

# HOUSE BILL No. 6213

November 18, 1992, Introduced by Rep. Hollister and referred to the Committee on House Oversight.

A bill to amend sections 113, 115, 252, 363, and 421 of Act No. 431 of the Public Acts of 1984, entitled as amended "The management and budget act,"

section 113 as amended by Act No. 122 of the Public Acts of 1987 and sections 115, 363, and 421 as amended by Act No. 504 of the Public Acts of 1988, being sections 18.1113, 18.1115, 18.1252, 18.1363, and 18.1421 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 113, 115, 252, 363, and 421 of Act  
2 No. 431 of the Public Acts of 1984, section 113 as amended by Act  
3 No. 122 of the Public Acts of 1987 and sections 115, 363, and 421  
4 as amended by Act No. 504 of the Public Acts of 1988, being sec-  
5 tions 18.1113, 18.1115, 18.1252, 18.1363, and 18.1421 of the  
6 Michigan Compiled Laws, are amended to read as follows:

1       Sec. 113. (1) "Community college" means a community college  
2 or a junior college.

3       (2) "CRITICAL CORE INFRASTRUCTURE" MEANS INFRASTRUCTURE THAT  
4 IS DIRECTLY RELATED TO PRIVATE SECTOR PRODUCTIVITY INCLUDING BUT  
5 NOT LIMITED TO THE FOLLOWING:

6       (A) HIGHWAYS.

7       (B) PUBLIC TRANSIT SYSTEMS.

8       (C) RAILROADS.

9       (D) AIRPORTS.

10      (E) PORTS.

11      (F) ELECTRONIC HIGHWAYS.

12      (G) HIGH SPEED RAILWAYS.

13      (H) TELECOMMUNICATIONS.

14      (I) PRODUCTION OF ENERGY.

15      (J) HOUSING STOCK, LAND ASSEMBLY, AND ECONOMIC DEVELOPMENT  
16 WHERE THE STATE OR FEDERAL GOVERNMENT EXPENDS FUNDS.

17      (K) AS OTHERWISE DETERMINED BY THE DEPARTMENT.

18      (3) ~~-(2)-~~ "Department" means the department of management  
19 and budget.

20      (4) ~~-(3)-~~ "Directives" means intergovernmental, interagency,  
21 or interdepartment administrative or procedural guidelines or  
22 instructions ~~-which-~~ THAT do not affect the rights of, or proce-  
23 dures and practices available to, the public.

24      (5) ~~-(4)-~~ "Director" means the director of the department of  
25 management and budget.

26      (6) ~~-(5)-~~ "Energy conservation measure" means improvement of  
27 a building structurally or the installation of equipment or

1 materials in a building for the purpose of reducing energy  
2 consumption or cost, increasing energy efficiency, or allowing  
3 the use of a renewable resource for fuel.

4 Sec. 115. (1) "INFRASTRUCTURE" INCLUDES 1 OR MORE OF THE  
5 FOLLOWING:

- 6 (A) HIGHWAYS.
- 7 (B) PUBLIC TRANSIT SYSTEMS.
- 8 (C) RAILROADS.
- 9 (D) AIRPORTS.
- 10 (E) PORTS.
- 11 (F) SOLID WASTE FACILITIES.
- 12 (G) TOXIC AND HAZARDOUS WASTE CLEANUP.
- 13 (H) WASTEWATER TREATMENT PLANTS.
- 14 (I) STORM AND SANITARY SEWERS.
- 15 (J) MUNICIPAL WATER SUPPLY FACILITIES.
- 16 (K) STATE OWNED BUILDINGS OF ALL TYPES.
- 17 (L) CORRECTION FACILITIES AND PRISONS.
- 18 (M) PUBLIC MENTAL HEALTH AND PUBLIC HEALTH FACILITIES AND  
19 HOSPITALS.
- 20 (N) STATE PARKS AND WATER ACCESS FACILITIES.
- 21 (O) SCHOOLS, COLLEGES, AND UNIVERSITIES.
- 22 (P) HOUSING STOCK, LAND ASSEMBLY, AND ECONOMIC DEVELOPMENT  
23 WHERE THE STATE OR FEDERAL GOVERNMENT EXPENDS FUNDS.
- 24 (Q) ELECTRONIC HIGHWAYS.
- 25 (R) HIGH SPEED RAILWAYS.
- 26 (S) TELECOMMUNICATIONS.

