates duly executed by a property and casualty reinsurer or its duly appointed agent, a reinsurance agreement shall contain both of the following:

(a) That the agreement constitutes the entire agreement between the parties with respect to the business being reinsured thereunder and that there are no understandings between the parties other than as expressed in the agreement.

(b) That any change or modification to the agreement is null and void unless made by amendment to the agreement and signed by both parties.

(4) A ceding insurer shall not be allowed credit for reinsurance ceded as either an asset or a reduction from liability on account of reinsurance ceded, unless the reinsurance contract provides, in substance, that if the ceding insurer becomes insolvent, the reinsurance shall be payable pursuant to the terms of the reinsurance contract by the assuming insurer on the basis of reported claims allowed by the liquidation court, except as provided in subsection (6), without diminution because of the insolvency of the ceding insurer. The payments shall be made directly to the ceding insurer or its domiciliary liquidator unless the reinsurance contract requires or an endorsement signed by the reinsurer to the policies reinsured

requires the reinsurer to make payment to the payees under the policies reinsured if the ceding insurer becomes insolvent.

(5) The reinsurance agreement may provide that the domiciliary liquidator of an insolvent ceding insurer shall give written notice to the assuming insurer of the pendency of a claim against the ceding insurer on the contract reinsured within a reasonable time after the claim is filed in the liquidation proceeding.

(6) If a life and health insurance guaranty association or its designated successor life or health insurer has assumed policy obligations as direct obligations of the insolvent ceding insurer and has succeeded to the rights of the insolvent insurer under the contract of reinsurance, then the reinsurer's liability shall continue under the contract of reinsurance and shall be payable pursuant to the direction of the guaranty association or its designated successor. As a condition to succeeding to the insolvent insurer's rights under the contract, the guaranty association or successor life or health insurer shall be responsible for premiums payable under the reinsurance contract for periods after the date of liquidation.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 343]

(HB 6365)

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 1274 (MCL 380.1274), as amended by 2004 PA 588.

The People of the State of Michigan enact:

380.1274 Procurement of supplies, materials, and equipment; written policies; competitive bids; approval of purchase; adjustment of maximum amount; items purchased through cooperative bulk purchasing program; exemption from competitive bid requirement; acquisition of equipment; payment; purchase of heating and cooking equipment.

Sec. 1274. (1) The board of a school district or board of directors of a public school academy shall adopt written policies governing the procurement of supplies, materials, and equipment.

(2) Except as otherwise provided in subsection (3) or (4), a school district or public school academy shall not purchase an item or a group of items in a single transaction costing $20,959.00 or more unless competitive bids are obtained for those items and the purchase of those items is approved by the school board or board of directors. The maximum amount specified in this subsection shall be adjusted each year by multiplying the amount for the immediately preceding year by the percentage by which the average consumer price index for all items for the 12 months ending August 31 of the year in which the adjustment is made differs from that index's average for the 12 months ending on August 31 of the immediately preceding year and adding that product to the maximum amount that applied in the immediately preceding year, rounding to the nearest whole dollar.

(3) A school district or public school academy is not required to obtain competitive bids for items purchased through the cooperative bulk purchasing program operated by the department of management and budget under section 263(3) of the management and budget act, 1984 PA 431, MCL 18.1263.

(4) A school district or public school academy is not required to obtain competitive bids for purchasing food unless the food is purchased in a single transaction costing $100,000.00 or more.

(5) The board of a school district or local act school district or board of directors of a public school academy may acquire by purchase, lease, or rental, with or without option to purchase, equipment necessary for the operation of the school program, including, but not limited to, heating, water heating, and cooking equipment for school buildings, and may pay for the equipment from operating funds of the district or public school academy. Heating and cooking equipment may be purchased on a title retaining contract or other form of agreement creating a security interest and pledging in payment money in the general fund or funds received from state school aid. The contracts may extend for not more than 10 years.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 344]

(HB 6366)

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 623a (MCL 380.623a), as amended by 2007 PA 45.

