THE MANAGEMENT AND BUDGET ACT
Act 431 of 1984

AN ACT to prescribe the powers and duties of the department of management and budget; to define the authority and functions of its director and its organizational entities; to authorize the department to issue directives; to provide for the capital outlay program; to provide for the leasing, planning, constructing, maintaining, altering, renovating, demolishing, conveying of lands and facilities; to provide for centralized administrative services such as purchasing, payroll, record retention, data processing, and publishing and for access to certain services; to provide for a system of internal accounting and administrative control for certain principal departments; to provide for an internal auditor in certain principal departments; to provide for certain powers and duties of certain state officers and agencies; to codify, revise, consolidate, classify, and add to the powers, duties, and laws relative to budgeting, accounting, and the regulating of appropriations; to provide for the implementation of certain constitutional provisions; to create funds and accounts; to make appropriations; to prescribe remedies and penalties; to rescind certain executive reorganization orders; to prescribe penalties; and to repeal certain acts and parts of acts.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1986, Act 272, Imd. Eff. Dec. 19, 1986;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1994, Act 301, Imd. Eff. July 14, 1994.

Popular name: Act 431

Popular name: DMB

The People of the State of Michigan enact:

ARTICLE 1

18.1101 Short title.

Sec. 101. This act shall be known and may be cited as “the management and budget act”.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1111 Meanings of words and phrases.

Sec. 111. For purposes of this act, the words and phrases defined in sections 112 to 115 have the meanings ascribed to them in those sections. These definitions, unless the context requires otherwise, apply to use of the defined terms in this act. Other definitions applicable to specific articles or sections of this act are found in those articles or sections.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1112 Definitions; A, B.

Sec. 112. (1) “Appropriation” means the legislative authorization for expenditure or obligation of money from a state operating fund.

(2) “Appropriations committees” means the appropriations committee of the senate and the appropriations committee of the house of representatives.

(3) “Board” means the state administrative board.

(4) “Budget act” means an act containing appropriations which form a portion of the state's annual budget.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1113 Definitions; C to E.

Sec. 113. (1) “Capital outlay” means a project or facility financed either in whole or in part with state funds, including lease purchase agreements, to demolish, construct, renovate, or equip a building or facility for which total project costs exceed $1,000,000.00. These projects may be on state owned property, property owned by an institution of higher education, property owned by community colleges, or property under the control of the state building authority.

(2) “Community college” means a community college or a junior college.

(3) “Department” means the department of management and budget.

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(4) “Directives” means intergovernmental, interagency, or interdepartment administrative or procedural guidelines or instructions which do not affect the rights of, or procedures and practices available to, the public.

(5) “Director” means the director of the department of management and budget.

(6) “Energy conservation measure” means improvement of a building structurally or the installation of equipment or materials in a building for the purpose of reducing energy consumption or cost, increasing energy efficiency, or allowing the use of a renewable resource for fuel.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1987, Act 122, Eff. July 23, 1987;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1114 Definitions; F.

Sec. 114. (1) “Facility” means a building or structure along with the building's or structure's grounds, approaches, services, and appurtenances owned by, or leased through a building authority by, the state such as office buildings, research buildings, academic buildings, laboratories, hospitals, prisons, recreational structures, garages, warehouses, physical plant buildings, energy or power plants, and any other building or project included by the director if the director considers the building or project to be in the public interest. Facility does not include any of the following:

(a) A building or structure for an institution of higher education except as mutually agreed upon by the director and the governing board of the state institution of higher education.

(b) A road, bridge, or railroad under the jurisdiction of the state transportation department.

(c) An existing building or structure which is mutually agreed to be excluded from the definition of facility by the department and the state agency having jurisdiction over the building or structure.

(d) The capitol building and grounds. As used in this subdivision, “grounds” means the property upon which the state capitol building is situated, bordered on the north by Ottawa street; on the east by Capitol avenue; on the south by Allegan street; and on the west by Walnut street.

(e) A building or structure owned by, or under the jurisdiction of, the legislature.

(2) “Fiscal agencies” means the senate fiscal agency and the house fiscal agency.

(3) “FTE” means full-time equated position in the classified service of this state.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1987, Act 122, Eff. July 23, 1987;—Am. 1988, Act 306, Eff. Sept. 1, 1988;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1990, Act 332, Imd. Eff. Dec. 21, 1990;—Am. 2001, Act 61, Eff. Oct. 1, 2001.

Popular name: Act 431

Popular name: DMB

18.1115 Definitions; I to U.

Sec. 115. (1) "Institution of higher education" or "university" means a state supported 4-year college or university.

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

(3) Except as used in sections 284 to 292, "record" means a public record as defined in section 2 of the freedom of information act, 1976 PA 442, MCL 15.232.

(4) "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 branch of government. For purposes of article 2 or 3, except for those sections pertaining to the authorization, planning, construction, and funding of a capital outlay project, including construction of a facility to house offices or functions necessary for operation of the judicial branch of government, state agency does not include the judicial branch of government.

(5) "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.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1121 Department of management and budget; creation.

Sec. 121. The department of management and budget is hereby created.

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History: 1984, Act 431, Eff. Mar. 29, 1985.

Compiler's note: For transfer of statutory authority, powers, duties, functions, and responsibilities of certain units, teams, divisions, and offices within the department of management and budget to the department of information technology by type III transfer, see E.R.O. No. 2001-1, compiled at MCL 18.41 of the Michigan Compiled Laws.

For transfer of powers and duties of office of regulatory reform from the executive office of the governor to the department of management and budget, see E.R.O. No. 2002-7, compiled at MCL 10.153 of the Michigan Compiled Laws.

Popular name: Act 431

Popular name: DMB

18.1122 Director as head of department.

Sec. 122. The head of the department of management and budget is the director of the department of management and budget.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1123 Director; appointment; term.

Sec. 123. The director of the department of management and budget shall be appointed by the governor by and with the advice and consent of the senate. The director shall serve at the pleasure of the governor.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1124 Director; powers and duties generally.

Sec. 124. The director may organize the department into organizational entities and may merge or transfer functions between organizational entities to promote efficiency and economy. The director shall exercise direction and supervision over the organization entities in the performance of the respective functions. The director may appoint deputies and other officers and employees as permitted by law to effectively accomplish the duties and responsibilities of the department. The director may designate a deputy or other employee to act on behalf of the director.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1125 Film production located in state; use of state property; information about potential film locations; definitions.

Sec. 125. (1) The director may authorize a person engaged in the production of a film in this state to use without charge property owned by or under the control of the department for the purpose of producing a film under terms and conditions established by the director. The economic and other benefits to this state of film production located in this state shall be considered to be the value received by this state in exchange for the use of property under this section.

(2) The director shall not authorize the use of property owned by or under the control of the department for the production of a film that includes obscene matter or an obscene performance or for a production for which records are required to be maintained with respect to any performer under 18 USC 2257.

(3) The department shall cooperate with the Michigan film office in providing the office with information about potential film locations owned by or under the control of the department and the use of property owned by or under the control of the department.

(4) As used in this section:

(a) "Film" means single media or multimedia entertainment content for distribution or exhibition to the general public by any means and media in any digital media format, film, or video tape, including, but not limited to, a motion picture, a documentary, a television series, a television miniseries, a television special, interstitial television programming, long-form television, interactive television, music videos, interactive games, video games, commercials, internet programming, an internet video, a sound recording, a video, digital animation, or an interactive website.

(b) "Michigan film office" means the office created under chapter 2A of the Michigan strategic fund act, 1984 PA 270, MCL 125.2029 to 125.2029g.

(c) "Obscene matter or an obscene performance" means matter described in 1984 PA 343, MCL 752.361 to 752.374.

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History: Add. 2008, Act 76, Imd. Eff. Apr. 8, 2008.

Popular name: Act 431

Popular name: DMB

18.1131 Administrative and procedural directives; rules.

Sec. 131. (1) The director may issue, alter, or rescind administrative and procedural directives as determined to be necessary for the effective administration of this act. The directives are exempt from the definition of a rule pursuant to section 7 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207. The directives shall be placed in the appropriate manual and distributed to each principal department, autonomous entity within state government, the senate and house appropriations committees, and the fiscal agencies. The directives shall take effect upon written approval of the director unless a later date is specified. Before a directive may become effective, the department shall give the affected principal departments reasonable time, as determined by the department of management and budget, to respond.

(2) The department may promulgate rules as necessary to implement this act. The rules shall be promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

Administrative rules: R 18.201 et seq.; R 18.401 et seq.; and R 18.501 et seq. of the Michigan Administrative Code.

18.1141 Duties of department.

Sec. 141. The department shall do all of the following:

(a) Survey and examine the administrative organization and operations of state agencies to secure greater administrative and program efficiency and economy, to minimize the duplication of activities among state agencies and between state agencies and businesses, and to effect a better organization and consolidation of functions among state agencies. The findings of the surveys shall be incorporated and separately identified in the executive budget that is transmitted to the legislature. Through the executive budget process, the director may require state agencies to assist the department in making its surveys.

(b) Provide for expert and uniform conduct in state operations applicable to all state agencies.

(c) Provide centralized management of auxiliary services when advantageous to state government, after consultation with any affected state agency.

(d) Establish a comprehensive system of internal controls in the management of the state's financial affairs and record the transactions both in accordance with generally accepted accounting principles and as required by law.

(e) Plan, prepare, and execute a comprehensive state budget pursuant to the state constitution of 1963.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1145 Type I transfers to department.

Sec. 145. (1) As used in this section, “type I transfer” means a type I transfer as defined in section 3 of Act No. 380 of the Public Acts of 1965, being section 16.103 of the Michigan Compiled Laws.

(2) The state building authority created under Act No. 183 of the Public Acts of 1964, being sections 830.411 to 830.425 of the Michigan Compiled Laws, is transferred by a type I transfer to the department.

(3) The following boards and agencies are transferred by a type I transfer to the department:

(a) The judges' retirement system retirement board created under section 3 of Act No. 198 of the Public Acts of 1951, being section 38.803 of the Michigan Compiled Laws.

(b) The municipal employees' retirement system retirement board created under section 3 of Act No. 135 of the Public Acts of 1945, being section 38.603 of the Michigan Compiled Laws.

(c) The probate judges' retirement system retirement board created under section 3 of Act No. 165 of the Public Acts of 1954, being section 38.903 of the Michigan Compiled Laws.

(d) The Michigan public school employees' retirement board created under section 22 of chapter 1 of Act No. 300 of the Public Acts of 1980, being section 38.1322 of the Michigan Compiled Laws.

(e) The state employees' retirement system retirement board created under section 3 of Act No. 240 of the Public Acts of 1943, being section 38.3 of the Michigan Compiled Laws.

(f) The state police pension board of review created under section 5 of Act No. 251 of the Public Acts of 1935, being section 28.105 of the Michigan Compiled Laws.

(g) The Michigan veterans' trust fund board of trustees created under section 3 of Act No. 9 of the Public

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Acts of the First Extra Session of 1946, being section 35.603 of the Michigan Compiled Laws.

(4) The state administrative board created under Act No. 2 of the Public Acts of 1921, being sections 17.1 to 17.3 of the Michigan Compiled Laws, is transferred as an organizational entity, together with all of its records, staff, property, and funds, to the department. The provisions of any other act notwithstanding, the membership of the state administrative board shall be the governor, who shall serve as chairperson, lieutenant governor, secretary of state, attorney general, superintendent of public instruction, and state treasurer. The provisions of any other act notwithstanding, the action of the board shall become final within 2 calendar days unless the governor, in writing, disapproves such action.

(5) All powers, duties, and functions of the secretary of state under Act No. 44 of the Public Acts of 1899, being sections 24.1 to 24.37 of the Michigan Compiled Laws, are transferred to the department.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

ARTICLE 2

18.1201 Equipment, furniture, and furnishings.

Sec. 201. The department may issue directives for each state agency to provide for all the following for equipment, furniture, and furnishings in its possession:

(a) Custody and maintenance.

(b) Periodic inventories.

(c) Maintenance and retention of records of the equipment, furniture, and furnishings relative to ownership, cost, operation, maintenance, and warranties.

(d) Destruction of, or the declaration as surplus of, equipment, furniture, and furnishings, after consultation with any affected state agency.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1203 State automated information processing installations and telecommunications projects and services.

Sec. 203. (1) The department shall issue directives, after consultation with any affected state agency, relative to state automated information processing installations and telecommunications projects and services including the planning, establishment, consolidation, or outsourcing of state information processing installations and telecommunications projects and services to assure the design, implementation, and maintenance of effective and efficient support systems for state agencies.

(2) Within 120 days after the end of each fiscal year, the department shall report to the appropriations committees and the fiscal agencies for the immediately past completed fiscal year. The report shall include all of the following:

(a) A departmental summary of expenditures and source of funding for all information technology projects undertaken by a principal department.

(b) Expenditures on information technology hardware, information technology software, information technology consulting services entered into with the private sector, and expenditures related to state employees whose primary work assignment involves information technology support.

(c) A distinction between information technology expenditures made directly by state departments and those expenditures made through contracts with the private sector.

(3) An expenditure shall not be made for automated information processing unless the expenditure is pursuant to an automated information processing plan that is approved by the department.

(4) The department shall develop and maintain a statewide plan for the effective and efficient utilization of information processing and telecommunication projects and services.

(5) The department may arrange for and effect a unified and integrated statewide information processing and telecommunication system and provide for the administration of the system.

(6) A state agency shall not purchase or operate a telecommunications facility or system or an automated data processing system or installation unless the facility, system, or installation is approved by the department.

(7) Each state agency shall report to the department and to the appropriate appropriations committees and fiscal agencies on each informational system sold or marketed by the state agency or a contractor hired by the state agency. The report shall include all costs of development of the system, the income derived from the

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marketing or sale, and the disposition of the income.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: For transfer of statutory authority, powers, duties, functions, and responsibilities of certain units, teams, divisions, and offices within the department of management and budget to the department of information technology by type III transfer, see E.R.O. No. 2001-1, compiled at MCL 18.41 of the Michigan Compiled Laws.

Popular name: Act 431

Popular name: DMB

18.1204 Standardized risk management policies, practices, and procedures; development and implementation; review, approval, and administration of risk management related programs; insurance or related services; self-insurance options.

Sec. 204. (1) The department shall develop and implement standardized risk management policies, practices, and procedures for all state agencies.

(2) The department shall review and approve all risk management related programs of state agencies, including, but not limited to, worker's compensation, disability management, insurance, safety, loss control, claims handling, exposure analysis, accident investigation, and risk management information systems.

(3) After consultation with affected state agencies, the department may administer selected risk management related programs as described in subsection (2).

(4) The department shall review and approve all proposals for the acquisition of insurance or risk management related program services for state agencies and utilize self-insurance options if cost effective.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1205 Additional definitions.

Sec. 205. (1) As used in this section:

(a) “Form” means an application, questionnaire, permit, order, schedule, record, report, or document in regular and continuing use that is used to obtain information, response, compliance, or application that is required from the public or private sector by this state.

(b) “Forms management program” means a total system intended to improve the efficiency of state government through forms including, but not limited to, survey, analysis, design, specification, printing, buying, inventory storage, use, and distribution of forms.

(2) The department shall issue directives for the implementation and maintenance of a forms management program within each state agency. The department shall coordinate the development of forms at state agencies in order to facilitate the standardization of forms, recommend the elimination of redundant forms, and provide a central source of information regarding forms usage in state government.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1206 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to forms management program.

Popular name: Act 431

Popular name: DMB

18.1206a Designation of racial or ethnic classification in writing developed by state agency; transmission of information to federal agency; “writing” defined.

Sec. 206a. (1) A state agency shall do both of the following if that state agency lists racial or ethnic classifications in a writing developed or printed 90 or more days after the effective date of this section, and if that state agency requests that an individual select a classification to designate his or her race or ethnicity:

(a) Include in the writing the term “multiracial” as a classification, and a definition of that term that substantially provides that “multiracial” means having parents of different races.

(b) Exclude from the writing the term “other” as a classification.

(2) If a federal agency requires a state agency to transmit information obtained from an individual pursuant to a writing described in subsection (1), but rejects the classification “multiracial”, the state agency shall redesignate the individuals identified as multiracial by allocating those individuals to racial or ethnic

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classifications approved by the federal agency in the same ratio that those classifications occur within the general population of the group from which the information was solicited.

(3) As used in this section, “writing” means that term 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.

History: Add. 1995, Act 89, Imd. Eff. June 20, 1995.

Popular name: Act 431

Popular name: DMB

18.1207 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to designation of racial or ethnic classification in writing developed by state agency.

Popular name: Act 431

Popular name: DMB

18.1208-18.1211 Repealed. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Compiler's note: The repealed sections pertained to public forms.

Popular name: Act 431

Popular name: DMB

18.1213 "Fund" and "motor vehicle" defined; directives relative to motor vehicles; motor vehicle repair centers and motor pools; creation of motor transport revolving fund; disposition of revenue; assets and liabilities; use of alternative fuels; "alternative fuel" defined.

Sec. 213. (1) As used in this section:

(a) "Fund" means the motor transport revolving fund created in subsection (4).