(T) PRODUCTION OF ENERGY.

(2) ~~(1)~~ "Institution of higher education" means a state supported 4-year college or university.

(3) ~~(2)~~ "JCOS" means the joint capital outlay subcommittee of the appropriations committees.

(4) ~~(3)~~ "Project" means a facility ~~which~~ THAT is being planned or constructed.

(5) ~~(4)~~ Except as used in sections 284 to 292, "record" means a public record as defined in section 2 of the freedom of information act, Act No. 442 of the Public Acts of 1976, being section 15.232 of the Michigan Compiled Laws.

(6) ~~(5)~~ "State agency" means a department, board, commission, office, agency, authority, or other unit of state government. State agency does not include an institution of higher education or a community college or, for purposes of article 2 or 3, the legislative or judicial ~~branches~~ BRANCH of government.

(7) ~~(6)~~ "Unit of local government" means a political subdivision of this state, including school districts, community college districts, intermediate school districts, cities, villages, townships, counties, and authorities, if the political subdivision has as its primary purpose the providing of local governmental service for citizens in a geographically limited area of the state and has the power to act primarily on behalf of that area.

Sec. 252. (1) The department shall provide current data relative to the use, physical condition, and space availability

1 of facilities. The department may issue directives for the  
2 appropriate maintenance, repair, renovation, and renewal of  
3 facilities. The department shall provide technical assistance to  
4 state agencies in planning and scheduling special maintenance  
5 projects.

6 (2) THE DEPARTMENT SHALL INVENTORY AND VALUATE ALL INFRA-  
7 STRUCTURE OWNED OR OPERATED BY THIS STATE, A STATE AGENCY, OR A  
8 LOCAL UNIT OF GOVERNMENT AND REPORT THAT INFORMATION TO THE LEG-  
9 ISLATURE BY NOVEMBER 1, 1994.

10 (3) COMMENCING FISCAL YEAR 1993-94, THE DEPARTMENT SHALL  
11 PREPARE AND UPDATE YEARLY AN ANNUAL MAINTENANCE SCHEDULE FOR ALL  
12 CRITICAL CORE INFRASTRUCTURE OWNED OR OPERATED BY THIS STATE OR A  
13 STATE AGENCY.

14 Sec. 363. (1) Within 30 days after the legislature convenes  
15 in regular session, except in a year in which a newly elected  
16 governor is inaugurated into office when 60 days shall be  
17 allowed, the governor shall transmit to each member of the legis-  
18 lature and the senate and house fiscal agencies the budget in  
19 detail as provided in this act, accompanied by such explanations  
20 and recommendations relative thereto as the governor considers  
21 necessary. ~~At the time~~

22 (2) WHEN the budget is transmitted to the legislature  
23 PURSUANT TO SUBSECTION (1), the director shall transmit line-item  
24 appropriation detail to the fiscal agencies using a computer  
25 software application that is compatible with the budget tracking  
26 computer systems used by the respective fiscal agencies.

1 (3) WHEN THE BUDGET IS TRANSMITTED TO THE LEGISLATURE  
2 PURSUANT TO SUBSECTION (1), THE GOVERNOR SHALL INCLUDE IN THE  
3 BUDGET SEPARATE LISTINGS OF INVESTMENT SPENDING FOR CRITICAL CORE  
4 INFRASTRUCTURE AND CONSUMPTION SPENDING. AS USED IN THIS  
5 SUBSECTION:

6 (A) "INVESTMENT SPENDING" MEANS FUNDS BUDGETED FOR CAPITAL  
7 EXPENDITURES DESIGNED TO INCREASE PRIVATE SECTOR PRODUCTIVITY.

8 (B) "CONSUMPTION SPENDING" MEANS FUNDS BUDGETED FOR CURRENT  
9 OPERATIONS EXPENDITURE.

10 Sec. 421. (1) ~~In order to~~ TO establish strong internal  
11 control in the management of the state's financial transactions,  
12 the director may do any of the following:

13 (a) Issue directives for the accountability, custody,  
14 periodic inventory, and maintaining departmental records of the  
15 real and personal property and supplies and materials of the  
16 state.

17 (b) Issue directives relative to the formulation and control  
18 of a state central accounting system.

