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BILL



ANALYSIS

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Senate Bills 503 through 527 (as introduced 4-30-09)
Sponsor: Senator Cameron S. Brown (S.B. 503, 505, 513, 521, & 525)
Senator Ron Jelinek (S.B. 504, 522, & 523)
Senator Mark C. Jansen (S.B. 506, 520, & 526)
Senator Nancy Cassis (S.B. 507)
Senator Gerald Van Woerkom (S.B. 508 & 519)
Senator Jason E. Allen (S.B. 509, 511, 512, 517, & 527)
Senator Buzz Thomas (S.B. 510 & 524)
Senator Wayne Kuipers (S.B. 514 & 516)
Senator Patricia L. Birkholz (S.B. 515)
Senator Tom George (S.B. 518)

Committee: Commerce and Tourism

Date Completed: 7-15-09

CONTENT

Senate Bill 503 would amend the History, Arts, and Libraries Act to do all of the following:

- **Abolish the Department of History, Arts, and Libraries (HAL) and transfer all of its powers, duties, functions, and responsibilities to the Department of State.**
- **Transfer the Michigan Council for the Arts Fund from HAL to the State Treasury and designate the Department of State as the Fund's administrator.**
- **Transfer the Michigan Council for the Arts and Cultural Affairs (MCACA) from HAL to the Department of State and require the Secretary of State, rather than the HAL Director, to assign staff to assist the MCACA.**

The bill also would rename the HAL Act the "Council for Arts and Cultural Affairs Act", and would repeal several sections of the Act.

Senate Bills 504 through 527 would amend various statutes to delete references to the Department of History, Arts, and Libraries and the Director of that Department. In most

cases, the bills would refer instead to the Department of State and the Secretary of State.

Senate Bill 504 would amend the Freedom of Information Act; Senate Bill 505 would amend the Management and Budget Act; Senate Bill 506 would amend the Records Reproduction Act; Senate Bill 507 would amend the Charter Township Act; Senate Bill 508 would amend the downtown development authority Act; Senate Bill 509 would amend the Michigan Strategic Fund Act; Senate Bill 510 would amend the Corridor Improvement Authority Act; Senate Bill 511 would amend the General Sales Tax Act; Senate Bill 512 would amend the Income Tax Act; Senate Bill 513 would amend the Michigan Business Tax Act; Senate Bill 514 would amend the Michigan Vehicle Code; Senate Bills 515 and 517 would amend the Natural Resources and Environmental Protection Act; Senate Bill 516 would amend the State School Aid Act; Senate Bill 518 would amend the Library of Michigan Act; Senate Bill 519 would amend the District Library Establishment Act; Senate Bill 520 would amend the State Aid to Public Libraries Act; Senate Bill 521 would amend the Michigan Historical Commission law; Senate Bill 522 would amend Public Act

69 of 1976, which permits HAL to acquire and operate State historic sites; Senate Bill 523 would amend the Michigan Iron Industry Museum Advisory Board Act; Senate Bill 524 would amend the Michigan Freedom Trail Commission Act; Senate Bill 525 would amend the Michigan Historical Markers Act; Senate Bill 526 would amend the Local Historic Districts Act; and Senate Bill 527 would amend the Revised Judicature Act.

Senate Bills 504 through 527 all are tie-barred to Senate Bill 503.

A more detailed description of Senate Bill 503 follows.

Abolition of HAL

Public Act 63 of 2001 enacted the History, Arts, and Libraries Act to create the Department of History, Arts, and Libraries; provide for its administration, powers, duties, functions, and responsibilities; and establish the Michigan Council for the Arts Fund.

Senate Bill 503 would abolish the Department of History, Arts, and Libraries. All of HAL's powers, duties, functions, and responsibilities would be transferred to the Department of State as a type III transfer as described in the Executive Organization Act (MCL 16.103). (Under that Act, a Type III transfer means abolishing an existing department, board, commission, or agency and transferring all its statutory authority, powers, duties, functions, records, personnel, property, unspent balances of appropriations, allocations or other funds.)

Council for the Arts Fund

Under the HAL Act, the Michigan Council for the Arts Fund is created in HAL. Under the bill, the Fund would be within the State Treasury and the Department of State would be the administrator of the Fund for auditing purposes.