(b) "Motor vehicle" means a passenger vehicle, van, minibus, bus, truck, tractor, or other motorized vehicle.

(2) The department may issue directives relative to all the following for motor vehicles except for those motor vehicles under the jurisdiction of the state transportation department:

(a) The purchasing, leasing, maintaining, operating, replacing, and disposing of motor vehicles for all state agencies.

(b) The using of state owned motor vehicles for official business.

(c) The establishing of conditions for use of privately owned motor vehicles on official business.

(d) The acquiring of vehicle registration plates.

(e) The maintaining of motor vehicle titles and insurance inventories.

(f) The assigning of motor vehicles, permanently or temporarily, to state agencies and to institutions of higher education.

(g) The establishing of rates to be charged for use of a motor vehicle. The rates shall be reviewed periodically and shall be sufficient to cover the costs of administration and of the acquisition, operation, maintenance, repair, and replacement of motor vehicles.

(h) The displaying of distinctive vehicle registration plates and other external markings on the motor vehicles. The plates and markings shall clearly identify state ownership unless the motor vehicle is used by an elected official, or for an investigative use, or anonymity is essential to properly perform a necessary function of state government as determined by the director.

(3) The department shall establish motor vehicle repair centers and motor pools.

(4) The motor transport revolving fund is hereby created. The revenue received from rates charged pursuant to subsection (2)(g) and revenue which is received from any other source and designated to be credited to the motor transport revolving fund shall be credited to the motor transport revolving fund. The amounts in the fund are continuously appropriated only for administration and the acquisition, lease, operation, maintenance, repair, and replacement of state owned motor vehicles and related capital outlay and equipment.

(5) Assets and liabilities of the motor transport revolving fund shall be considered assets and liabilities of the motor transport revolving fund created by this section.

(6) Not later than January 1, 2007, the director shall install the necessary fueling infrastructure or contract with a supplier to supply alternative fuels at all state motor transport facilities so that all state owned vehicles capable of utilizing alternative fuels are able to use them. As used in this subsection, "alternative fuel" means E85 fuel and biodiesel fuel blends.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2006, Act 269, Imd. Eff. July 7, 2006.

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Popular name: Act 431

Popular name: DMB

18.1215 Motor vehicle and person to whom motor vehicle assigned; restrictions.

Sec. 215. (1) As used in this section, "motor vehicle" means a motor vehicle which is defined in section 213(1) and is owned by any of the following:

(a) The state transportation department.

(b) The department of natural resources.

(2) A motor vehicle and the person to whom a motor vehicle is assigned is subject to the following restrictions:

(a) An unclassified employee who is a director of a principal department or of a state agency, as determined by the director of the department of management and budget, may be assigned a motor vehicle. A person who is assigned a motor vehicle pursuant to this subdivision may utilize the motor vehicle between the person's residence and official work station.

(b) A state employee who may not be assigned a motor vehicle pursuant to subdivision (a) may be assigned a motor vehicle which may be utilized between the person's residence and official work station only if both of the following conditions are satisfied:

(*i*) Adequate or safe work station parking is nonexistent; technical equipment on or in the motor vehicle requires a secure parking area which is not available at the person's work station; or it is in the best interest of the state to occasionally begin or end the assignment of the motor vehicle at the employee's residence.

(*ii*) The residence-to-official work station utilization is approved by the director of the employee's principal department or the authorized representative of the director of the employee's principal department.

(c) Except as provided in subdivisions (a) and (b), a person may utilize a motor vehicle for nonduty use only when the employee is on assignment away from the person's work station where other transportation is not available.

(d) The value of all mileage driven in a motor vehicle shall be recorded in accordance with regulations issued by the internal revenue service and directives issued by the department.

(e) A motor vehicle shall not be used for personal use.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1217 Directives relative to travel and expenses of officers and unclassified employees of state agencies; approval; meetings of state agencies; travel report.

Sec. 217. (1) The department shall issue and administer directives relative to the travel of officers and unclassified employees of state agencies when engaged in the performance of state business and for the reimbursement of expenses necessarily incurred when engaged in the performance of state business from whatever source the reimbursement may be financed. The directives issued pursuant to this section shall not take effect unless the directives are approved by the board.

(2) A meeting of a state agency shall be held in a facility owned, leased, being purchased, or operated by this state, the federal government, a unit of local government, or a state supported institution, college, or university, unless the chief executive officer of the state agency, in writing, authorizes a different location.

(3) On January 1 of each year, the director shall prepare a travel report in a format established jointly by the chairpersons of the appropriations committees and shall submit the report to the appropriations committees and the fiscal agencies. The report shall list each person who received compensation, fees, or remuneration under a budget act for travel outside the state during the preceding fiscal year. The listing shall include the name of the person who received the compensation, fees, or remuneration and the destination, reason for, and dates of the travel; and the transportation and related costs. The report shall also include a summary statement of the total in-state travel for the preceding fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1219 Directives for management, operation, maintenance, security, and repair of state-owned facilities; determination of space utilization standards; assignment of space in state capitol building and buildings under jurisdiction of legislature; prohibition; management and operation of state capitol building and grounds of Michigan state capitol

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historic site; definitions.

Sec. 219. (1) The department shall provide for and issue directives for the management, operation, maintenance, security, and repair of state-owned facilities. The director shall determine space utilization standards and may assign space within the state-owned facilities. The department shall manage and operate state-owned facilities under the jurisdiction of the department.

(2) The department shall not assign space in the state capitol building and shall not assign space in buildings under the jurisdiction of the legislature unless the legislature requests the department to assign such space.

(3) The Michigan state capitol commission shall manage and operate the state capitol building and grounds of the Michigan state capitol historic site. Other than the Michigan state capitol historic site, buildings and grounds used by the senate shall be managed and operated by the senate and buildings and grounds used by the house of representatives shall be managed and operated by the house of representatives.

(4) As used in this section:

(a) "Michigan state capitol commission" means the Michigan state capitol commission established in section 5 of the Michigan state capitol historic site act.

(b) "Michigan state capitol historic site" means the Michigan capitol historic site established in section 4 of the Michigan state capitol historic site act.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1987, Act 122, Eff. July 23, 1987;—Am. 1988, Act 306, Eff. Sept. 1, 1988;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1990, Act 332, Imd. Eff. Dec. 21, 1990;—Am. 1991, Act 72, Eff. July 11, 1991;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2001, Act 61, Eff. Oct. 1, 2001;—Am. 2013, Act 243, Eff. Mar. 14, 2014.

Popular name: Act 431

Popular name: DMB

18.1221 Rentals and leases; approval; notification; easements; determination of market rental values; building occupancy rates.

Sec. 221. (1) The director may provide for the rental and lease of land and facilities for the use of state agencies in the manner provided by law. The rentals and leases shall not be effective unless approved by the board.

(2) If the director proposes to lease space or a facility for which the annual base cost of the proposed lease is more than $500,000.00, approval of the joint capital outlay subcommittee is required prior to board approval.

(3) The department shall provide notification to the JCOS and to the fiscal agencies within 5 business days of rental agreements entered into in which the base cost is more than $500,000.00.

(4) For the purposes of this section, the renewal of an existing lease will require the approval of the joint capital outlay subcommittee if the renewal results in changes to the lease that would cause it to meet the requirements outlined in subsection (2).

(5) The department may grant easements, upon terms and conditions the board determines are just and reasonable, for highway and road purposes, and for constructing, operating, and maintaining pipelines or electric, telephone, telegraph, television, gas, sanitary sewer, storm sewer, or other utility lines including all supporting fixtures and other appurtenances over, through, under, upon, and across any land belonging to this state, except lands under the jurisdiction of the department of natural resources, the department of military and veterans affairs, or the state transportation department.

(6) The department shall determine annually the prevailing market rental values of all state owned office facilities and private facilities which provide housing for state employees. The rental values determined pursuant to this subsection shall not be effective unless approved by the board. The renting, leasing, or licensing of state-owned land and facilities to private and public entities shall be at prevailing market rental values or at actual costs as determined by the director.

(7) The department shall charge state agencies for building occupancy in state-owned facilities under the jurisdiction of the department. The rates to be charged for building occupancy shall be coordinated with the budget cycle. The rates shall reflect the actual cost for occupancy of the facilities.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1987, Act 122, Eff. July 23, 1987;—Am. 1988, Act 306, Eff. Sept. 1, 1988;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

****** 18.1221a THIS SECTION IS NOT EFFECTIVE AFTER MARCH 31, 2015: See (2) of 18.1221a ******

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18.1221a Reports; section ineffective after March 31, 2015; "project" defined.

Sec. 221a. (1) The department shall provide the JCOS and the fiscal agencies with the following reports:

(a) By November 1 of each year, for state-owned space as of September 30 of that year, all of the following:

(*i*) The department occupying or using the space.

(*ii*) The building location, including street address, city or township, and county.

(*iii*) The type of building, such as office, warehouse, garage, storage, or other use.

(*iv*) The square footage.

(*v*) The occupancy and usage of space compared to total space available.

(*vi*) The condition of facility and estimated future special maintenance costs.

(b) By November 1 of each year, for privately owned state-leased space as of September 30 of that year, all of the following:

(*i*) The department occupying or using the space.

(*ii*) The lease number.

(*iii*) The building location, including street address, city or township, and county.

(*iv*) The type of building, such as office, warehouse, garage, storage, or other use.

(*v*) The name and address of lessor.

(*vi*) The square footage and net square footage rate.

(*vii*) The occupancy and usage of space compared to total space available.

(*viii*) The monthly and annual cost.

(*ix*) The date the lease starts and expires.

(*x*) The options and services.

(*xi*) The total monthly and annual cost for all leases described in this subdivision.

(c) At least 2 weeks prior to a state lease proposal being included on a JCOS meeting agenda for review and approval, all of the following:

(*i*) The lease number.

(*ii*) The department.

(*iii*) The location.

(*iv*) The lessor.

(*v*) The total square footage and use of space.

(*vi*) Lease costs, to include annual costs of lease, monthly costs of lease, cost per square foot, and increases, if any, from prior lease to new lease.

(*vii*) The costs to renovate.

(*viii*) The costs for utilities.

(*ix*) The management fees.

(*x*) The amount paid for ad valorem property taxes.

(*xi*) The operating costs.

(*xii*) The lease terms.

(*xiii*) If an option to purchase is included, the terms of the offer to purchase and rationale for not funding construction through the state building authority.

(*xiv*) The existing space, including years in existing location, cost, terms of the lease, and disadvantages related to continuing in current location.

(*xv*) The bid process, including an overview including dates, number of proposals submitted, cost range of proposals, comparable market rates, and an explanation if lowest bid was not accepted.

(*xvi*) A cost comparison listing the total square footage, base cost per square foot, annual lease cost, cost for utilities, taxes, operating costs, and total annual cost for the proposed lease and the current lease, and show the difference in costs.

(d) Not later than 45 days after the close of the fiscal year, the status of all active planning and construction projects approved by JCOS and financed through the state building authority or state general fund/general purpose revenues, including all of the following:

(*i*) The name of each project.

(*ii*) The applicable appropriation acts.

(*iii*) The appropriation year and account numbers.

(*iv*) The total authorized cost for the project and state authorized share.

(*v*) The unencumbered balance remaining in each account.

(*vi*) The expiration date of authorization.

(*vii*) The current project status: planning, preconstruction, construction, or postconstruction.

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(*viii*) The estimated completion date.

(*ix*) As applicable, the qualifying carryforward exemption under section 248(4) or (6).

(2) This section is in effect until March 31, 2015.

(3) As used in this section, "project" includes appropriation line items made for purchase of real estate.

History: Add. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1222 Property acquired through installment lease agreement as public property; exemption from property tax.

Sec. 222. Property acquired for the state or a state agency through an installment lease agreement is public property and shall be considered exempt for purposes of the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws, if the state as lessee under the installment lease agreement is required to pay any taxes or reimburse the lessor for any payments the lessor has made.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1223 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to department of labor building in Detroit.

Popular name: Act 431

Popular name: DMB

18.1224 Access to public information; use of telephone system; limitation on charges.

Sec. 224. Beginning January 1, 2004, a state agency shall not use a 900 telephone number or other telephone system that charges the caller for access to public information held or maintained by a state agency.

History: Add. 2003, Act 12, Imd. Eff. May 29, 2003.

Popular name: Act 431

Popular name: DMB

18.1225 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to security measures for facilities.

Popular name: Act 431

Popular name: DMB

18.1227 Parking; disposition of fees, penalties, and fines; rules.

Sec. 227. The department shall establish, operate, and maintain parking for state buildings and facilities operated by the department. The department may establish and collect fees for parking on state operated parking facilities from state employees, state officials, and from the general public. The fees, penalties, and fines collected under this section shall be credited to the state general fund. The department shall promulgate rules pursuant to section 131(2) relative to the operation of the state operated parking facilities. The rules shall provide for the assessment of penalties and fines, for the removal of vehicles, and for a grievance process.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

Administrative rules: R 18.401 et seq. of the Michigan Administrative Code.

18.1237 Acquisition, construction, lease purchase, improvement, or demolition of facilities; studies, designs, plans, specifications, and contract documents; employment and duties of architects and professional engineers; quality control; independent testing services; final approval; review by attorney general.

Sec. 237. (1) For state agency capital outlay projects or facilities, the department is responsible for development, oversight, review, and approval of program statements, studies, designs, plans, management, specifications, contract documents, construction management, and construction, relative to the acquisition, construction, lease purchase, improvement, demolition, or other capital outlay projects for state agencies for which an appropriation or other authorization has been made.

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(2) The department shall approve the award, selection, and employment of architects, professional engineers, construction managers, and other design or construction professional services contractors, subject to section 237b and rules of the department of civil service, to do all of the following:

(a) Prepare program statements, studies, designs, plans, and specifications for the construction of, repairing of, making additions to, remodeling or demolition of, lease purchase of, or acquisition of state facilities.

(b) Administer construction work, including resident inspectors, on-site management, and supervision of construction projects.

(3) The department may obtain independent testing services to provide quality control of work performed on facilities.

(4) Prior to state building authority financing, the department shall provide final approval of the capital outlay project to ensure compliance with the authorized program, plans, and specifications.

(5) The attorney general shall review all standard lease and lease purchase agreement formats and approve any exceptions to the standard formats and may assess a fee for legal services pursuant to an agreement with the department.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2002, Act 504, Imd. Eff. July 19, 2002.

Popular name: Act 431

Popular name: DMB

18.1237a Community college and university capital outlay projects.

Sec. 237a. (1) This section pertains to capital outlay projects for community colleges and universities.

(2) The department shall review documents associated with community college and university capital outlay projects for which an appropriation or other authorization has been made.

(3) The department shall provide architectural and professional engineering review of documents including designs, plans, and change orders at each stage of the project to ensure that the project or facility is in compliance with approved program, appropriation, and capital outlay requirements.

(4) The department shall review the award and selection of architects, professional engineers, construction managers, and other design or construction professional service contractors.

(5) The department shall do all of the following:

(a) Review the construction bid.

(b) Review monthly reports to ensure appropriate construction progress, evaluate change orders, and watch for potential problems.

(c) Respond to college and university requests for assistance on the capital outlay process, contractor issues, and other capital outlay related issues.

(d) Provide for field checks and audits throughout the project in order to meet the trustee requirements of the state building authority.

(6) The department may require that community colleges and universities self-managing construction of a capital outlay project enter into an agreement with the department in which the community college or university agrees to construct the project within the total authorized cost, design, and program scope established by the legislature. This agreement shall include, but is not limited to, certification from the community college or university that the operating costs resulting from the capital outlay project are the responsibility of the community college or university. The agreement may include other requirements as identified by the department that are necessary to complete the project and fulfill the project oversight requirements of this act.

(7) The department retains the authority and fiduciary responsibility normally associated with the prudent maintenance of the public's financial and policy interests relative to the state-financed construction projects managed by a community college or university. The director may take appropriate action to bring the capital outlay project to conclusion if the public's financial and policy interests are in jeopardy and there is a failure on the part of a community college or university to adhere to the requirements of this act. The director shall provide notice to the joint capital outlay subcommittee within 10 days of exercising authority under this subsection.

(8) The department may charge a fee for the services described in this section at a rate not to exceed actual costs.

(9) In the event that a college or university chooses to have the department provide for the complete administration of a capital outlay project, then the provisions of section 237 apply to the project.

(10) Prior to state building authority financing, the department shall provide final review of the capital outlay project to ensure compliance with the authorized program, plans, and specifications.

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History: Add. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1237b Architects, professional engineers, professional surveyors, and qualified firms; selection.

Sec. 237b. The selection of architects, professional engineers, professional surveyors, and qualified firms shall be made in accordance with competitive, qualifications-based selection processes and procedures for the type of professional service required by the department.

History: Add. 2002, Act 504, Imd. Eff. July 19, 2002.

Popular name: Act 431

Popular name: DMB

18.1237c Contract with architect, professional engineer, or contractor; liability; limitation; "contractor" defined.

Sec. 237c. (1) When entering into a contract with an architect, professional engineer, or contractor for any capital outlay project, capital improvement, or facility, the department shall not require the architect, professional engineer, or contractor to assume any liability or indemnify this state for any amount greater than the degree of fault of the architect, professional engineer, or contractor.