19 (c) Monitor, approve or disapprove, and assist in the devel-  
20 opment and enhancement of agency accounting systems. When  
21 assistance is provided, the state agency shall be interaccount  
22 billed for the cost of the ~~services provided~~ ASSISTANCE. The  
23 director shall issue directives to implement this subdivision.

24 (d) Examine, directly or by the director's representative,  
25 each proposed payment from the state treasury as will enable the  
26 director to certify to the state treasurer that the proposed  
27 payment is correct, for the discharge of a state liability or for

1 some other purpose authorized by law, within the scope of the  
2 appropriation to which charged, and is not in excess of the unex-  
3 pended or unencumbered balance of the appropriation. Except for  
4 investment transactions and refund of taxes, a payment shall not  
5 be made from the state treasury except upon certification of the  
6 director.

7 (e) Issue directives for the refund to payers of money  
8 ~~which~~ THAT has been deposited in the state treasury through  
9 misunderstanding, inadvertence, or mistake and to which the state  
10 does not have a claim. The refunds shall be made pursuant to the  
11 directives except as otherwise provided in this act.

12 (f) Issue directives providing for and governing the estab-  
13 lishment, the proper uses of, and accounting for imprest and  
14 petty cash funds by state agencies. An imprest or petty cash  
15 fund shall not exceed the monetary limit approved by the board.

16 (g) Prepare and publish a comprehensive annual financial  
17 report at the close of each fiscal year ~~which~~ THAT clearly  
18 reflects the financial position of the state funds at the close  
19 of the fiscal year.

20 (2) If there is a conflict between generally accepted  
21 accounting principles, the principles adopted by the governmental  
22 accounting standards board ~~—~~ or its successor ~~—~~ shall be  
23 used. Changes in generally accepted accounting principles  
24 ~~which~~ THAT require budgetary revisions shall be incorporated  
25 not later than the next executive budget after the change is  
26 issued. The director shall issue directives to incorporate any  
27 changes, additions, and rescissions made to the generally

1 accepted accounting principles as they affect the accounting of  
2 state government. If an item is not covered by an existing gen-  
3 erally accepted accounting principle, the director shall issue a  
4 directive which ~~shall~~ IS not ~~be~~ effective until 30 days after  
5 the directive is reported to the SENATE AND HOUSE appropriations  
6 ~~committee~~ COMMITTEES and the auditor general.

7 (3) The department shall not change an accounting principle  
8 ~~or~~ or the application of an accounting principle ~~or~~ from that  
9 which was followed in the IMMEDIATELY preceding fiscal year if  
10 the change will materially affect the final year-end balance of  
11 an appropriated operating fund ~~or~~ unless the change in the  
12 accounting principle or the application of the accounting princi-  
13 ple is reported to the senate and house appropriations committees  
14 not later than 120 days after the end of the fiscal year for  
15 which the change is to be implemented. ~~However, the~~ THE  
16 120-day notice requirement ~~shall~~ DOES not apply to a change in  
17 an accounting principle or the application of an accounting prin-  
18 ciple ~~which~~ THAT is implemented to conform with requirements  
19 promulgated by the governmental accounting standards board ~~or~~ or  
20 its successor.

21 (4) COMMENCING OCTOBER 1, 1994, THE DEPARTMENT SHALL ISSUE  
22 DIRECTIVES TO ALL STATE AGENCIES SO THAT THE AMOUNTS IDENTIFIED  
23 IN THE ANNUAL MAINTENANCE SCHEDULE FOR CRITICAL CORE INFRASTRUC-  
24 TURE DESCRIBED IN SECTION 252 BECOME AN ACCOUNT LIABILITY OF THAT  
25 STATE AGENCY FOR THAT FISCAL YEAR. IF THE ANNUAL MAINTENANCE  
26 IDENTIFIED IN THE ANNUAL MAINTENANCE SCHEDULE IS NOT FULLY FUNDED  
27 OR PERFORMED IN THAT FISCAL YEAR, THAT ANNUAL MAINTENANCE SHALL



1 BE LISTED AND SEPARATELY IDENTIFIED ON A DELINQUENT MAINTENANCE  
2 SCHEDULE. THE DEPARTMENT SHALL PREPARE AND MAINTAIN A DELINQUENT  
3 MAINTENANCE SCHEDULE THAT INCLUDES ALL MAINTENANCE THAT WAS  
4 SCHEDULED BUT NOT FUNDED OR PERFORMED.