The Act requires HAL, by November 1 of each year, to report to the Senate and House Appropriations Subcommittees on History, Arts, and Libraries on all revenue to and expenditures from the Fund, including an estimated Fund balance for the fiscal year. Under the bill, the Department of State would have to provide that report to

the Senate and House Appropriations Committees.

Michigan Council for the Arts and Cultural Affairs

The HAL Act transferred the Michigan Council for the Arts and Cultural Affairs to HAL from the former Department of Consumer and Industry Services. The bill would create the same Council within the Department of State.

Under the Act, the Director of HAL may assign staff to assist the MCACA in performing its functions, if requested by the chairperson of the Council. Under the bill, the Secretary of State would have to assign that staff, if requested by the chairperson.

Repealers

The bill would repeal Sections 3, 4, 6, and 7 of the HAL Act.

Section 3 created the Department of History, Arts, and Libraries, and Section 4 provides for HAL to be headed by a director, appointed by and serving at the pleasure of the Governor.

Section 6 provided for the transfer to HAL of all records, personnel, property, grants, and unspent balances of appropriations, allocations, and other funds used, held, employed, available or to be made available to any entity for the activities, powers, duties, functions, and responsibilities transferred to HAL by the Act.

Section 7 allows HAL to enter into cooperative agreements, contracts, or other agreements with one or more governmental entities to use the personnel, services, or facilities of the entity to assist with carrying out HAL's duties, functions, and responsibilities. It also allows the HAL Director to delegate his or her authority to execute such an agreement to another HAL officer or employee under terms the Director considers appropriate.

MCL 399.701 et al. (S.B. 503)
15.243 (S.B. 504)
18.1284 et al. (S.B. 505)
24.401 (S.B. 506)
42.13a (S.B. 507)
125.1679 (S.B. 508)
125.2029a & 125.2088j (S.B. 509)

125.2896 (S.B. 510)
 205.54cc (S.B. 511)
 206.266 & 206.435 (S.B. 512)
 208.1435 (S.B. 513)
 257.811k (S.B. 514)
 324.63523 et al. (S.B. 515)
 388.1632n (S.B. 516)
 324.76503 (S.B. 517)
 397.12 (S.B. 518)
 397.172 (S.B. 519)
 397.552 & 397.575 (S.B. 520)
 399.10 (S.B. 521)
 399.111-399.113 (S.B. 522)
 399.73 & 399.74 (S.B. 523)
 399.82 (S.B. 524)
 399.152 & 399.156 (S.B. 525)
 399.201a (S.B. 526)
 600.2137 (S.B. 527)

BACKGROUND

On July 13, 2009, Governor Jennifer M. Granholm issued Executive Order (EO) 2009-36 to abolish the Department of History, Arts, and Libraries. The EO specifies that its provisions are effective October 1, 2009. The Legislature has 60 calendar days to disapprove the EO, under Article V, Section 2 of the State Constitution.

Transfer of Programs

The EO transfers HAL's authority, powers, duties, functions, and responsibilities to the Department of Natural Resources (DNR) and other State departments and agencies.

Programs and commissions currently operating under HAL are transferred to various State entities, as shown in Table 1.

Table 1

Program/Commission	Transferred To
MCACA	Michigan Strategic Fund
Library of Michigan & State Librarian ^{a)}	Department of Education
Library services for the blind & physically handicapped	Michigan Commission for the Blind
Census reporting, statistical studies, & population projections	Department of Information Technology
State Records Management Program	Department of Management & Budget
State Archives Program	DNR
State Historical Records Advisory Board	DNR
Promotion of history and preservation of the State's historical resources	DNR
Mackinac Island State Park Commission	DNR
Michigan Heritage Water Trail Program	DNR
Michigan Freedom Trail Commission	DNR
Idlewild Centennial Commission	Michigan State Housing Development Authority (MSHDA)
Michigan Commission on the Commemoration of the Bicentennial of the War of 1812	DNR
Michigan Iron Industry Museum Advisory Board	DNR
State Historic Preservation Review Board	MSHDA
^{a)} Except library services for the blind and physically handicapped and census reporting, statistical studies, and population projections.	