(2) As used in this section, "contractor" means a person who, pursuant to a contract with the owner or lessee of real property, provides an improvement to real property.

History: Add. 2004, Act 429, Imd. Eff. Dec. 20, 2004.

Popular name: Act 431

Popular name: DMB

18.1238 Universities and community colleges; report.

Sec. 238. (1) Universities and community colleges shall report on all contracts entered into for new construction of self-funded projects costing in excess of $1,000,000.00. New construction includes land or property acquisition, remodeling and additions, maintenance projects, roads, landscaping, equipment, telecommunications, utilities, and parking lots and structures. Reports shall be submitted to the JCOS, the fiscal agencies, and the state budget office on or before June 30 and December 31 of each year. Each report shall include, but not be limited to, the following information on all self-funded capital projects commenced for the immediately preceding 6-month period:

(a) Description of the project, to include purpose, need, justification, and start and completion dates.

(b) Statement of gross estimated capital improvement or project costs including a breakdown of land costs, site development and demolition costs, construction costs, costs of furnishings and equipment, fees, and any other special costs.

(c) Listing of all sources of funding for project costs to include borrowed funds, university or college funds, gifts, grants, federal funds, private funds, state funds, student fees or tuition, any other funds, and any combination of funds.

(d) Statement of the impact of project financing on student tuition.

(2) If changes occur in any information provided in a previously submitted report, those changes shall be included in the next report issued. Failure to comply with this section will result in penalties as provided for in the higher education and community colleges appropriations bills. The university of Michigan hospital and health center is excluded from this reporting requirement.

History: Add. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Compiler's note: Former MCL 18.1238, which pertained to contracts for professional services contractors, was repealed by Act 8 of 1999, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1239 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to design of facilities.

Popular name: Act 431

Popular name: DMB

18.1240 Cost plus construction contract; conditions.

Sec. 240. A cost plus construction contract shall not be entered into unless all of the following occur:

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(a) The contract cost is less than $50,000.00.
(b) The contract is for emergency repair or construction caused by unforeseen circumstances.
(c) The repair or construction is necessary to protect life or property.
(d) The contract complies with the contract requirements of the department of civil rights.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1241 Contract for construction, repair, remodeling, or demolition of facility; bidding procedure; award; expenditure; director as agent; preference to qualified disabled veteran; responsive and responsible best value bidder; definition.

Sec. 241. (1) Except for the contracts permitted in section 240, a contract shall not be awarded for the construction, repair, remodeling, or demolition of a facility unless the contract is let pursuant to a bidding procedure that is approved by the board. The department shall issue directives prescribing procedures to be used to implement this section. The procedures shall require a competitive solicitation in the award of any contract for construction, repair, remodeling, or demolition of a facility.

(2) The department may award or approve the award, if the board approves, of construction contracts to construct a project for which the director is the agent and may expend, for the purposes and in the manner set forth, the amounts appropriated. The director is not the agent for a community college or institution of higher education, but may act in that capacity upon the specific request of a community college or institution of higher education.

(3) In awarding a contract under this section, the department shall give a preference of up to 10% of the amount of the contract to a qualified disabled veteran, as defined in section 261. If the qualified disabled veteran otherwise meets the requirements of the contract solicitation and with the preference is the lowest bidder, the department shall enter into a construction contract with the qualified disabled veteran under this act. If 2 or more qualified disabled veterans are the lowest bidders on a contract, all other things being equal, the qualified disabled veteran with the lowest bid shall be awarded the contract under this act.

(4) Subject to subsection (3), for projects funded in whole or part with state funds, the construction contract award shall be made to the responsive and responsible best value bidder. As used in this subsection, "responsive and responsible best value bidder" means a bidder who meets all the following:

(a) A bidder who complies with all bid specifications and requirements.
(b) A bidder who has been determined by the department to be responsible by the following criteria:
(*i*) The bidder's financial resources.
(*ii*) The bidder's technical capabilities.
(*iii*) The bidder's professional experience.
(*iv*) The bidder's past performance.
(*v*) The bidder's insurance and bonding capacity.
(*vi*) The bidder's business integrity.
(c) A bidder who has been selected by the department through a selection process that evaluates the bid on both price and qualitative components to determine what is the best value for this state. Qualitative components may include, but are not limited to, all of the following:
(*i*) Technical design.
(*ii*) Technical approach.
(*iii*) Quality of proposed personnel.
(*iv*) Management plans.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2010, Act 22, Imd. Eff. Mar. 25, 2010;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1241a Contract for construction, alteration, repair, or rebuilding of state building or other state property; mandatory clause; breach of clause; applicability of section.

Sec. 241a. The department shall require that each contract entered into for construction, alteration, repair, or rebuilding of a state building or other state property contain a clause requiring that of the persons working on a project and employed by the contractor or subcontractor of the contractor, not less than 50% shall have been residents of this state for not less than 1 year before beginning work, except that the percentage shall be reduced or the clause omitted to the extent that residents are not available or to the extent necessary to comply

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with a federal law or regulation concerning federal funds used for the project. A breach of the clause shall be considered a material breach of the contract. This section shall not apply to employers who are signatory to collective bargaining agreements and which agreements allow for the portability of the employees on an interstate basis.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1241b Construction, alteration, repair, or rebuilding of state building or facility; energy efficiency of materials.

Sec. 241b. The department shall consider the energy efficiency of all materials used in the construction, alteration, repair, or rebuilding of a building or facility owned or operated by this state.

History: Add. 1995, Act 38, Imd. Eff. May 22, 1995.

Popular name: Act 431

Popular name: DMB

18.1242 Development of 5-year capital outlay plans; review; priorities; program statements and schematic planning documents; authorization of project for final design and construction; submission of bid results summary to JCOS; oversight; appropriation not considered as commitment.

Sec. 242. (1) State agencies, community colleges, and universities shall develop 5-year capital outlay plans, which shall identify capital outlay needs, including new construction, or the addition, renovation, adaptive reuse, and improvement of existing facilities. For state agencies, community colleges, and universities, the 5-year capital outlay plans shall also include the need for special maintenance. These plans shall be submitted in electronic format to the department, to members of the JCOS, and to the fiscal agencies not later than November 1 of each year.

(2) The department and the JCOS shall review state agency, community college, and university capital outlay plans. The department and the JCOS shall prioritize requests. The department shall include the department-recommended requests in the executive budget recommendation. If a state agency, community college, or university subsequently modifies a request, the revision shall be submitted to the department, members of the JCOS, and the fiscal agencies.

(3) The department and the chairperson and vice-chairperson of the JCOS shall review and evaluate by March 1 of each year capital outlay project requests received from community colleges, universities, and state agencies. All of the following shall be considered when reviewing and evaluating project requests:

(a) Investment in existing facilities and infrastructure.

(b) Life and safety deficiencies.

(c) Occupancy and utilization of existing facilities.

(d) Integration of sustainable design to enhance the efficiency and operations of the facility.

(e) Estimated cost.

(f) Institutional support.

(g) Estimated operating costs.

(h) Impact on tuition, if any.

(i) Impact on job creation in this state.

(j) History of prior appropriations received by the institution through the capital outlay process.

(4) The request for program development and schematic planning must be approved by the JCOS and the legislature through the appropriation process.

(5) Program statements and schematic planning documents shall be reviewed by the department and, when the review is completed, shall be submitted to the JCOS as either approved or not approved.

(6) Upon review and approval by the JCOS, the JCOS and the legislature may authorize the project for final design and construction with a line-item appropriation in an appropriation bill. The appropriations bill shall include appropriations for projected state building authority rental payments associated with the projects that are authorized for construction. The authorization shall include the legislative lease approval required for state building authority financing.

(7) Preliminary plans shall be submitted to the department for review and approval. The department shall review and approve final plans to be prepared for bidding. A summary of bid results shall be submitted to the JCOS.

(8) The department shall provide for review and oversight of capital outlay projects financed either in total

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or in part by the state building authority pursuant to the provisions of sections 237 and 237a.

(9) Appropriations made for studies and initial plans shall not be considered a commitment on the part of the legislature to appropriate funds for the completion of plans or construction of any project based on the studies or planning documents.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1242a Annual review.

Sec. 242a. The JCOS and department shall annually review the outstanding obligations of the state building authority, as well as the state's lease obligations for previously constructed and state building authority financed projects that provide revenue to the state building authority to retire outstanding bonds.

History: Add. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1243 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to schematics, preliminary plans, and construction contracts.

Popular name: Act 431

Popular name: DMB

18.1244 Scope of construction appropriation; direct labor charges; resident inspector; indirect or administrative overhead costs; separate accounts; design and construction requirements; contract to complete construction of project; conditions.

Sec. 244. (1) Except as otherwise expressly provided or as provided in section 246, a construction appropriation includes, where applicable, costs for land; professional services, including engineering and inspection services; all construction trades work; utilities; site work; on site supervision; equipment; furniture; and furnishings for a completed facility ready for use. The appropriation for a project authorized in a budget act shall be charged with any direct labor performed on that project by employees of the state agency for which the appropriations are made. For each construction project for which the department is an agent, the department shall determine the need for a resident inspector to provide on site supervision. The department may employ and assign the resident inspector with the inspector's salary to be paid from the project account, or from the account designated by the department. If the department approves, a qualified employee of the state agency's regular staff may be the resident inspector with the inspector's salary to be paid from the state agency's operating funds. This subsection shall apply to all projects regardless of when the appropriations were made for the project. The direct labor charges and corresponding credits shall be made in accordance with the systems and procedures prescribed by the department. Charges shall not be made to projects for any indirect or administrative overhead costs, except professional services by a state agency if the professional services are approved by the department and if the department is the agent for the project and provides professional services or administers and supervises the project. The director may establish separate accounts within an appropriation to permit a state agency, community college, or institution of higher education to make expenditures for equipment, furniture, and furnishings. The director shall carry out this act and shall exercise the best professional judgment in the design and construction of all projects included within a budget act so that the design and construction meets the requirements of the projects in the most economical and efficient manner, with particular emphasis on future maintenance and operating cost.

(2) A contract to complete the construction of a project for which construction appropriations are made in a budget act shall be made upon the conditions that the total cost for the completion of each facility, ready for use, shall not exceed the total cost authorized for each respective project; that the obligations for payments for each project, during the fiscal years subject to this act, shall not exceed the amount appropriated for each specific facility by this and previous budget acts; and that the contract may be awarded before the beginning of the next fiscal year if the terms of the contract provide that payments shall not be made until after the first day of the following fiscal year, except in amounts previously appropriated.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

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18.1245 Sign at site of state project.

Sec. 245. A sign of appropriate dimensions shall be prominently displayed at the site of each state project costing in excess of $500,000.00, or on sites where such a sign is required by other governmental units. The sign shall state the project title, the total project cost, the amount authorized to be appropriated by "the people of the state of Michigan", and the amount of federal or other grants, if any.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1246 Release of allocations; approval; total authorized cost or sufficient appropriation; establishment or revision.

Sec. 246. The release of allocations may be approved when the legislature has specified either a total authorized cost or has appropriated an amount sufficient to complete the designated project. The authorized cost and program scope of state agency, community college, and university projects shall only be established or revised by specific reference in a budget act.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1247 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to transfer of appropriations.

Popular name: Act 431

Popular name: DMB

18.1248 Applicability of section; capital outlay project; carrying forward prior authorized projects; continuation or lapse of balance; termination of project; continuation of project beyond limits in section; conditions; carrying forward grant or grant-in-aid.

Sec. 248. (1) This section applies to all state agency, community college, and university capital outlay projects appropriated in any budget act. Projects authorized prior to the amendatory act that added this sentence shall be carried forward consistent with the provisions of this section in effect prior to the date of the amendatory act that added this sentence.

(2) Appropriations made in any budget act for a planning project shall not lapse to the fund from which appropriated at the end of the fiscal year, but shall continue until the purposes for which the sums were appropriated are completed. However, planning authorization for each project which has not been authorized for final design and construction in an appropriation act shall be terminated 24 months after the last day of the fiscal year in which the authorization was originally made, unless the project is specifically reauthorized in a budget act. The termination of authorization in the immediately preceding sentence does not apply if program and schematic planning documents are submitted by community colleges and universities within the time frame specified in the immediately preceding sentence.

(3) Appropriations made in any budget act for final design and construction shall not lapse to the fund from which they are appropriated at the end of the fiscal year, but shall continue until the purposes for which the sums were appropriated are completed. However, final design and construction authorization for each project where construction has not commenced shall be terminated 36 months after the last day of the fiscal year in which the authorization was originally made, unless the project is specifically reauthorized in a budget act.

(4) A capital outlay project may be continued beyond the limitations contained in this section if 1 or more of the following conditions apply:

(a) A bid for the start of construction of the project is awarded or construction of the project has commenced.

(b) A capital outlay project for the purchase of property in which a contract is entered into, but the acquisition is not completed. Only the amount necessary to complete the purchase of property pursuant to the contract shall be carried forward.

(c) A federal grant award is pending release.

(d) The project is subject to legal action, the balance shall lapse 30 days after the legal action is settled, or 30 days after a final order is entered, whichever is later.

(e) The unobligated balance of the appropriations for the project may continue for 12 months after a project is substantially completed.

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(f) Not later than 45 days after the conclusion of the fiscal year, the director shall notify the JCOS and the fiscal agencies of planning and construction authorizations that will continue beyond limitations specified under this section.

(5) An unexpended balance which is to lapse pursuant to this section shall lapse to the fund from which the appropriation is made.

(6) A grant or grant-in-aid appropriated for the demolition, acquisition, construction, repair, or maintenance of capital assets shall not be reduced, adjusted, delayed, impounded, lapsed, or otherwise altered by the director for any purpose without legislative approval and shall be carried forward until the work is completed or for 36 months after the last day of the fiscal year in which the construction appropriation was originally made, whichever comes first.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1249 Matching revenues.

Sec. 249. (1) If matching revenues for a capital outlay project are received in an amount less than the appropriations contained in a budget act, the state portion of the appropriation shall be reduced in proportion to the amount of matching revenue received.

(2) A state agency, community college, or university shall take the steps necessary to make available federal or other money that may be available and to use all or part of the appropriations to meet matching requirements that are considered to be in the best interest of this state. However, the purpose, scope, and total estimated cost of a project shall not be altered to meet the matching requirements. Any federal matching revenues received to support the construction of a project shall be applied to the total authorized project cost, with state, community college, or university financing shares proportionately adjusted.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1250 References to former law.

Sec. 250. Any reference in any act to former Act No. 242 of the Public Acts of 1976, shall be considered a reference to sections 237 to 252 of this act.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1251 Applicability of section to real property of state; development and maintenance of real property records and facility inventories; award of service contracts; employment of land surveyors; directives for disposition of surplus facilities and lands.

Sec. 251. (1) This section applies to all real property of the state except all of the following:

(a) Property under the jurisdiction of the state transportation department.

(b) Property under the jurisdiction of a state institution of higher education.

(c) Property under the jurisdiction of the department of natural resources.

(d) Property under the jurisdiction of the department of military affairs.

(2) The department shall provide for the development and maintenance of real property records and facility inventories. The department may award appropriate service contracts or employ land surveyors to survey, monument, map, describe, and record real property and facilities.

(3) The department shall issue directives to provide for the disposition process for facilities and lands that are considered surplus. The department shall require a public notice component in its directives regarding the disposition process under this subsection.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1252 Current data and directives as to facilities; technical assistance as to special maintenance projects.

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

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

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1253 Energy conservation improvements.

Sec. 253. A state agency may enter into a multi-year contract for energy conservation improvements to state facilities which would be paid for from the avoided operating costs for utility service or fuel produced by the improvements.

History: Add. 1987, Act 122, Eff. July 23, 1987.

Popular name: Act 431

Popular name: DMB

18.1254 Certificate of energy cost savings; distribution of unencumbered balance of appropriation for fuel or utilities.

Sec. 254. (1) Upon the request of a state agency, the public service commission shall provide to the state agency a certificate of energy cost savings based upon actual energy use and cost data as provided to the commission by the state agency.

(2) At the close of each fiscal year, the amount of any unencumbered balance of a state appropriation for fuel or utilities to a state agency which resulted due to energy management actions as certified by the public service commission, as provided in subsection (1), shall be distributed as follows:

(a) 75% of the energy cost savings, as certified by the commission, shall be carried forward to the next fiscal year and allocated to a special energy conservation work order or work project account to be used for energy conservation measures in the facilities of the state agency to which the certificate was issued.

(b) The remaining unencumbered balance shall be credited to the fund from which appropriated.

History: Add. 1987, Act 122, Eff. July 23, 1987.

Compiler's note: For transfer of powers and duties of the public service commission pertaining to the certification of energy savings by state departments from the public service commission to the director of the department of consumer and industry services, see E.R.O. No. 1996-2, compiled at MCL 445.2001 of the Michigan Compiled Laws.

Popular name: Act 431

Popular name: DMB

18.1261 Supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and other items; purchase; contract; discretionary decisions by department; competitive solicitation; exceptions; lease or installment purchases; directives; cooperative purchasing agreement; preference to disabled veteran; definitions.