The People of the State of Michigan enact:

380.623a Procurement of supplies, materials, and equipment; written policies; competitive bids; approval of purchase; adjustment of maximum amount; items purchased through cooperative bulk purchasing program; exemption from competitive bid requirement; heating and cooking equipment.

Sec. 623a. (1) An intermediate school board shall adopt written policies governing the procurement of supplies, materials, and equipment.

(2) Except as otherwise provided in subsection (3) or (4), an intermediate school district shall not purchase an item or a group of items purchased in a single transaction costing $20,959.00 or more unless competitive bids are obtained for those items and the purchase of those items is approved by the intermediate school board. The maximum amount specified in this subsection shall be adjusted each year by multiplying the amount for the immediately preceding year by the percentage by which the average consumer price index for all items for the 12 months ending August 31 of the year in which the adjustment is made differs from that index's average for the 12 months ending on August 31 of the immediately preceding year and adding that product to the maximum amount that applied in the immediately preceding year, rounding to the nearest whole dollar.

(3) An intermediate school district is not required to obtain competitive bids for items purchased through the cooperative bulk purchasing program operated by the department of management and budget under section 263(3) of the management and budget act, 1984 PA 431, MCL 18.1263.

(4) An intermediate school district is not required to obtain competitive bids for purchasing food unless the food is purchased in a single transaction costing $100,000.00 or more.

(5) The intermediate school board of an intermediate school district may acquire by purchase, lease, or rental, with or without option to purchase, equipment necessary for the operation of intermediate school district programs, including, but not limited to, heating, water heating, and cooking equipment for school buildings, and may pay for the equipment from operating funds of the intermediate school district. Heating and cooking equipment may be purchased on a title retaining contract or other form of agreement creating a security interest and pledging in payment money in the general fund or funds received from state school aid. The contracts may extend for not more than 10 years.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 345]

(HB 6604)

AN ACT to amend 1964 PA 283, entitled "An act to regulate and provide standards for weights and measures, and the packaging and advertising of certain commodities; to provide for a state director and other officials and to prescribe their powers and duties; to provide a fee system for certain inspections and tests; to provide penalties for fraud and deception in the use of false weights and measures and other violations; and to repeal certain acts and parts of acts," (MCL 290.601 to 290.634) by adding section 28d.

The People of the State of Michigan enact:

290.628d Gross weight of vehicle or truck tractor with multiple trailers; determination; scale; inapplicability of section to enforcement of vehicle weight under Michigan vehicle code.

Sec. 28d. (1) Notwithstanding any requirements adopted under section 28c, the gross weight of a vehicle shall be determined by weighing the vehicle in a single measurement for a vehicle that is not a tractor-trailer combination and not by adding the results of multiple measurements taken at opposite ends of the vehicle. The gross weight of any tractor-trailer combination shall be determined by the method described in subsection (2).

(2) The gross weight combination of a truck tractor with multiple trailers shall be determined without uncoupling and by using a method of split weighing and combining the measurements, if necessary, under the following conditions:

(a) The brakes on the tractor and trailers shall be released.

(b) There shall be no tension on the draw bar.

(c) The approaches to the scale shall be straight and on the same level as the scale.

(d) The approaches to the scale shall be of sufficient width and length to ensure level positioning of the coupled vehicles during weighing.

(3) A scale used to weigh vehicles under subsection (2) shall be tested at least annually by weighing a coupled tractor with multiple trailers as a single unit and comparing that weight with the combined weight of each vehicle weighed separately. If the weights determined by this method vary by more than 0.2%, the scale shall not be used to determine the gross weight of vehicles while they are coupled until the scales are corrected to properly measure within the 0.2% range.

(4) If a scale cannot be used to weigh vehicles under subsection (2) while they are coupled, the vehicles shall be weighed individually and the weights totaled to obtain the gross weight of the vehicle combination.

(5) This section does not apply to the enforcement of vehicle weight under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 346]

(HB 4847)

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 819 (MCL 257.819), as amended by 2008 PA 7.

The People of the State of Michigan enact:

257.819 Disposition and use of revenues from increases in fees.

Sec. 819. (1) Except as otherwise provided in this section, revenue from the increases in fees provided in 1987 PA 232 shall be deposited in the transportation economic development fund established in section 2 of 1987 PA 231, MCL 247.902, and shall not be appropriated for any other purpose in any act making appropriations of state funds.