State Library

Except in regard to services for the blind and physically handicapped and those related to census data functions, the EO transfers all of the authority, powers, duties, functions, responsibilities, personnel, equipment, collections, and budgetary resources of the Library of Michigan and of the State Librarian to the Department of Education.

The EO abolishes the unclassified position of State Librarian. The position of the HAL Director, or his or her designee from within HAL, as a member of the board of trustees of the Library of Michigan under the Library of Michigan Act is transferred to the Superintendent of Public Instruction or his or her designee from within the Department of Education.

The EO requires the Superintendent to administer the assigned functions transferred to the Department of Education in ways to promote efficient administration, and make internal changes to complete the realignment of responsibilities under the EO. The Superintendent must implement cost-saving measures designed to reduce expenditures while protecting the core mission of the library. Unless he or she determines it to be impracticable, the measures must include at least all of the following:

- Eliminating circulation of specific collections, including the Main, Dewey, and General Reference collections, the Michigan collection, the Michigan Documents collections, and the Rare Book collection, or, alternatively, transferring the collections to other suitable institutions.
- Eliminating circulation and document delivery for the law collection.
- Suspending or eliminating participation as a participating lending library.
- Eliminating or transferring to other suitable institutions the Federal Documents Depository and the non-Michigan Genealogy collection.
- Taking other necessary or appropriate measures to limit expenditures consistent with available appropriations.

MI Center for Innovation and Reinvention Board

The EO creates the "Michigan Center for Innovation and Reinvention Board" as an advisory body within the DNR. The Board is to consist of nine voting members, including the DNR Director or his or her designee from within the DNR; the Superintendent of Public Instruction or his or her designee from within the Department of Education; three members appointed by the Governor; three members appointed by the Governor from a list of at least nine individuals nominated by the President of Michigan State University (MSU); and one member appointed by the Governor from a list of at least three individuals nominated by the Mayor of the City of Lansing.

The EO requires the Board to review and evaluate the potential for the creation of a Michigan Center for Innovation and Reinvention in partnership with MSU, the City of Lansing, or other appropriate public

and private partners, and to consider alternative ideas and proposals designed to achieve objectives identified in the EO.

The Board is to be staffed and assisted by DNR personnel, subject to available funding. Any budgeting, procurement, or related management functions of the Board are to be performed under the direction and supervision of the DNR Director. The Board must complete its work and submit a final report to the Governor by June 1, 2010.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would abolish the Department of History, Arts, and Libraries and transfer all of its powers, duties, functions, and responsibilities to the Department of State. This would be accomplished through a Type III transfer as defined in the Management and Budget Act. A Type III transfer abolishes an existing department or other State entity and, in addition to transferring the responsibilities, transfers appropriation balances, allocations, and other funds. The appropriations for HAL in FY 2008-09 total \$51,068,400, of which \$37,602,200 is General Fund/General Purpose revenue. Under the bills, the remaining balances in the HAL appropriations would be transferred from HAL to the Department of State. Also, HAL has authority for 226.0 full-time equivalent classified employees.

It is estimated that abolishing HAL and transferring the responsibilities to the Department of State would result in an unknown amount administrative savings. The position of Department Director would be eliminated; however, this position has been vacant since December 2008 and savings from this vacancy are already being realized. The amount of additional savings would depend on the degree to which administrative functions could be combined or eliminated. There would likely be some additional costs in the first year due to the possible relocation of staff and the need to revise forms and documents to reflect the location of former HAL programs within the Department of State.

Currently, HAL operates a number of programs including the Library of Michigan, the Michigan Historical Center and other historic sites, the State Records Centers and

Archives, the State Historic Preservation Office, and the Mackinac Island State Park Commission. The Department also administers Arts and Cultural Grants, which are distributed on a competitive basis by the Michigan Council for Arts and Cultural Affairs, and State Aid to Libraries, which is distributed pursuant to a statutory formula.

Several HAL programs affect local governments. These programs, which include State Aid to Libraries and administrative functions regarding libraries and local historic preservation, would move from HAL to the Department of State; however, no program changes are included in the bills. Thus, the transfer of responsibilities pursuant to the bills would not have a fiscal impact on local government.

Fiscal Analyst: Joe Carrasco
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.