Sec. 261. (1) The department shall provide for the purchase of, the contracting for, and the providing of supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and all other items as needed by state agencies for which the legislature has not otherwise expressly provided. If consistent with federal statutes, in all purchases made by the department, all other things being equal, preference shall be given to products manufactured or services offered by Michigan-based firms or by facilities with respect to which the operator is designated as a clean corporate citizen under part 14 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.1401 to 324.1429. The department shall solicit competitive bids from the private sector whenever practicable to efficiently and effectively meet the state's needs. The department shall first determine that competitive solicitation of bids in the private sector is not appropriate before using any other procurement method for an acquisition.

(2) The department shall make all discretionary decisions concerning the solicitation, award, amendment, cancellation, and appeal of state contracts.

(3) The department shall utilize competitive solicitation for all purchases authorized under this act unless 1 or more of the following apply:

(a) Procurement of goods or services is necessary for the imminent protection of public health or safety or to mitigate an imminent threat to public health or safety, as determined by the director or his or her designated representative.

(b) Procurement of goods or services is for emergency repair or construction caused by unforeseen circumstances when the repair or construction is necessary to protect life or property.

(c) Procurement of goods or services is in response to a declared state of emergency or state of disaster

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under the emergency management act, 1976 PA 390, MCL 30.401 to 30.421.

(d) Procurement of goods or services is in response to a declared state of emergency under 1945 PA 302, MCL 10.31 to 10.33.

(e) Procurement of goods or services is in response to a declared state of energy emergency under 1982 PA 191, MCL 10.81 to 10.89.

(f) Procurement of goods or services is within a state agency's purchasing authority delegated under subsection (4), and the state agency has established policies or procedures approved by the department to ensure that goods or services are purchased by the state agency at fair and reasonable prices.

(4) The department may delegate its procurement authority to other state agencies within dollar limitations and for designated types of procurements. The department may withdraw delegated authority upon a finding that a state agency did not comply with departmental procurement directives.

(5) The department may enter into lease purchases or installment purchases for periods not exceeding the anticipated useful life of the items purchased unless otherwise prohibited by law.

(6) The department shall issue directives for the procurement, receipt, inspection, and storage of supplies, materials, and equipment, and for printing and services needed by state agencies. The department shall provide standard specifications and standards of performance applicable to purchases.

(7) The department may enter into a cooperative purchasing agreement with 1 or more other states or public entities for the purchase of goods, including, but not limited to, recycled goods, and services necessary for state programs.

(8) In awarding a contract under this section, the department shall give a preference of up to 10% of the amount of the contract to a qualified disabled veteran. If the qualified disabled veteran otherwise meets the requirements of the contract solicitation and with the preference is the lowest bidder, the department shall enter into a procurement contract with the qualified disabled veteran under this act. If 2 or more qualified disabled veterans are the lowest bidders on a contract, all other things being equal, the qualified disabled veteran with the lowest bid shall be awarded the contract under this act.

(9) It is the goal of the department to award each year not less than 5% of its total expenditures for construction, goods, and services to qualified disabled veterans. The department may count toward its 5% yearly goal described in this subsection that portion of all procurement contracts in which the business entity that received the procurement contract subcontracts with a qualified disabled veteran. Each year, the department shall report to each house of the legislature on all of the following for the immediately preceding 12-month period:

(a) The number of qualified disabled veterans who submitted a bid for a state procurement contract.

(b) The number of qualified disabled veterans who entered into procurement contracts with this state and the total value of those procurement contracts.

(c) Whether the department achieved the goal described in this subsection.

(d) The recommendations described in subsection (10).

(10) Each year, the department shall review the progress of all state agencies in meeting the 5% goal with input from statewide veterans service organizations and from the business community, including businesses owned by qualified disabled veterans, and shall make recommendations to each house of the legislature regarding continuation, increases, or decreases in the percentage goal. The recommendations shall be based upon the number of businesses that are owned by qualified disabled veterans and on the continued need to encourage and promote businesses owned by qualified disabled veterans.

(11) To assist the department in reaching the goal described in subsection (9), the governor shall recommend to the legislature changes in programs to assist businesses owned by qualified disabled veterans.

(12) As used in this section:

(a) "Qualified disabled veteran" means a business entity that is 51% or more owned by 1 or more veterans with a service-connected disability.

(b) "Service-connected disability" means a disability incurred or aggravated in the line of duty in the active military, naval, or air service as described in 38 USC 101(16).

(c) "Veteran" means an individual who meets both of the following:

(*i*) Is a veteran as defined in section 1 of 1965 PA 190, MCL 35.61.

(*ii*) Was released from his or her service with an honorable or general discharge.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1993, Act 46, Imd. Eff. May 27, 1993;—Am. 2005, Act 91, Imd. Eff. July 20, 2005;—Am. 2006, Act 622, Imd. Eff. Jan. 3, 2007;—Am. 2008, Act 133, Imd. Eff. May 21, 2008;—Am. 2012, Act 555, Imd. Eff. Jan. 2, 2013;—Am. 2016, Act 204, Eff. Sept. 20, 2016.

Popular name: Act 431

Popular name: DMB

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18.1261a Recycled supplies, materials, and equipment; effect of noncompliance; exemption; cost considerations; report; "recycled materials" defined.

Sec. 261a. (1) In addition to the requirements of section 261, the following percentages of all supplies, materials, and equipment shall be made from recycled materials, if there is a readily identifiable source or market as determined by the director, and the cost does not exceed 110% of supplies, materials, and equipment not containing recycled materials: for 1989, 10%; for 1990, 15%; and for 1991 and each year thereafter, 20%.

(2) If the department is unable to comply with the requirement of this section, the department shall do both of the following:

(a) With the assistance of any state agency that utilizes the supply, material, or equipment, seek a supply, material, or equipment that fulfills the requirements of subsection (1).

(b) Report to the legislature and the affected state agency that the department is unable to comply with subsection (1), the reason for the inability to comply, and the efforts made by the department to comply.

(3) If a state agency informs the department that it is unable to utilize a recycled supply, material, or equipment, the agency shall request and justify an exemption from subsection (1) in writing. The department may grant an exemption from the requirements of subsection (1) upon just cause.

(4) When the department fulfills its responsibilities under this act to purchase and contract for supplies, materials, equipment, and printing, it may consider the product longevity and the annual maintenance costs of the product as well as the unit price in determining whether the cost of the product with recycled materials exceeds the cost of a product not containing recycled materials by 110%.

(5) The department shall annually report to the governor and the legislature on the quantities and types of recycled products purchased by the department.

(6) As used in this section, "recycled materials" includes, but is not limited to, recycled paper products, structural materials made from recycled plastics, rerefined lubricating oils, reclaimed solvents, recycled asphalt and concrete, recycled glass products, retreaded tires, and ferrous and nonferrous metals containing recycled scrap metals, that contain 1 or more of the following in a percentage as determined by the department as provided by law:

(a) Waste materials generated by a business or a consumer.

(b) Materials that have served their intended purpose.

(c) Materials that have been separated from solid waste for purposes of collection, recycling, and disposition.

History: Add. 1988, Act 413, Eff. Mar. 30, 1989.

Popular name: Act 431

Popular name: DMB

18.1261b Purchase of recycled paper; phase-in period; directives; label; records; definitions.

Sec. 261b. (1) In addition to the requirements of section 261, to the extent available, all paper products purchased or contracted for by the department shall be made from recycled paper, if the cost is not greater than 110% of the cost of paper that does not contain recycled fibers. The purchase of recycled paper shall be phased in over a 3-year period pursuant to the following percentages:

Year	Percentage of total paper purchased	Percentage of wastepaper contained in recycled paper
1989	30%	25
1990	40%	35
1991 and each year thereafter	50%	50

(2) The directives of the department issued under section 261(2) that apply to the procurement of paper products shall require that all paper products, to the extent available, purchased or contracted for by the department shall be made from recycled paper to comply with the 3-year phase-in requirements provided for in this section.

(3) The department shall investigate whether it is feasible and desirable to require that recycled paper products purchased by the department be labeled as being made of recycled paper.

(4) The department shall maintain records to document by commodity type recycled paper purchased or contracted for by the department.

(5) As used in this section and section 273:

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(a) "Recycled paper" means a paper product that contains not less than 25% wastepaper in 1989, 35% wastepaper in 1990, and 50% wastepaper in 1991 and each year thereafter.

(b) "Wastepaper" means discarded paper that is generated after the completion of the paper manufacturing process, and includes, but is not limited to, trimmings, printed paper, cutting and converting paper, and post-consumer paper. Wastepaper does not include mill broke or other in-plant residual wastes.

History: Add. 1988, Act 412, Eff. Mar. 30, 1989.

Popular name: Act 431

Popular name: DMB

18.1261c Wood or paper products from sustainably managed forests or procurement systems.

Sec. 261c. (1) Beginning October 1, 2006, in addition to the requirements of sections 261, 261a, and 261b, in purchasing wood or paper products the department shall give preference to wood or paper products that derive from sustainably managed forests or procurement systems.

(2) Paper product and forest product companies purchasing raw materials from or through third parties may reasonably rely upon the representations of landowners, vendors, or brokers as to whether the raw materials derive from sustainably managed forests or procurement systems.

(3) As used in this section, “sustainably managed forests or procurement systems” means forests or procurement systems that are certified by an independent third party using 1 or more of the following certification programs:

(a) The sustainable forestry initiative/American forest and paper association.

(b) The American tree farm systems/American forest foundation.

(c) The Canadian standards associations sustainable forest management system standards.

(d) The forest stewardship council.

(e) The Pan-European forest certification.

(f) The Finnish forest certification system.

(g) The United Kingdom woodlands assurance scheme.

(h) International standards organization (ISO) standard 14001.

History: Add. 2004, Act 249, Eff. Mar. 30, 2005.

Popular name: Act 431

Popular name: DMB

18.1261d Products containing mercury or mercury compounds; purchase; limitation.

Sec. 261d. In addition to the requirements of section 261, the department and all state agencies shall, whenever possible, avoid purchasing products containing mercury or mercury compounds if products that do not contain mercury or mercury compounds are available and those products are cost effective as determined by the department.

History: Add. 2008, Act 193, Imd. Eff. July 11, 2008.

Popular name: Act 431

Popular name: DMB

18.1262 Limiting solicitation to prequalified vendors.

Sec. 262. The department may limit a solicitation to prequalified vendors to meet statutory or licensing requirements applying to the solicitation or when the time necessary to verify vendor qualifications would jeopardize timely award of contracts.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1263 Purchase of supplies and materials by state agency to maintain inventories; authorization; limitation; charging appropriation accounts; periodic inventories; obsolescence, damage, or spoilage; fee for purchasing services assistance; cooperative bulk purchasing program for schools and school districts.

Sec. 263. (1) The director may authorize a state agency to purchase supplies and materials for the purpose of maintaining inventories. The director shall place a dollar or quantity limitation to insure inventories are maintained at acceptable levels. Appropriation accounts shall be charged upon the basis of actual usage. Any state agency so authorized shall conduct periodic inventories as directed by the director of all supplies and

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materials under their control. Obsolete, damaged, or spoiled supplies and materials shall be charged to the proper appropriation account during the fiscal year it is determined that obsolescence, damage, or spoilage has occurred.

(2) The department shall provide assistance to any city, village, county, township, school district, intermediate school district, nonprofit hospital, institution of higher education, or community or junior college for purchasing services on a fee basis. Fees collected for the provision of that assistance are appropriated for the additional expenses incurred.

(3) The department shall create and operate a cooperative bulk purchasing program for school districts, public school academies, nonpublic schools, and intermediate school districts on a fee basis to reduce the costs of purchasing goods and services. Fees collected under this subsection shall not exceed the cost of purchasing goods and services and reasonable administrative expenses, and are appropriated for the expenses incurred.

History: 1984, Act 431, Eff. Mar. 29, 1985;—2004, Act 589, Imd. Eff. Jan. 4, 2005.

Popular name: Act 431

Popular name: DMB

18.1264 Debarring vendor from participation in bid process and from contract award; notice; finding.

Sec. 264. The department may debar a vendor from participation in the bid process and from contract award upon notice and a finding that the vendor is not able to perform responsibly, or that the vendor, or an officer or an owner of a 25% or greater share of the vendor, has demonstrated a lack of integrity that could jeopardize the state's interest if the state were to contract with the vendor.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1265 Federal surplus property; acquisition and distribution.

Sec. 265. The department shall perform the functions and necessary duties as the agency of the state in the acquisition and distribution of federal surplus property pursuant to federal law.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1267 Personal property of state agencies; directives for disclosure, transfer, and disposal; sale at fair market value; payment of costs or assessment of handling fee; sale of surplus snow removal equipment or surplus road construction or maintenance equipment; "local road agencies" defined.

Sec. 267. (1) The department shall issue directives to provide for the disclosure, transfer, and disposal of surplus personal property of state agencies. Except as otherwise provided in subsection (4), the department may dispose of surplus personal property by donating the surplus personal property to a nonprofit entity, or selling it to a unit of local government, or selling it at a public sale.

(2) The department may sell surplus personal property at fair market value. The department may also exchange surplus personal property for goods and services at fair market value with a private company that is contracted to provide state services, and the surplus personal property is essential to providing those services.

(3) The department may pay necessary costs incurred in the conduct of the transfers or sale of surplus personal property including the necessary warehousing and reconditioning costs from the proceeds of the sale or by assessing a handling fee for surplus personal property being donated.

(4) Beginning October 1, 2016, prior to donating, disposing of, or selling surplus snow removal equipment or surplus road construction or maintenance equipment that was owned by the state transportation department, the department shall make that equipment available for sale at fair market value to local road agencies in this state. The department shall issue directives to implement this subsection. As used in this subsection, "local road agencies" means a local road agency as that term is defined in section 9a of 1951 PA 51, MCL 247.659a.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 237, Imd. Eff. June 29, 2012;—Am. 2016, Act 245, Imd. Eff. June 24, 2016.

Popular name: Act 431

Popular name: DMB

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18.1268 Bidder for state contract as Michigan business; certification; significant business presence required; verification; disclosure; reciprocal preference; list of states giving preference to in-state bidders; waiver of entitlement to claim preference; fraud; felony; penalty; review; recommendations; applicability.

Sec. 268. (1) A bidder for a state contract is a Michigan business for the purposes of this section if it certifies that it has done any of the following during the 12 months immediately preceding the bid deadline or for the period the business has been in existence, if the business is newly established within the 12 months immediately preceding the bid deadline:

(a) Filed a Michigan single business tax return or Michigan business tax return showing a portion or all of the income tax base allocated or apportioned to the state of Michigan pursuant to the former single business tax act, 1975 PA 228, or the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601.

(b) Filed a Michigan income tax return showing income generated in or attributed to the state of Michigan.

(c) Withheld Michigan income tax from compensation paid to the bidder's owners and remitted the tax to the department of treasury.

(2) The filing or withholding shall be more than a nominal filing for the purpose of gaining the status of a Michigan business, but shall indicate a significant business presence in the state, considering the size of the business and the nature of its activities.

(3) A bidder certifying that it meets the criteria for a Michigan business listed in subsections (1) and (2) shall authorize the department of treasury to verify that the bidder has or has not met 1 of the 3 criteria in subsection (1). This authorization shall permit the department of treasury to disclose the verifying information to the procuring agency in accordance with the procedures established by section 28 of 1941 PA 122, MCL 205.28.

(4) Only a bidder that has certified that it is a Michigan business is entitled to have the department apply a reciprocal preference in its favor against a business that submits a bid from a state which applies a preference law against out-of-state bidders. A bidder that does not certify that it is a Michigan business shall indicate in its bid the state in which it maintains its principal place of business for the purpose of applying that state's preference law against the bidder.

(5) If the low bid for a state procurement exceeds $100,000.00 and is from a business located in a state which applies a preference law against out-of-state businesses, the department shall prefer a bid from a Michigan business in the same manner in which the out-of-state bidder would be preferred in its home state.

(6) The department shall compile a list of states that give preference to in-state bidders and the extent of the preference and shall update the list at least annually. An agency may rely on this compilation in implementing the provisions of this act without incurring liability to any bidder.

(7) A bidder waives any entitlement to claim a preference under this act if the bidder has not certified in its bid that the bidder is a Michigan business and has not authorized the department of treasury to release information necessary to verify the entitlement.

(8) A bidder shall not fraudulently certify that it is a Michigan business under this act or falsely indicate the state in which it has its principal place of business for the purpose of avoiding application of the reciprocal preference.

(9) A business that purposefully or willfully submits a false certification that it is a Michigan business or falsely indicates the state in which it has its principal place of business is guilty of a felony, punishable by a fine of not less than $25,000.00.

(10) Two years after October 1, 1988, the department shall review the costs and consequences of implementing this section. The department shall solicit input from the business community and from state agencies receiving procurements affected by the provisions of this section, and shall make recommendations to the legislature regarding continuation or modification of this section.

(11) This section shall not apply to any procurement if the provisions of this section would conflict with federal statute.

History: Add. 1988, Act 237, Eff. Oct. 1, 1988;—Am. 2007, Act 183, Imd. Eff. Dec. 21, 2007.