(2) For the fiscal year ending September 30, 1989, and each fiscal year thereafter, of the revenue from the increases in fees provided in 1987 PA 232, $2,500,000.00 shall be deposited in the state treasury and credited to the general fund, except that not more than $1,000,000.00 shall be credited to the gasoline inspection and testing fund established in section 8 of the motor fuels quality act, 1984 PA 44, MCL 290.648.

(3) Except as provided under subsection (2), for the fiscal year ending September 30, 2008, of the revenue from the increases in fees provided by 1987 PA 232, $13,000,000.00 shall be deposited in the state treasury and credited to the general fund.

(4) Except as provided under subsection (2), for the fiscal year ending September 30, 2009, of the revenue from the increases in fees provided by 1987 PA 232, $6,000,000.00 shall be deposited in the state treasury and credited to the general fund.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 347]

(HB 5331)

AN ACT to amend 1994 PA 451, entitled "An act to protect the environment and natural resources of the state; to codify, revise, consolidate, and classify laws relating to the environment and natural resources of the state; to regulate the discharge of certain substances into the environment; to regulate the use of certain lands, waters, and other natural resources of the state; to prescribe the powers and duties of certain state and local agencies and officials; to provide for certain charges, fees, assessments, and donations; to provide certain appropriations; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending sections 43523, 43528, and 43531 (MCL 324.43523, 324.43528, and 324.43531), section 43523 as amended by 2006 PA 280 and sections 43528 and 43531 as amended by 1996 PA 585.

The People of the State of Michigan enact:

324.43523 Small game license; fees; validity.

Sec. 43523. (1) Except as otherwise provided in this part, a person shall not hunt small game unless the person possesses a current small game license. A small game license authorizes the person named in the license to hunt for small game except for animals or birds that require a special license.

(2) If authorized in an order issued under part 401, a resident possessing a current small game license may take specified fur-bearing animals by means other than trapping during the open season for hunting these fur-bearing animals. However, a person who goes on a bobcat hunt with a licensed hunter is not required to possess a small game license if the person does not carry a firearm, bow, or crossbow and does not own or possess dogs used to chase or locate a bobcat during the hunt.

(3) The fee for a small game license is as follows:

(a) Subject to subdivision (b), for a resident, $15.00.

(b) For a resident or nonresident minor child, $1.00.

(c) Subject to subdivision (b), for a nonresident, $69.00. However, a nonresident may purchase a limited nonresident small game license entitling that person to hunt for a 3-day period all species of small game that are available to hunt under a nonresident small game license. The fee for a limited nonresident small game license is $30.00.

(4) A small game license is void between the hours of 1/2 hour after sunset and 1/2 hour before sunrise with the exception of coyote hunting.

324.43528 Bear hunting license; exception; fees; tag.

Sec. 43528. (1) A person shall not hunt bear unless the person possesses a bear hunting license. However, a person who goes on a bear hunt with a licensed hunter is not required to possess a bear hunting license if the person does not carry a firearm, bow, or crossbow and does not own or possess dogs used to chase or locate bear during the hunt.

(2) The fee for a resident bear hunting license is $13.00. Beginning in 1999, the fee for a resident bear hunting license is $15.00. The fee for a nonresident bear hunting license is $150.00.

(3) The department may issue a tag with, or as a part of, a bear hunting license. Section 43526(2) applies with respect to a bear hunting license.

(4) In addition to the license fees in subsection (2), the department shall charge a nonrefundable application fee not to exceed $4.00 for each person who applies for a bear hunting license.

324.43531 Fur harvester's license; exception; fees; conditions to issuance of nonresident fur harvester's license; rights of licensee.

Sec. 43531. (1) Except as otherwise provided in section 43523(2), a person shall not trap or hunt fur-bearing animals unless the person possesses a fur harvester's license. However, a person who goes on a bobcat hunt with a licensed hunter is not required to possess a fur harvester's license if the person does not carry a firearm, bow, or crossbow and does not own or possess dogs used to chase or locate a bobcat during the hunt.