Popular name: Act 431

Popular name: DMB

18.1269 Centralized services; charges; rates; creation of office services revolving fund; inventory value of paper and stationery operation.

Sec. 269. (1) The department shall establish, administer, operate, or provide centralized services such as the following:

(a) Duplicating, microfilming, mailing, warehousing, and drug packaging.

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(b) Telecommunications.

(c) Supplying and storing of forms, publications, paper, and stationery.

(d) Off-site storage of optical discs.

(e) Other services to state agencies that are advantageous to this state, after consultation with each affected state agency.

(2) The department shall charge a state agency for a service provided to the state agency pursuant to subsection (1). A payment shall be credited to the office services revolving fund created in subsection (3). The rate charged for a service shall be coordinated, to the extent possible, with the budget cycle. The rate shall reflect the actual cost for the service provided.

(3) The office services revolving fund is created. The amounts in the office services revolving fund are continuously appropriated only for implementing subsection (1).

(4) The inventory value of the paper and stationery operation of the centralized services shall not exceed at any given time 1/3 of the gross sales of the previous fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1992, Act 191, Imd. Eff. Oct. 5, 1992.

Compiler's note: For transfer of statutory authority, powers, duties, functions, and responsibilities of certain units, teams, divisions, and offices within the department of management and budget to the department of information technology by type III transfer, see E.R.O. No. 2001-1, compiled at MCL 18.41 of the Michigan compiled laws.

Popular name: Act 431

Popular name: DMB

18.1271 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to telecommunications systems or services.

Popular name: Act 431

Popular name: DMB

18.1273 Directives for printing of publications by state agency; approval of printing request; determining number and distribution of state reports and publications; style, form, binding, typography, and quality of paper; central storage; publications to be printed on recycled paper; distribution and central storage only of certain publications.

Sec. 273. (1) The department shall issue directives for the printing of publications by any state agency. A publication that is authorized by law shall not be printed unless the request for the printing is approved by the department.

(2) Except as provided in subsection (3), the department shall provide for the determination of the precise number and distribution of all state reports and publications, shall prescribe the style, form, binding, typography, and quality of paper, and shall provide for the central storage of reports and publications in a manner provided by law. In addition, the department shall require that the publications of any state agency shall be printed on recycled paper, to the extent available, to comply with the 3-year phase-in requirements provided for in section 261b.

(3) With respect to the Michigan manual, the Public and Local Acts, the Michigan administrative code, and the Michigan register, the department shall provide for their distribution and central storage only.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 184, Eff. July 1, 1988;—Am. 1988, Act 412, Eff. Mar. 30, 1989.

Popular name: Act 431

Popular name: DMB

18.1275 Sale of office furnishings and equipment to former governors and legislators; fair market value; use of proceeds.

Sec. 275. The department may sell, at fair market value, to former governors and legislators, office furnishings and other equipment utilized by the governors and legislators. Personal property which was originally donated to the state by the person purchasing the property or real property or improvements to real property may be sold for its fair market value as determined by the purchasing division of the department using generally accepted valuation methods for all other property. The sale will be based on replacement value as determined by the purchasing division of the department. Proceeds from the sale may be used to replace furnishings and equipment.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

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18.1277 Expenditure for mailing letter, newsletter, report, or other publication; conditions.

Sec. 277. A state board or commission shall not make an expenditure for mailing a letter, newsletter, report, or other publication unless 1 or more of the following is applicable:

(a) The mailing is required by law.

(b) The mailing is paid for by the person to whom the mailing is addressed.

(c) The mailing is a direct response to a specific question of the person to whom the mailing is addressed.

(d) The mailing is specifically authorized by a majority vote of a state board or commission.

(e) The mailing is sent to an individual or entity and seeks information necessary for a state board or commission to render a decision. This subdivision does not include a questionnaire or general letter which attempts to assist in the taking of a survey.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1279 Consulting services.

Sec. 279. (1) The department shall review and approve or disapprove any proposal for the acquisition of consulting services by a state agency. The department shall issue directives for the obtaining of consulting services.

(2) The department shall provide internal consulting services to state agencies in place of outside consulting assistance whenever feasible. When internal consulting services are provided to a state agency, the state agency shall be interaccount billed for the cost of the services.

(3) The department shall provide consulting assistance to units of local government and institutions of higher education on a fee basis when requested.

(4) Amounts received for services shall constitute project amounts that may be carried over to a succeeding fiscal year as necessary to complete the consulting service projects.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1281 Contract for services; contract for personal services; reports.

Sec. 281. (1) Before the fifteenth of each month, the department of civil service shall report to the appropriations committees and the fiscal agencies the following for each contract for services approved by the department of civil service during the previous calendar month:

(a) The state agency contracting for the service.

(b) The name of the individual or entity with whom the state agency is contracting.

(c) The dollar amount of and source of financing for the contract.

(d) The name of any individual providing contractual services to the state, whether as a special personal service employee or as the employee of an independent contractor, as certified by the contracting state agency, and who has retired under section 19a of Act No. 240 of the Public Acts of 1943, being section 38.19a of the Michigan Compiled Laws.

(2) The department of civil service shall report to the appropriations committees and the fiscal agencies before January 30 of each year the following information for contracts for personal services approved by the department of civil service during the previous fiscal year:

(a) The state agency contracting for the service.

(b) The name of the individual or entity with whom the state agency is contracting.

(c) The dollar amount and source of financing for the contract.

(d) The name of an individual providing contractual services to the state, whether as a special personal service employee or as the employee of an independent contractor, who is certified by the contracting state agency, and who has retired under section 19a of Act No. 240 of the Public Acts of 1943, being section 38.19a of the Michigan Compiled Laws.

(e) The total number of contracts submitted by the state agencies and the total number approved.

(f) The total dollar amount of contracts submitted by the state agencies and the total dollar amount approved.

(g) The duration of employment of special personal service employees paid on payroll.

(h) The total dollar amount and total number of hours a state agency contracts with an independent contractual service vendor that is paid by voucher.

(i) The number of contracts approved to have jobs performed contractually that had been performed by classified civil service employees including the total number of positions eliminated; what provisions were

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made for the reemployment of the displaced employees; and what, if any, cost savings to the state were realized as a result of the contracts.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1281a Personal service contracts; report.

Sec. 281a. (1) The department of management and budget and each principal executive department and agency shall provide to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies a monthly report on all personal service contracts in an amount greater than $10,000.00 awarded without competitive bidding, pricing, or rate setting. The report shall include all of the following:

(a) The total dollar amount of the contract.

(b) The effective beginning and ending dates of the contract.

(c) The name of the vendor.

(d) The type of service to be provided.

(2) For new personal service contracts of $100,000.00 or more, the department of management and budget shall provide a monthly report to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies including all of the following:

(a) The total dollar amount of the contract.

(b) The effective beginning and ending dates of the contract.

(c) The name of the vendor.

(d) The type of service to be provided.

(3) Each principal executive department and agency shall provide a monthly summary listing to the senate and house of representatives standing committees on appropriations and the senate and house fiscal agencies of information that identifies any authorizations for personal service contracts that are provided to the department of civil service pursuant to delegated authority granted to each principal executive department and agency related to personal services contracts.

(4) The civil service department shall also include a report of all mixed contracts that the civil service commission did not review for approval under the authority of civil service rule 4-6.3, standard (e).

History: Add. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1282 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to unclassified director.

Popular name: Act 431

Popular name: DMB

18.1283 Central payroll system; department as tax withholding agency; payroll deductions or withholding.

Sec. 283. (1) The department shall issue directives necessary to establish and maintain the central payroll system for the periodic compensation of the officers and employees of all state agencies of all branches of state government.

(2) The department shall perform such duties as required as the tax withholding agency for the state government payroll pursuant to any local, state, or federal law.

(3) The department shall issue directives for the approval or disapproval of any proposal for payroll deductions or withholding other than those required by law.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1283a Payroll and payments by electronic funds transfer; implementation.

Sec. 283a. (1) Except as otherwise provided in this subsection, beginning October 1, 2005, all nonclassified state government employees payroll and payments and all elected and appointed state officials payroll and payments shall be paid by electronic funds transfer. The department of community health and the family independence agency shall implement this section October 1, 2006.

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(2) Except as otherwise provided in this subsection, beginning October 1, 2005, all contracts that this state enters into for the purchase of goods or services shall provide that payment shall be made by electronic funds transfer. The department of community health and the family independence agency shall implement this section October 1, 2006.

(3) The department is encouraged to implement this section before October 1, 2005.

History: Add. 2004, Act 533, Imd. Eff. Jan. 3, 2005.

Popular name: Act 431

Popular name: DMB

18.1284 Additional definitions.

Sec. 284. As used in this section and sections 285 to 292:

(a) "Archival value" means records which have been selected by the department of history, arts, and libraries as having enduring worth because they document the growth and development of this state from earlier times, including the territorial period; they evidence the creation, organization, development, operation, functions, or effects of state agencies; or because they contain significant information about persons, things, problems, or conditions dealt with by state agencies.

(b) "Record" or "records" means a document, paper, letter, or writing, including documents, papers, books, letters, or writings prepared by handwriting, typewriting, printing, photostating, or photocopying; or a photograph, film, map, magnetic or paper tape, microform, magnetic or punch card, disc, drum, sound or video recording, electronic data processing material, or other recording medium, and includes individual letters, words, pictures, sounds, impulses, or symbols, or combination thereof, regardless of physical form or characteristics. Record may also include a record series, if applicable.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 2001, Act 71, Imd. Eff. July 24, 2001.

Popular name: Act 431

Popular name: DMB

18.1285 Records; maintenance by head of state agency; listing on retention and disposal schedule; legal custody and physical possession.

Sec. 285. (1) The head of each state agency shall maintain records which are necessary for all of the following:

(a) The continued effective operation of the state agency.

(b) An adequate and proper recording of the activities of the state agency.

(c) The protection of the legal rights of the state.

(2) The head of a state agency maintaining any record shall cause the records to be listed on a retention and disposal schedule.

(3) Legal custody and physical possession of a record shall be vested in the state agency that created, received, or maintains the record until such time as it is transferred to the state archives or is destroyed.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1287 Records management program; purpose; duties of department; directives.

Sec. 287. (1) The department shall maintain a records management program to provide for the development, implementation, and coordination of standards, procedures, and techniques for forms management, and for the creation, retention, maintenance, preservation, and disposition of the records of this state. All records of this state are and shall remain the property of this state and shall be preserved, stored, transferred, destroyed, disposed of, and otherwise managed pursuant to this act and other applicable provisions of law.

(2) In managing the records of this state, the department shall do all of the following:

(a) Establish, implement, and maintain standards, procedures, and techniques of records management throughout state agencies.

(b) Provide education, training, and information programs to state agencies regarding each phase of records management.

(c) Promote the establishment of a vital records program in each state agency by assisting in identifying and preserving records considered to be critically essential to the continued operation of state government or necessary to the protection of the rights and privileges of its citizens, or both. Preservation of designated vital records shall be accomplished by storing duplicate copies of the original records in a secure remote records

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center to assure retention of those records in the event of disaster and loss of original records.

(d) Operate a records center or centers for the purpose of providing maintenance, security, and preservation of state records.

(e) Provide centralized microfilming service and, after the effective date of rules promulgated under the records media act, 1992 PA 116, MCL 24.401 to 24.403, to govern optical storage, service for off-site storage of optical discs as an integral part of the records management program.

(f) Provide safeguards against unauthorized or unlawful disposal, removal, or loss of state records.

(g) Initiate action to recover a state record that may have been removed unlawfully or without authorization.

(h) Establish retention and disposal schedules for the official records of each state agency with consideration to their administrative, fiscal, legal, and archival value.

(3) The department shall issue directives that provide for all of the following:

(a) The security of records maintained by state agencies.

(b) The establishment of retention and disposal schedules for all records in view of their administrative, fiscal, legal, and archival value.

(c) The submission of proposed retention and disposal schedules to the department of history, arts, and libraries, the auditor general, the attorney general, and the board for review and approval.

(d) The transfer of records from a custodian state agency to a state records center or to the custody of the department of history, arts, and libraries.

(e) The disposal of records pursuant to retention and disposal schedules, or the transfer of records to the custody of the department of history, arts, and libraries.

(f) The establishment of a records management liaison officer in each department to assist in maintaining a records management program.

(g) The cooperation of other state departments in complying with this act.

(h) The storage of records in orderly filing systems designed to make records conveniently accessible for use.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1992, Act 191, Imd. Eff. Oct. 5, 1992;—Am. 2001, Act 71, Imd. Eff. July 24, 2001.

Compiler's note: For transfer of powers and duties of department of history, arts, and libraries regarding state records management program to department of management and budget, see E.R.O. No. 2009-26, compiled at MCL 399.752.

Popular name: Act 431

Popular name: DMB

18.1288 Inspection or inventory of records.

Sec. 288. A state agency shall permit the department or the department of history, arts, and libraries, upon request, to inspect or inventory records in the custody of the agency.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 2001, Act 71, Imd. Eff. July 24, 2001.

Compiler's note: For transfer of powers and duties of department of history, arts, and libraries regarding state records management program to department of management and budget, see E.R.O. No. 2009-26, compiled at MCL 399.752.

For transfer of powers and duties of department of history, arts, and libraries regarding state archives program to department of natural resources, see E.R.O. No. 2009-26, compiled at MCL 399.752.

Popular name: Act 431

Popular name: DMB

18.1289 Records of archival value; listings of records due for disposal; report; notice of destruction or transfer of record; action to recover records; temporary restraining order.

Sec. 289. (1) In reviewing a draft retention and disposal schedule, the department of history, arts, and libraries shall determine whether any records listed on the schedule possesses archival value and may disapprove or may require modification of a schedule which proposes the destruction of a record possessing archival value.

(2) In cooperation with the department of history, arts, and libraries, the department shall periodically provide the department of history, arts, and libraries with listings of all records in the custody of the records center that are due for disposal before releasing those records for destruction. Within 30 days after receiving these lists, the department of history, arts, and libraries shall report in writing to the records center regarding each list submitted, and may disapprove the destruction of any or all of the records listed. Any record that is considered to potentially have archival value by the department of history, arts, and libraries shall not be destroyed or otherwise disposed of but shall be transferred to the department of history, arts, and libraries.

(3) The department shall notify the state agency that created a record before its destruction or transfer to

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the state archives.

(4) The department of history, arts, and libraries may initiate legal action in circuit court to recover records possessing archival value when there is reason to believe that records have been improperly or unlawfully removed from state custody. Upon initiation of any action, the court may issue a temporary restraining order preventing the sale, transfer, or destruction of a record pending the decision of the court.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 2001, Act 71, Imd. Eff. July 24, 2001.

Compiler's note: For transfer of powers and duties of department of history, arts, and libraries regarding state records management program to department of management and budget, see E.R.O. No. 2009-26, compiled at MCL 399.752.

For transfer of powers and duties of department of history, arts, and libraries regarding state archives program to department of natural resources, see E.R.O. No. 2009-26, compiled at MCL 399.752.

Popular name: Act 431

Popular name: DMB

18.1292 Responsibilities of department of history, arts, and libraries.

Sec. 292. This act shall not be construed to prevent the department of history, arts, and libraries from exercising its responsibilities to ensure that records possessing historical value are protected and preserved in the state archives.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 2001, Act 71, Imd. Eff. July 24, 2001.

Compiler's note: For transfer of powers and duties of department of history, arts, and libraries regarding state records management program to department of management and budget, see E.R.O. No. 2009-26, compiled at MCL 399.752.

Popular name: Act 431

Popular name: DMB

18.1293 Definitions.

Sec. 293. As used in this section and sections 294 to 297:

(a) "Committee" means the committee on the purchase of goods and services from community rehabilitation organizations created in section 295.

(b) "Community rehabilitation organization" means a nonprofit charitable organization or institution incorporated in this state that is operated for the purpose of carrying out a recognized program of employment and training services for people with disabilities.

(c) "Fair market price" means the price established by the committee for goods or services to be purchased from community rehabilitation organizations based upon 1 or more of the following:

(*i*) Available information from reliable market sources.

(*ii*) A market survey conducted by a person designated by the committee.

(*iii*) Previous contract prices adjusted for market conditions.

(*iv*) The range of bids from the most recent solicitation, including a determination of the median price, average price, and any market conditions that have changed since the most recent solicitation.

(*v*) Cost analysis.

(*vi*) Other methods as determined by the committee.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2010, Act 372, Imd. Eff. Dec. 22, 2010.

Popular name: Act 431

Popular name: DMB

18.1294 Purchase of goods and services from community rehabilitation organizations; preferred status.

Sec. 294. (1) To advance the employment of people with disabilities, community rehabilitation organizations shall have preferred status for the purposes of procurement in accord with the provisions of this section. The department's procurements of goods and services from community rehabilitation organizations are exempt from other competitive procurement requirements of this act and, to the extent possible, exempt from other competitive procurement statutes and executive orders. This subsection does not prohibit the department from applying competitive bid requirements to select among community rehabilitation organizations for the purchase of goods and services.

(2) The department shall purchase goods and services that are manufactured or provided by community rehabilitation organizations in this state pursuant to sections 293 to 297.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2010, Act 372, Imd. Eff. Dec. 22, 2010.

Popular name: Act 431

Popular name: DMB

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18.1295 Committee on purchase of goods and services from community rehabilitation organizations; creation; appointment, qualifications, and terms of members; compensation.

Sec. 295. The committee on the purchase of goods and services from community rehabilitation organizations is created within the department and shall consist of 6 members appointed by the governor. The members shall serve for a term of 2 years. The committee shall consist of 1 member from the purchasing division of the department, 1 member from Michigan rehabilitation services, 1 member from the commission on disability concerns, 1 member, who shall serve as the chairperson of the committee, from a statewide nonprofit corporation concerned with community rehabilitation organizations, and 2 members at large. Members of the committee shall serve without compensation.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2010, Act 372, Imd. Eff. Dec. 22, 2010.

Popular name: Act 431

Popular name: DMB

18.1296 Duties of committee.

Sec. 296. The committee shall do all of the following:

(a) Meet as often as necessary, but at least quarterly, to carry out its duties.

(b) Coordinate and monitor the implementation of sections 293 to 297.

(c) Identify, review, and recommend approval or disapproval to the state administrative board of requests from community rehabilitation organizations to provide goods and services for purchase by the department.

(d) Establish eligibility criteria for participating community rehabilitation organizations, including criteria that demonstrate the ability to perform the requirements of the contract and establish that the majority of the direct labor hours required to fulfill the contract are performed by individuals with significant disabilities as that phrase is defined in 29 USC 705(21)(A).

(e) At least annually, in cooperation with the department, establish and review fair market prices and methods for establishing fair market prices for goods and services to be purchased from community rehabilitation organizations.

(f) Establish procedures regarding the functions and operations of the committee.

(g) Prepare an annual report depicting the activities related to this section that includes, at a minimum, all of the following:

(*i*) A summary of products and services purchased by the department from community rehabilitation organizations.

(*ii*) The names of community rehabilitation organizations participating.

(*iii*) The impact of this section upon production, work stabilization, program development, and the number of persons with a disability served by community rehabilitation organizations.

(*iv*) An indication of the areas to which and the amounts for which the budget of the committee was allocated.

(h) At least annually conduct a review of the prices paid by the department for the goods and services provided by community rehabilitation organizations and make any adjustments necessary to establish new fair market prices.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2010, Act 372, Imd. Eff. Dec. 22, 2010.

Popular name: Act 431

Popular name: DMB

18.1297 Priority of selection; specifications; sale of goods and services to other governmental agencies or private businesses.

Sec. 297. (1) For the purposes of identifying those goods or services or both to be provided by community rehabilitation organizations, first priority of selection shall be given to those goods or services or both currently purchased by the department from commercial businesses outside this state. Next selection priority shall be given to those goods or services or both purchased from commercial businesses within this state. If upon review of the current bids or fair market price of both priorities of goods or services or both, the committee finds that community rehabilitation organizations can provide equal goods or services to the department within current bids or fair market price, then those goods or services or both shall be set aside for exclusive provision by community rehabilitation organizations for purchase by the purchasing division of the department.

(2) All goods and services purchased by the department from community rehabilitation organizations shall

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meet the specifications regarding quality, function, and quantity established and published by the department.

(3) This section does not prevent community rehabilitation organizations from selling goods and services to other governmental agencies or private businesses of their choosing.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2010, Act 372, Imd. Eff. Dec. 22, 2010.

Popular name: Act 431

Popular name: DMB

18.1298 Repealed. 2013, Act 243, Eff. Mar. 14, 2014.

Compiler's note: The repealed section pertained to the creation and powers and duties of Michigan capitol park commission.

Popular name: Act 431

Popular name: DMB

18.1298a Repealed. 2013, Act 243, Eff. Mar. 14, 2014.

Compiler's note: The repealed section pertained to compliance with open meetings act and freedom of information act.

Popular name: Act 431

Popular name: DMB

18.1298b Michigan veterans' memorial park; designation; jurisdiction under Michigan veterans' memorial park commission; easement.

Sec. 298b. The following real property is designated the Michigan veterans' memorial park and is under the jurisdiction of the Michigan veterans' memorial park commission:

Commencing at the E 1/4 corner of Section 17, T4N, R2W, City of Lansing, Ingham County, Michigan; thence westerly approximately 470 feet, on the E-W 1/4 line of said Section 17 to the point of beginning; thence southerly approximately 295 feet, to the right-of-way line of the proposed Capitol Loop; thence approximately 840 feet, on the arc of a curve to the right with a central angle of approximately 160 degrees and a radius of approximately 300 feet on said right-of-way; thence southerly approximately 295 feet, to the point of beginning, containing 2.5 acres, more or less. The described parcel is subject to any easement or right of record pertaining to that parcel.

History: Add. 1988, Act 306, Eff. Sept. 1, 1988;—Am. 1992, Act 132, Imd. Eff. July 9, 1992;—Am. 2013, Act 243, Eff. Mar. 14, 2014.

Popular name: Act 431

Popular name: DMB

18.1298c Repealed. 2013, Act 243, Eff. Mar. 14, 2014.

Compiler's note: The repealed section pertained to duties of Michigan capitol park commission.

Popular name: Act 431

Popular name: DMB

18.1298d Repealed. 2013, Act 243, Eff. Mar. 14, 2014.

Compiler's note: The repealed section pertained to powers of Michigan capitol park commission.

Popular name: Act 431

Popular name: DMB

18.1298e Repealed. 2013, Act 243, Eff. Mar. 14, 2014.

Compiler's note: The repealed section pertained to disposition of fees received by Michigan capitol park commission.

Popular name: Act 431

Popular name: DMB

18.1299 Office of state budget director; higher education institutional data inventory advisory committee; membership; review and audits; auditor general report.

Sec. 1299. (1) The office of the state budget director shall do all of the following:

(a) Establish, maintain, and coordinate the state higher education database commonly known as the higher education institutional data inventory or "HEIDI".

(b) Collect data concerning public universities and public university programs in this state, including data required by law, and include it in the database.

(c) Establish procedures to ensure the validity and reliability of the data and the collection process.

(d) Develop model data collection policies, including, but not limited to, policies that ensure the privacy of individual student data. Privacy policies shall ensure that student social security numbers are not released to

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the public for any purpose.

(e) Provide data in a useful manner to allow state policymakers and public university officials to make informed policy decisions.

(f) Assist public universities in complying with audits under this section or federal law.

(g) Perform other functions assigned by the state budget director or required by law.

(2) There is created within the office of the state budget director in the department the higher education institutional data inventory advisory committee. The committee shall provide advice to the state budget director regarding the management of the state higher education database, including, but not limited to:

(a) Determining what data is necessary to collect and maintain.

(b) Defining the roles of all stakeholders in the data collection system.

(c) Recommending timelines for the implementation and ongoing collection of data.

(d) Establishing and maintaining data definitions, data transmission protocols, and system specifications and procedures for the efficient and accurate transmission and collection of data.

(e) Establishing and maintaining a process for ensuring the accuracy of the data.

(f) Establishing and maintaining policies related to data collection, including, but not limited to, privacy policies related to individual student data.

(g) Ensuring the data is made available to state policymakers and citizens of this state in the most useful format possible.

(h) Addressing other matters as determined by the state budget director or as required by law.

(3) The higher education institutional data inventory advisory committee created in subsection (2) shall consist of the following members:

(a) One representative from the house fiscal agency, appointed by the director of the house fiscal agency.

(b) One representative from the senate fiscal agency, appointed by the director of the senate fiscal agency.

(c) One representative from the office of the state budget director, appointed by the state budget director.

(d) Three representatives of the presidents council of state universities, appointed by the presidents council. The presidents council shall appoint 1 representative each from a master's university, a doctoral university, and a research university.

(4) The auditor general shall review higher education institutional data inventory enrollment data submitted by all public universities and shall perform audits of selected data submitted by public universities. The review and audits shall be based upon the definitions, requirements, and uniform reporting categories established by the state budget director in consultation with the higher education institutional data inventory advisory committee. The auditor general shall submit an annual report of findings to the house and senate appropriations committees and the state budget director by July 1 of each year.

History: Add. 2006, Act 95, Imd. Eff. Apr. 4, 2006.

Compiler's note: In the first line of this section, "Sec. 1299.", as added by Act 95 of 2006, evidently should read "Sec. 299."

Popular name: Act 431

Popular name: DMB

ARTICLE 3

18.1301 Meanings of words and phrases.

Sec. 301. For purposes of this article, the words and phrases defined in sections 302 to 305 have the meanings ascribed to them in those sections.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1302 Definitions; A.

Sec. 302. (1) “Adjusted personal income” means the total personal income of this state, less transfer payments, adjusted for inflation. The adjustment for inflation shall be determined by reducing the total personal income of this state less transfer payments for a calendar year by the average of the Detroit consumer price index for the 12 months ending 6 months before the calendar year ends.

(2) “Allocation of state financial resources” means the decision process to place priorities on services by proposing and appropriating money by law for state government services.

(3) “Allotment schedule” means the estimated periodic expenditures and obligations of appropriations constituting a spending plan.

(4) “Annual growth rate” means the percentage change in adjusted personal income for the current calendar year as compared to adjusted personal income for the calendar year immediately preceding the

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current calendar year. The annual growth rate shall be rounded off to the nearest 0.1%.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1303 Definitions; D to P.

Sec. 303. (1) "Detroit consumer price index" means the most comprehensive index of consumer prices available for the Detroit area from the bureau of labor statistics of the United States department of labor or its successor.

(2) "Open-end appropriation" means an annual appropriation without a specific sum, for a state budget purpose.

(3) "Personal income" means as defined by the bureau of economic analysis of the United States department of commerce or its successor.

(4) "Program" means the activities and financial resources applied to a public policy intention as approved by the legislature.

(5) "Proportion" means the proportion of total state spending from state sources paid to all units of local government in a fiscal year, and shall be calculated by dividing a fiscal year's state spending from state sources paid to units of local government by total state spending from state sources for the same fiscal period.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1304 Definitions; S.

Sec. 304. (1) "State budget" means a financial program to deliver state government services.

(2) "State operating fund" means a state fund entity established by law to provide direct financial support for services delivered to the public pursuant to the state budget.

(3) "State spending paid to units of local government" means the sum of total state spending from state sources paid to a unit of local government. State spending paid to a unit of local government does not include a payment made pursuant to a contract or agreement entered into or made for the provision of a service for the state or to state property, and loans made by the state to a unit of local government.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1305 Definitions; T, U.

Sec. 305. (1) "Total state spending" means the sum of state operating fund expenditures, not including transfers between funds.

(2) "Total state spending from state sources" means the sum of state operating fund expenditures not including transfers between funds, federal aid, and restricted local and private sources of financing.

(3) "Transfer payments" means as defined by the bureau of economic analysis of the United States department of commerce or its successor.

(4) "Unit of local government" means unit of local government as defined in section 115(5).

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1321 Office of state budget director; creation; appointment of director; exemption from classified service; term; director as director of department.

Sec. 321. The office of state budget director is hereby created. The state budget director shall be appointed by the governor, be exempt from the classified state civil service, and shall serve at the pleasure of the governor. The state budget director may concurrently serve as the director of the department.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1323 Executive budget function; executive budget proposal; limitation on proposed appropriations.

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Sec. 323. The governor shall establish and maintain an executive budget function through a state budget director. The governor shall develop and present to the legislature an executive budget proposal for the following fiscal period. The executive budget proposal shall include proposed appropriations for state program services and estimated or proposed revenue and resources for all state operating funds. Proposed appropriations shall not exceed the estimated financing in a state operating fund. The executive budget function shall include the management and execution of the state budget which is enacted into law to deliver intended services within actual levels of financing in the state operating funds.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1331 Information; assistance.

Sec. 331. The chief executive officer of a state agency, institution of higher education, or community college shall promptly furnish any information requested by the state budget director and shall provide necessary assistance in implementing this act.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1332 Comprehensive state information relative to programs, financing, priorities, management, and performance; investigations; examinations.

Sec. 332. The state budget director shall obtain from state agencies and develop comprehensive state information relative to programs, financing, priorities, management, and performance. The state budget director may investigate the activities or examine the records of state agencies to ascertain facts in the administration of this act.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1333 Witnesses; oaths; examinations; compelling production of records; enforcement of orders and subpoenas.

Sec. 333. Pursuant to this act, the state budget director may compel attendance and testimony of witnesses, administer oaths, and examine persons as necessary and compel the production of records. Orders and subpoenas issued by the state budget director, in pursuance of the authority vested by this section, may be enforced upon the application to the circuit court for proceedings in contempt of that court as provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1341 Executive state budget; evaluations; review.

Sec. 341. The state budget director shall plan and prepare a comprehensive executive state budget and execute, manage, and control the state budget which is enacted into law. The state budget director shall provide for the evaluation of state programs, planning and evaluation of allocation of state financial resources to programs and activities, and concurrently evaluate administrative management and performance in accordance with approved public policy. The state budget director shall review for cost, program impact, and departmental organization.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1342 Economic analysis, revenue estimating, and monitoring activity.

Sec. 342. The state budget director or state treasurer shall establish and maintain an economic analysis, revenue estimating, and monitoring activity. The activity shall include the preparation of current estimates of all revenue by source for state operating funds for the initial executive budget proposal to the legislature and thereafter through final closing of the state's accounts.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

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Compiler's note: For transfer of powers and duties relating to economic analysis and revenue estimating activities of the State Budget Director in the Office of Revenue and Tax Analysis, Department of Management and Budget, to the State Treasurer as head of the Department of Treasury, see E.R.O. No. 1991-1, compiled at MCL 12.151 of the Michigan Compiled Laws.

Popular name: Act 431

Popular name: DMB

18.1343 Statistical studies; population estimates and projections.

Sec. 343. The state budget director shall conduct statistical studies and make estimates and projections of population relative to size and distribution.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1344 Annual proposals; review of auditor general's audits; state debt; costs of capital outlay projects.

Sec. 344. (1) The state budget director shall develop annual proposals for departmental program activities and the associated estimated costs and sources of financing. The proposals shall reflect current departmental program activities relative to impact on state policy goals, and new and augmented program activities in response to changing priorities. The proposals shall reflect the evaluations and analyses of state programs and activities prescribed in this act.

(2) The state budget director shall review the auditor general's audits of state agencies as a basis for making recommendations in departmental program expenditure proposals.

(3) The state budget director shall annually determine the amounts required for interest and principal of state debt and the estimated costs of capital outlay projects to provide facilities for state program services.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1345 State mandated programs; costs; recommendations.

Sec. 345. Recommendations for appropriations in a departmental budget proposal shall include costs incurred by units of local government to implement state mandated programs as provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1347 Hearings; attendance.

Sec. 347. Before presenting final budget proposals to the governor, the state budget director may hold departmental hearings at which officials of the department may be heard on the proposals. The chief executive officer of a department, or member of a board or commission, or their representatives shall attend the hearings if requested by the state budget director. A governor-elect shall be invited to attend and participate in the departmental hearings.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1348 Executive budget submitted to legislature; recommendations for expenditures; additional and new sources of revenue; considerations in balancing budget of each state operating fund.

Sec. 348. The executive budget submitted to the legislature shall represent financing for all state agency programs provided by the resources of state operating funds. Recommendations for expenditures from each state operating fund shall not exceed the estimated beginning balance of such fund plus the fund's estimated revenue. Additional and new sources of revenue may be proposed in the executive budget to meet the proposed expenditures. In balancing the budget of each state operating fund, the state budget director shall consider proposed open-end appropriations and tax and spending limitations as provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

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18.1349 Proportion of total state spending from state sources paid to units of local government; compliance of budgets with state constitution.

Sec. 349. In accordance with the provision of section 30 of article IX of the state constitution of 1963 , the proportion of total state spending from state sources paid to all units of local government shall not be less than the proportion in effect in fiscal year 1978-1979. The executive budget submitted to the legislature and the budget enacted by the legislature shall be in compliance with section 30 of article IX of the state constitution of 1963.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1350 State spending paid to units of local government; refunds or other repayments.

Sec. 350. (1) If state government assumes the financing and administration of a function, after December 22, 1978, which was previously performed by a unit of local government, the state payments for the function shall be counted as state spending paid to units of local government.

(2) Refunds or other repayments of prior year revenues shall not be considered in the determination of total state spending.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1350a Additional definitions.

Sec. 350a. As used in sections 26 to 28 of article IX of the state constitution of 1963:

(a) "Personal income of Michigan" for a calendar year means total annual personal income as officially reported by the United States department of commerce, bureau of economic analysis, or its successor, in August of the year following the calendar year for which the report is made. Revision of the total annual personal income figure as reported by the bureau of economic analysis after August of the year following the calendar year for which the report is made shall not cause personal income of Michigan as defined to be revised.