(2) The fee for a resident fur harvester's license is $15.00. The fee for a resident or nonresident who is 12 years of age through 16 years of age for a fur harvester's license shall be discounted 50% from the cost of the resident fur harvester's license.

(3) The department may issue a nonresident fur harvester's license to a nonresident of this state if the state, province, or country in which the nonresident applicant resides allows

residents of this state to obtain equivalent hunting and trapping privileges in that state, province, or country. The fee for an eligible nonresident fur harvester's license is $150.00. Nonresident fur harvester's licenses shall not be sold or purchased before November 15 of each year.

(4) A person who holds a fur harvester's license may hunt fur-bearing animals during the season open to taking fur-bearing animals with firearms and may trap fur-bearing animals during the season open to trapping fur-bearing animals.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 348]

(HB 6189)

AN ACT to amend 1991 PA 46, entitled "An act to authorize the payment of public employee retirement system assets to certain individuals; and to prescribe the powers and duties of certain retirement systems, state departments, public officials, and public employees," by amending section 2 (MCL 38.1702).

The People of the State of Michigan enact:

38.1702 Definitions.

Sec. 2. As used in this act:

(a) "Alternate payee" means a spouse of a participant under a judgment of separate maintenance, or a former spouse, child, or dependent of a participant, who is named in an eligible domestic relations order.

(b) "Benefit" means an annuity, a pension, a retirement allowance, or an optional benefit accrued or accruing to a participant under a retirement system or a postretirement subsidy payable to a participant under a retirement system.

(c) "Domestic relations order" means a judgment, decree, or order of a court made pursuant to the domestic relations law of this state and relating to the provision of alimony payments, child support, or marital property rights to a spouse of a participant under a judgment of separate maintenance, or to a former spouse, child, or dependent of a participant.

(d) "Earliest retirement date" means the earliest date on which a participant meets all of the requirements for retirement under a retirement system except for termination of employment.

(e) "Eligible domestic relations order" or "EDRO" means a domestic relations order that is considered an eligible domestic relations order under section 11 or that meets all of the following requirements:

(*i*) The domestic relations order states the names and last known addresses of the participant and alternate payee.

(*ii*) The domestic relations order refers to the attachment to the domestic relations order described in subparagraph (*ix*).

(*iii*) The domestic relations order states the amount or percentage of the benefit to be paid to an alternate payee, or the manner under which the retirement system is to determine the amount or percentage of the benefit to be paid to an alternate payee.

(*iv*) The domestic relations order states that it applies to the retirement system and that the retirement system shall make payments to the alternate payee as required under the eligible domestic relations order and this act.

(*v*) The domestic relations order does not require the retirement system to provide a type or form of benefit not provided by the retirement system or a form of payment not provided by this act.

(*vi*) The domestic relations order does not require the retirement system to provide an increased benefit determined on the basis of actuarial value.

(*vii*) The domestic relations order does not require the payment of a benefit to an alternate payee that is required to be paid to another alternate payee under a previously filed eligible domestic relations order.

(*viii*) The domestic relations order is filed before the participant's retirement allowance effective date.

(*ix*) The domestic relations order requires that the social security numbers of the participant and the alternate payee be sent to the retirement system in an attachment to the order. The attachment shall not be filed with the court, but shall be attached to the domestic relations order when it is sent to the plan administrator for approval.

(f) "Participant" means a member, deferred member, vested former member, deceased former member, or retirant under the retirement system.

(g) "Postretirement subsidy" includes, but is not limited to, all of the following:

(*i*) A supplemental annuity.

(*ii*) A supplemental payment to a participant.

(*iii*) A percentage increase to a benefit payable to a participant.

(*iv*) Any other payment to a participant or increase to a benefit payable to a participant, excluding health benefits.

(h) "Retirement system" means a public employee retirement system created and established by this state or any political subdivision of this state.

This act is ordered to take immediate effect.
Approved December 23, 2008.
Filed with Secretary of State December 23, 2008.

[No. 349]

(HB 6412)

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