(b) "Total state revenues" means the combined increases in net current assets of the general fund and special revenue funds, except for component units included within the special revenue group for reporting purposes only. For fiscal years beginning after September 30, 1986, total state revenues shall be computed on the basis of generally accepted accounting principles as defined in this act. However, total state revenues shall not include the following:

(*i*) Financing sources which have previously been counted as revenue, for the purposes of section 26 of article IX of the state constitution of 1963 such as, beginning fund balance, expenditure refunds, and residual-equity and operating transfers from within the group of funds.

(*ii*) Current assets generated from transactions involving fixed assets and long-term obligations in which total net assets do not increase.

(*iii*) Revenues which are not available for normal public functions of the general fund and special revenue funds.

(*iv*) Federal aid.

(*v*) Taxes imposed for the payment of principal and interest on voter-approved bonds and loans to school districts authorized under section 16 of article IX of the state constitution of 1963.

(*vi*) Tax credits based on actual tax liabilities or the imputed tax components of rental payments, but not including the amount of any credits not related to actual tax liabilities.

(*vii*) Refunds or payments of revenues recognized in a prior period.

(*viii*) The effects of restatements of beginning balances required by changes in generally accepted accounting principles.

(c) The calculation of total state revenues required by section 350b(3) shall not be adjusted after the filing of the report required by June 30, 1989, unless future changes in generally accepted accounting principles would substantially distort the comparability of the base year and the current and future years. In no event shall intervening years be recalculated.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

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18.1350b Prohibited taxes; revenue limit; report.

Sec. 350b. (1) Effective with the 1979-80 state fiscal year, and for each state fiscal year thereafter, the legislature shall not impose taxes of any kind which would result in total state revenues exceeding the revenue limit established in subsection (2).

(2) The revenue limit shall be equal to the product of the ratio of total state revenues in the 1978-79 state fiscal year divided by the personal income of Michigan in calendar year 1977 computed by rounding the quotient to 4 decimal places, multiplied by the personal income of Michigan in either the prior calendar year or the average of personal income of Michigan in the previous 3 calendar years, whichever is greater.

(3) The department shall submit to the legislature, the fiscal agencies, and the auditor general not later than June 30, 1989 a report which shall calculate in detail the base revenue limit as established in subsection (2). This report shall become effective 90 days after submission to the legislature unless disapproved by a concurrent resolution approved by a majority of the members elected and serving in each house by a record roll call vote. If this report takes effect, the calculation of the base revenue limit contained in the report shall be used for the purposes of subsection (2).

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1350c Prohibited expenditures; amount withdrawn from countercyclical budget and economic stabilization fund considered surplus.

Sec. 350c. (1) Expenditures of state government which exceed the sum of the following amounts shall not be incurred in any fiscal year:

(*i*) The revenue limit established in section 350b.

(*ii*) A surplus from a previous year.

(*iii*) Federal aid.

(*iv*) Taxes imposed for the payment of principal and interest on bonds, approved by the voters and authorized under section 15 of article IX of the state constitution of 1963 .

(*v*) Loans to school districts authorized under section 16 of article IX of the state constitution of 1963.

(*vi*) The dollar amount of an emergency established pursuant to section 27 of article IX of the state constitution of 1963.

(*vii*) Other amounts excluded from the calculation of the revenue limit under the definition established in section 350a.

(2) For the purposes of this section, an amount withdrawn from the countercyclical budget and economic stabilization fund created pursuant to section 351 shall be considered a surplus.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1350d Revenues required to be refunded; procedures.

Sec. 350d. (1) The procedures enumerated in this section shall be followed when revenues are required to be refunded pursuant to section 26 of article IX of the state constitution of 1963.

(2) For any fiscal year in which total state revenues exceed the revenue limit as provided in section 26 of article IX of the state constitution of 1963 by 1% or more, the revenues in excess of the revenue limit shall be refunded in accordance with 1941 PA 122, MCL 205.1 to 205.31, for the taxpayer's tax year beginning in the fiscal year for which it is determined that the revenue limit has been exceeded.

(3) A refund shall not be required if total state revenues exceed the revenue limit by less than 1%.

(4) If total state revenues exceed the revenue limit by less than 1%, the governor shall recommend to the legislature that the excess be appropriated to the countercyclical budget and economic stabilization fund, or its successor.

(5) A refund required pursuant to this section shall be refunded during the fiscal year beginning on the October 1 following the filing of the report required by section 350e which determines that the limit was exceeded in the prior fiscal year for which the report was filed.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 2007, Act 183, Imd. Eff. Dec. 21, 2007.

Popular name: Act 431

Popular name: DMB

18.1350e Report.

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Sec. 350e. The department shall annually prepare a report which summarizes in detail the state's compliance with the revenue limit established in section 350b. The report shall be submitted to the auditor general for review and comment not later than May 31 of each year, and shall be published by submission to the legislature not later than June 30 of each year.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1351 Countercyclical budget and economic stabilization fund; creation; purpose; definitions.

Sec. 351. (1) A countercyclical budget and economic stabilization fund is created to assist in stabilizing revenue and employment during periods of economic recession and high unemployment.

(2) As used in this section and sections 352 to 359, “fund” means the countercyclical budget and economic stabilization fund.

(3) As used in section 352, “current calendar year” means the year that ends December 31 in which the determination of the transfer into or out of the fund is being made.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1352 Transfer of funds based on annual growth rate; formula.

Sec. 352. (1) When the annual growth rate is more than 2%, the percentage excess over 2% shall be multiplied by the total state general fund-general purpose revenue for the fiscal year ending in the current calendar year to determine the amount to be transferred to the fund from the state general fund in the fiscal year beginning in the current calendar year.

(2) When the annual growth rate is less than 0%, the percentage deficiency under 0% shall be multiplied by the total state general fund-general purpose revenue for the fiscal year ending in the current calendar year to determine the eligible amount to be transferred to the state general fund from the fund in the fiscal year ending in the current calendar year. When the formula calls for a larger transfer from the fund than is necessary to balance the current fiscal year state general fund-general purpose budget, the excess shall remain in the fund.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1985, Act 96, Imd. Eff. July 18, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1991, Act 29, Eff. Mar. 30, 1992;—Am. 1991, Act 72, Imd. Eff. July 11, 1991;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1353 State unemployment rate; table; purposes for which money may be appropriated from fund; appropriation to Michigan state parks endowment fund.

Sec. 353. (1) In a calendar quarter following a calendar quarter in which the seasonally adjusted state unemployment rate as certified by the director of the department of career development or its successor is 8% or more, an amount may be appropriated from the fund by the legislature for the purposes listed in this section in accordance with the following table:

Percent of seasonally adjusted unemployment in the calendar quarter preceding the calendar quarter in which an amount may be appropriated	Percent of fund available for economic stabilization during the calendar quarter following a calendar quarter of high unemployment
8.0-11.9%	2.5% of fund balance as of first day of calendar quarter
12.0% and over	5.0% of fund balance as of first day of calendar quarter

(2) The legislature may appropriate by law money from the fund in the amounts as provided in this section

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to assist in the following countercyclical economic stabilization purposes:

(a) Capital outlay.

(b) Public works and public service jobs.

(c) Refundable investment or employment tax credits against state business taxes for new outlays and hiring in this state.

(d) Any other purpose the legislature may provide by law which provides employment opportunities counter to the state's economic cycle.

(3) Notwithstanding subsections (1) and (2), there is hereby appropriated $40,000,000.00 from the fund for the Michigan state parks endowment fund. The appropriation provided for in this subsection shall only be effective after the proceeds from the sale of the accident fund have been transferred to the fund as provided for in section 701a of the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.701a.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1994, Act 107, Eff. Mar. 30, 1995;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: For transfer of powers and duties of the director of the department of career development regarding certification of the seasonally adjusted state employment rate to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of powers and duties of director of department of licensing and regulatory affairs regarding certification of seasonally adjusted state unemployment rate from department of licensing and regulatory affairs to department of technology, management, and budget, see E.R.O. No. 2011-4, compiled at MCL 445.2030.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1353a, 18.1353b Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed sections pertained to appropriation from fund and appropriation for civilian conservation corps endowment fund.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1353c Repealed. 2007, Act 145, Imd. Eff. Dec. 1, 2007.

Compiler's note: The repealed section pertained to appropriation of amounts to pay certain court settlements and purchase certain mineral rights.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1353d Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to appropriation to state transportation department.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1353e, 18.1353f Repealed. 2007, Act 145, Imd. Eff. Dec. 1, 2007.

Compiler's note: The repealed sections pertained to appropriation and transfer of funds to state school aid fund and to state water pollution control revolving fund.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1354 Executive budget and appropriations bill; estimate of transfer into or out of fund; installments; transfer of unreserved general fund-general purpose balances.

Sec. 354. (1) The executive budget for each fiscal year shall contain an estimate of the transfer into or out of the fund required by section 352.

(2) The legislature shall include a final estimate of the transfer into or out of the fund required by section 352 in the appropriations bill which contains the revenue estimate required by section 31 of article IV of the state constitution of 1963.

(3) Except as provided in subsection (4), a transfer into the fund shall be made in equal monthly installments throughout the fiscal year. Except as provided in subsection (4), a transfer out of the fund may be

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made as needed during the fiscal year.

(4) Notwithstanding section 352, for each fiscal year ending after October 1, 1997, all unreserved general fund-general purpose balances at the final close of the fiscal year shall be transferred to the fund. If an amount is required to be transferred to the fund for a fiscal year under section 352, any amount transferred to the fund under this subsection shall be considered to be a part of the amount transferred to the fund for purposes of section 352.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1994, Act 107, Eff. Mar. 30, 1995;—Am. 1994, Act 108, Imd. Eff. Apr. 26, 1994;—Am. 1995, Act 159, Imd. Eff. Sept. 25, 1995;—Am. 1995, Act 286, Imd. Eff. Jan. 9, 1996;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The last sentence of subsection (4), as amended by Act 159 of 1995, was vetoed by the governor on September 25, 1995.

In subsection (6), as amended by Act 159 of 1995, the line item "Highland Park Community College.....95,656," was vetoed by the governor on September 25, 1995.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1354a Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to appropriation and transfer of certain excess balances.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1355 Adjustment of transfer into or out of fund; condition; adjustment of appropriation from fund.

Sec. 355. The transfer into or out of the fund as provided in section 352 for each fiscal year beginning after September 30, 1978, may be adjusted in light of revision in the annual growth rate for the calendar year upon which that transfer was made. If an adjustment is made, it shall be implemented by an appropriation bill enacted into law. The adjustment, if made, shall be directly proportional to an increase or decrease in the annual growth rate, but the adjustment shall not be in excess of 1% multiplied by the total general fund-general purpose revenue of the fiscal year upon which the transfer was based. The basis for an adjustment shall be a change in the personal income level for that calendar year as determined by the bureau of economic analysis of the United States department of commerce or its successor in the last report it makes before April 30 of the fiscal year in which that calendar year ended. The adjustment, if made, shall be effective on June 1 of the fiscal year in which the transfer is made.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1991, Act 72, Imd. Eff. July 11, 1991;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1356 Balance in fund; rebate of excess.

Sec. 356. The balance in the fund shall not exceed 10% of the combined level of general fund-general purpose and school aid fund revenues. If the balance in the fund at the end of a fiscal year exceeds 10% of the actual state general fund-general purpose and school aid fund revenues for that fiscal year, the excess shall be rebated to taxpayers on the individual income tax returns filed following the close of that fiscal year according to a schedule to be established by law.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1357 Shortfall in state general fund - general purpose revenue.

Sec. 357. In each fiscal year in which a transfer to the fund takes place, if the state general fund-general purpose revenue falls short of the level upon which a balanced state general fund budget was adopted for that year and the shortfall cannot be attributed to a statutory change in the tax rate, the tax base, fee schedules, or any other change in the revenue sources by which the general fund estimate was made, an amount not to exceed the amount deposited into the fund for that fiscal year may, by majority vote of the members elected to

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and serving in each house, be appropriated from the fund to raise state general fund-general purpose revenue to the level originally anticipated.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1358 Emergency appropriation from fund; conditions; additional transfer; amounts.

Sec. 358. (1) Except as otherwise provided in this section, the legislature may make an emergency appropriation from the fund subject to all of the following conditions:

(a) The maximum appropriation from the fund for budget stabilization as provided in section 352(2) has already been made for the current fiscal year.

(b) The legislature has approved the emergency appropriations bill by a 2/3 majority vote of the members elected to and serving in each house.

(c) The emergency appropriations bill becomes law.

(2) The additional transfer from the fund may be made only for the current fiscal year.

(3) For the fiscal year ending September 30, 2001, the fiscal year ending September 30, 2002 and for each fiscal year beginning with the fiscal year ending September 30, 2004 and ending with the fiscal year ending September 30, 2016, there is appropriated and transferred from the fund to the state trunk line fund established under section 11 of 1951 PA 51, MCL 247.661, the sum of $35,000,000.00.

(4) For the fiscal year ending September 30, 2000, there is appropriated and transferred from the fund to the state trunk line fund established under section 11 of 1951 PA 51, MCL 247.661, the sum of $37,100,000.00.

(5) For the fiscal year ending September 30, 2000, an amount equal to the unreserved general fund/general purpose balance transferred to the fund for the fiscal year ending September 30, 2000, but not to exceed $62,900,000.00, is appropriated and transferred from the fund to the state trunk line fund established under section 11 of 1951 PA 51, MCL 247.661.

(6) For the fiscal year ending September 30, 2014, there is transferred $194,800,000.00 from the fund to the settlement administration fund created in the Michigan settlement administration authority act for the purposes described in that act.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2000, Act 189, Imd. Eff. June 20, 2000;—Am. 2002, Act 504, Imd. Eff. July 19, 2002;—Am. 2014, Act 188, Imd. Eff. June 20, 2014.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1359 Combining amounts in fund and in state treasury for purposes of cash management; investment earnings; separate accounting; crediting transfer to fund.

Sec. 359. Amounts in the fund may be combined by the state treasurer with other amounts in the state treasury for purposes of cash management. The earnings from investment of the fund shall accrue to the fund. The fund shall be accounted for separately from other funds of the state. A transfer to the fund shall be credited toward the fund balance at the start of the fiscal year in which the transfer takes place subject to later revision according to section 355 in the same fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1360 Michigan infrastructure fund; creation; deposit; investment; interest and earnings; money at close of fiscal year; administration of fund for auditing purposes; expenditure.

Sec. 360. (1) The Michigan infrastructure fund is created within the state treasury.

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

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

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(4) The department shall be the administrator of the Michigan infrastructure fund for auditing purposes.

(5) Money shall be expended from the Michigan infrastructure fund, upon appropriation, only to offset future infrastructure expenses as provided by law.

History: Add. 2016, Act 223, Imd. Eff. June 23, 2016.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1360a Expenditure of money; limitation.

Sec. 360a. Money in the Michigan infrastructure fund shall be expended only as provided in an appropriation act.

History: Add. 2016, Act 223, Imd. Eff. June 23, 2016.

Popular name: Act 431

Popular name: DMB

Popular name: Rainy Day Fund

18.1361 Submission of tax credit, deduction, and expenditure report.

Sec. 361. The tax credit, deduction, and exemption report as provided by 1979 PA 72, MCL 21.271 to 21.296, shall be submitted with the annual budget message by the governor to the legislature pursuant to 1979 PA 72, MCL 21.271 to 21.296.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 2003, Act 68, Imd. Eff. July 22, 2003.

Popular name: Act 431

Popular name: DMB

18.1362, 18.1362a Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed sections pertained to refundable income tax credits.

Popular name: Act 431

Popular name: DMB

18.1363 Transmittal of budget to members of legislature and fiscal agencies; line-item appropriation detail; computer software application.

Sec. 363. Within 30 days after the legislature convenes in regular session, except in a year in which a newly elected governor is inaugurated into office when 60 days shall be allowed, the governor shall transmit to each member of the legislature and the fiscal agencies the budget in detail as provided in this act, accompanied by such explanations and recommendations relative thereto as the governor considers necessary. At the time the budget is transmitted to the legislature, the director shall transmit line-item appropriation detail to the fiscal agencies using a computer software application that is compatible with the budget tracking computer systems used by the respective fiscal agencies.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1993, Act 2, Imd. Eff. Feb. 16, 1993;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1366 Financing and maintenance of state agency subject to act.

Sec. 366. Each state agency is subject to this act and shall be financed and maintained by specific appropriations by the legislature from the operating funds of the state, as such funds may be dedicated by law, pursuant to the submission of the state budget.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

****** 18.1367 THIS SECTION IS AMENDED 91 DAYS AFTER ADJOURNMENT OF THE 2016 REGULAR SESSION SINE DIE: See 18.1367.amended ******

18.1367 Transmittal of executive budget bills and bills for additional revenue to members of legislature and fiscal agencies; contents of executive budget bill and enacted budget bill.

Sec. 367. (1) Concurrent with transmitting the state budget to the legislature, the governor shall submit to

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the legislature and the fiscal agencies executive budget bills containing itemized statements of estimated state spending to be paid to local units of government, individual line item amounts, including the number of FTE positions to be funded by each individual line item amount, for the proposed expenditures and any necessary bills for additional revenue to provide financing for the proposed expenditures.

(2) One executive budget bill and 1 enacted budget bill shall contain all of the following:

(a) The estimated revenue for each state operating fund in sufficient detail to provide for comparison with actual revenue.

(b) Summary totals for each state operating fund to reflect that recommended expenditures for each fund are within proposed and estimated resources.

(c) A statement of estimated state spending to be paid to units of local government, total state spending from state sources of financing, and the state-local proportion derived from that data.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

****** 18.1367.amended THIS AMENDED SECTION IS EFFECTIVE 91 DAYS AFTER ADJOURNMENT OF THE 2016 REGULAR SESSION SINE DIE ******

18.1367.amended Transmittal of executive budget bills to members of legislature and fiscal agencies; contents of executive budget bill and enacted budget bill.

Sec. 367. (1) Concurrent with transmitting the state budget to the legislature, the governor shall submit to the legislature and the fiscal agencies executive budget bills containing itemized statements of estimated state spending to be paid to local units of government; annual required employer contributions toward total unfunded retiree health care and pension legacy costs as determined by the state's consulting actuary for each department and the legislative branch and the judicial branch; individual line item amounts, including the number of FTE positions to be funded by each individual line item amount, for the proposed expenditures; and any necessary bills for additional revenue to provide financing for the proposed expenditures.

(2) One executive budget bill and 1 enacted budget bill shall contain all of the following:

(a) The estimated revenue for each state operating fund in sufficient detail to provide for comparison with actual revenue.

(b) Summary totals for each state operating fund to reflect that recommended expenditures for each fund are within proposed and estimated resources.

(c) A statement of estimated state spending to be paid to units of local government, total state spending from state sources of financing, and the state-local proportion derived from that data.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2016, Act 221, Eff. (sine die).

Popular name: Act 431

Popular name: DMB

18.1367a “Conference” and “principal” defined.

Sec. 367a. As used in this section and sections 367b to 367f:

(a) “Conference” means the revenue estimating conference established by this act.

(b) “Principal” means a person designated in section 367b to be a principal of the conference.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991.

Compiler's note: Former MCL 18.1367a, which pertained to definitions, was repealed by Act 72 of 1991 , Imd. Eff. July 11, 1991.

Popular name: Act 431

Popular name: DMB

18.1367b Revenue estimating conference; principals; forecasts.

Sec. 367b. (1) A revenue estimating conference shall be held in the second week of January and in the third week in May of each year, and as otherwise provided in this act.

(2) The principals of the conference shall be the state budget director or the state treasurer, the director of the senate fiscal agency, and the director of the house fiscal agency, or their respective designees.

(3) The conference shall establish an official economic forecast of major variables of the national and state economies. The conference shall also establish a forecast of anticipated state revenues as the conference determines including the following:

(a) State income tax collections.

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(b) State sales tax collections.
(c) Corporate income tax collections.
(d) Michigan business tax collections.
(e) Total general fund/general purpose revenues.
(f) Lottery transfers to the school aid fund.
(g) Total school aid fund revenues.
(h) Annual percentage growth in the basic foundation allowance provided for in the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.
(i) Compliance with the state revenue limit established by section 26 of article IX of the state constitution of 1963.
(j) Pay-ins or pay-outs required under the countercyclical budget and economic stabilization fund.
(4) The conference's official forecast of economic and revenue variables shall be determined by consensus among the principals.
(5) The forecasts required by this section shall be for the fiscal year in which the conference is being held and the next 2 ensuing fiscal years. The conference shall also forecast general fund/general purpose revenue trend line projections and school aid fund revenue trend line projections for the next 2 ensuing fiscal years.
(6) The May revenue estimating conference shall establish expenditure forecasts for medicaid expenditures and for human services caseloads and expenditures for the fiscal year in which the conference is being held and the next 2 ensuing fiscal years.
(7) The official conference forecasts of revenues and expenditures shall be based upon the assumption that the current law and current administrative procedures will remain in effect for the forecast period.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2007, Act 183, Imd. Eff. Dec. 21, 2007;—Am. 2011, Act 47, Imd. Eff. May 27, 2011.

Compiler's note: Former MCL 18.1367b, which pertained to revenue estimating conference, principals, and forecasts, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular name: Act 431

Popular name: DMB

18.1367c Requests by conference for assistance and data.

Sec. 367c. The conference may request and shall receive from all public officers, departments, agencies, and authorities of the state the assistance and data needed to enable it to fulfill its duties.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991.

Compiler's note: Former MCL 18.1367c, which pertained to revenue forecast as revenue estimate, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular name: Act 431

Popular name: DMB

18.1367d Conference procedures.

Sec. 367d. (1) The procedures of the conference shall be decided by the principals, except that any final action establishing an official forecast shall be taken only with the unanimous decision of all of the principals, and a conference shall complete its work within a period of not more than 5 days unless extended by consensus of the principals.
(2) All sessions and meetings of a conference shall be open to the public.
(3) A principal may invite persons to make a presentation or offer testimony to the conference.
(4) A principal shall preside over conference sessions, convene conference sessions, and specify topics to be included on the conference agenda. The responsibility of presiding over sessions of the conference shall be rotated annually among the principals. The principals shall elect the initial chairperson and thereafter the position of chairperson shall rotate among the principals each year.
(5) The chairperson presiding over a conference is also responsible for setting the conference date and preparing and distributing the necessary workpapers before the conference. The workpapers shall include comparisons between alternative information where a comparison is warranted.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991.

Compiler's note: Former MCL 18.1367d, which pertained to request for assistance and data from state officers and agencies, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular name: Act 431

Popular name: DMB

18.1367e Publication of economic and revenue forecasts.

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Sec. 367e. The conference shall publish the economic and revenue forecasts established by the conference.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991.

Compiler's note: Former MCL 18.1367e, which pertained to conference procedures, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular name: Act 431

Popular name: DMB

18.1367f Convening conference upon request of principal.

Sec. 367f. Upon the written request of a principal, a conference shall be convened by the chairperson.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: Former MCL 18.1367f, which pertained to publication of economic and revenue forecasts, was repealed by Act 72 of 1991, Imd. Eff. July 11, 1991.

Popular name: Act 431

Popular name: DMB

18.1367g Repealed. 1991, Act 72, Imd. Eff. July 11, 1991.

Compiler's note: The repealed section pertained to convening conference at request of principal.

Popular name: Act 431

Popular name: DMB

18.1368 Monitoring passage of budget bills; assisting governor in explanation of recommendations; revisions to recommendations and estimates; veto recommendations.

Sec. 368. The state budget director shall monitor passage of budget bills and assist the governor in the explanation to the legislature of recommendations contained in the state budget proposal. As it may be necessary, the state budget director shall prepare revisions to recommendations and estimates during consideration of the state budget by the legislature. The state budget director may develop recommendations to the governor for veto of items in a budget bill as passed by the legislature.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1369 Item or items vetoed by governor; funding from other source.

Sec. 369. A distinct item or items vetoed by the governor that are not subsequently overridden by the legislature shall not be funded from any other source without a new specific appropriation.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1371 Expenditure or obligation exceeding gross appropriation level prohibited; responsibility for exceeding appropriation; report of violation and statement of action taken; division of appropriation into allotments; spending plan; review of allotments; report; remedies to maintain level of program service.

Sec. 371. (1) An employee of a state agency shall not make or authorize an expenditure or incur an obligation that results in the agency exceeding the gross appropriation level of an appropriation line item made to that agency by the legislature. The chief executive officer and the chief financial officer of a state agency are responsible for any action taken by a state agency that results in exceeding an appropriation. The chief executive officer of a state agency shall report a violation of this subsection immediately to the director and the chairpersons of the senate and house appropriations committees, together with a statement of any action taken to remedy the occurrence.

(2) Within 15 days after a bill appropriating an amount is enacted into law, the amount appropriated shall be divided into allotments by department and by state agency based on periodic requirements to represent a spending plan. The state budget director shall review the allotments. Not later than June 1 of each year, the director shall submit to the chairpersons of the appropriations committees and the fiscal agencies a report that provides estimates as to which departments are spending at a rate that would exceed the level of the appropriation for the fiscal year. This report shall include recommendations as to actions that need to be taken to ensure that actual expenditures do not exceed the appropriation at the close of the fiscal year. When it appears that a spending plan, or sources of financing related to a spending plan, do not provide the level of program service assumed in the appropriation for the fiscal year, the state budget director shall immediately

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notify the chairpersons and minority chairpersons of the appropriations committees, the chairpersons and minority chairpersons of the appropriate appropriations subcommittees, and the fiscal agencies.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2007, Act 2, Imd. Eff. Mar. 19, 2007.

Popular name: Act 431

Popular name: DMB

18.1372 Adjustment of allotments; withholding payment; limitation on payments; open-end appropriations; reduction or adjustment of allotments; report of action taken; directives for allotment of appropriations.

Sec. 372. (1) Allotments may be adjusted by the state budget director as requested by a department, subject to the considerations in section 371(2).

(2) A payment which would exceed an allotment balance may be withheld by order of the state budget director. Payments shall not exceed the total periodic allotments for the fiscal year.

(3) For open-end appropriations, a continuing allotment may be approved by the state budget director or the state budget director may require the state agency to submit requests for periodic allotments.

(4) Allotments may be reduced or adjusted by the state budget director as a result of implementing measures of administrative efficiency, including the abolishment of positions by appointing authorities. An action taken under this section shall be reported to the appropriations committees and the fiscal agencies within 15 days after the action is taken.

(5) The state budget director may issue directives for the allotment of appropriations.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1373 Classification of line item in spending categories; spending plan; submission to state budget office; review; approval; resubmission of revised spending plan; submission to legislative committees; posting on public website; adjustments; definitions.

Sec. 373. (1) Beginning fiscal year 2013-2014, each reporting unit shall classify each line item in the enacted budget in 1 of the following spending categories: core services, support services, or work projects. Each reporting unit shall prepare a spending plan for each line item in the most recently enacted budget.

(2) A spending plan under this section shall do all of the following:

(a) Summarize the line items by appropriation unit.

(b) Not exceed the gross appropriation for the line item in the enacted budget. A spending plan may propose a lesser amount if the federal or state revenues are anticipated to be less than the amount appropriated.

(c) Identify the budget requirements for each core service, support service, and work project to, at a minimum, the following expense categories:

(*i*) State employee wages.

(*ii*) State employee benefits including insurances, retirement, and other postemployment benefits.

(*iii*) Materials and equipment.

(*iv*) Facilities, including rent, building occupancy charges, and utilities.

(*v*) Direct payments to clients.

(*vi*) Medical payments on behalf of clients.

(*vii*) Educational expenses on behalf of clients or students.

(*viii*) Other contracts.

(*ix*) All other costs.

(d) Identify revenue sources and amounts for each appropriation unit.

(3) Each reporting unit shall submit its spending plan to the state budget office each year within 60 days after enactment of the budget. The state budget office shall define expense categories, design a standardized spending plan reporting format, and make the reporting form available for use by each reporting unit.

(4) Within 30 days after the state budget office receives the spending plans from the reporting units, the director of the state budget office shall either review and approve each spending plan or, if the director requests changes, return the spending plan to the reporting unit with a description of requested changes. The reporting unit shall resubmit a revised spending plan that addresses the requested changes within 2 weeks. The state budget director shall submit each approved spending plan to the appropriate appropriations

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subcommittees and the senate and house fiscal agencies in a spreadsheet-compatible format, and post it on the department's public website.

(5) For the fiscal year 2014-2015 and each subsequent fiscal year, the legislature intends that the state budget director and the senate and house appropriations committees work to identify suitable adjustments to the annual state budget process to utilize the information contained in the spending plans produced under this section.

(6) As used in this section:

(a) "Appropriation unit" means a numbered section in a budget bill that includes a related group of discrete line-item appropriations representing the structure of an organization or its major programs, the sum of which line-item appropriations equals the total appropriation for the appropriation unit and the sum of the appropriation unit total equals the total appropriation for the organization.

(b) "Core service" means an activity that provides measurable value to beneficiaries such as citizens, businesses, and units of local government.

(c) "Reporting unit" means a state agency, excluding a public body corporate and politic, to which an appropriation is made. However, a public body corporate and politic shall post annually on its website substantially the same spending and revenue data described in subsection (2)(c) and (d).

(d) "Schedule of programs" means a listing of the programs within a budget that are funded from a specific line item.

(e) "Support service" means an activity, such as information technology, accounting, human resources, legal, and other support functions that are required to support the ongoing delivery of core services.

(f) "Work project" means that term as defined in section 404 and that meets the criteria in section 451a(1).

History: Add. 2012, Act 536, Imd. Eff. Jan. 2, 2013.

18.1381 New or expanded programs.

Sec. 381. A state agency shall not establish a new program or expand a current program, from any source of funds, above the level approved in the enacted budget. Proposals for new or expanded programs shall be documented as required and submitted by a state agency to the state budget director for recommendation to the legislature.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1382 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to recommendation for supplemental appropriation.

Popular name: Act 431

Popular name: DMB

18.1384 Application for federal financial assistance; notification; form; contents; notice of award, rejection, revision, or deferment of application; report of availability and proposed allocation of grant funds; condition to commitment of grant funds; report.

Sec. 384. (1) A state agency which applies for federal financial assistance shall notify the department within 10 days after the application is sent. The notification to apply for federal financial assistance shall be on a form prescribed by, and contain information requested by, the department. Within 10 days after the state agency receives notice that its application for federal financial assistance is awarded, rejected, revised, or deferred, the state agency shall provide notice of the award, rejection, revision, or deferment of the application to the department.

(2) Within 30 days after a state agency receives notice that a federal grant has been awarded to the state for which organizations or units of local government are eligible to apply, the state agency administering the federal grant program shall report to the legislature and the fiscal agencies the availability of the grant funds and the proposed plan for allocating the grant funds to the organizations or units of local government. A state agency shall not commit any federal grant funds before this notification to the legislature has occurred and a subsequent appropriation of the funds is made by the legislature.

(3) Before December 1 and June 1 of each year, each principal department shall report to the appropriations committees, the fiscal agencies, and the department estimates on the extent to which federal revenues appropriated have been realized and are expected for the remainder of the fiscal year. The report shall detail the estimate by program or grant, and catalog of federal domestic assistance account.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

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Popular name: Act 431

Popular name: DMB

18.1386 Monthly financial reports; preparation; transmittal; contents.

Sec. 386. (1) The state budget director shall prepare monthly financial reports.

(2) Within 30 days after the end of each month, the state budget director shall transmit copies of the monthly financial report to all the appropriations committee members and the fiscal agencies. The monthly financial report due by December 1 shall be the first monthly financial report to include statements concerning the fiscal year which began on October 1.

(3) Each monthly financial report shall contain the following information:

(a) A statement of actual monthly and year-to-date revenue collections for the general fund/general purpose revenues, school aid fund revenues, and the tax collections dedicated to the transportation funds; including a comparison with prior year amounts, statutory estimates, and the most recent estimates from the executive branch.

(b) A statement of estimated year-end appropriations lapses and overexpenditures for the state general fund by principal department.

(c) A statement projecting the ending state general fund and state school aid fund balances for the fiscal year in progress.

(d) A summary of current economic events relevant to the Michigan economy, and a discussion of any economic forecast or current knowledge of revenue collections or expenditure patterns that is the basis for a change in any revenue estimate or expenditure projection.

(e) A statement of estimated and actual total state revenues compared to the revenue limit provided for in section 26 of article IX of the state constitution of 1963.

(f) A statement of the estimated fiscal year-end balance of state payments to units of local government pursuant to section 30 of article IX of the state constitution of 1963.

(g) Any other information considered necessary by the state budget director or jointly requested by the chairpersons of the appropriations committees.

(h) A statement of year-to-date balances for the following funds:

(*i*) The countercyclical budget and economic stabilization fund or its successor.

(*ii*) The natural resources trust fund or its successor.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2011, Act 47, Imd. Eff. May 27, 2011.

Popular name: Act 431

Popular name: DMB

18.1388 Monitoring and projecting state spending paid to units of local government; remedial actions.

Sec. 388. State spending to units of local government shall be continually monitored and projected by the state budget director. If projections indicate that state spending to units of local government will not meet the proportion required by law, the state budget director shall recommend to the governor, and the governor shall propose remedial actions to the legislature.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1389 Withholding of payment to municipality; purpose; report; "municipality" defined.

Sec. 389. (1) The department or the department of treasury may withhold all or part of any payment that a municipality is entitled to receive under a budget act to the extent the withholdings are a component part of a plan, developed and implemented under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, for financing an outstanding obligation upon which the municipality defaulted. Amounts withheld shall be used to pay, on behalf of the municipality, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the municipality defaulted.

(2) Within 30 days after any amount is withheld from any municipality pursuant to this section, the department withholding the payment shall report in writing the name of the municipality and the amount that is being withheld from that municipality to the appropriations committees and the fiscal agencies.

(3) For purposes of this section, "municipality" means that term as defined in section 103 of the revised municipal finance act, 2001 PA 34, MCL 141.2103.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 2002, Act 188, Imd. Eff. Apr. 24,

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2002.

Popular name: Act 431

Popular name: DMB

18.1391 Actual revenues falling below revenue estimates; review of appropriations; recommending reduction of expenditures; review of recommendations; order containing reductions; notice; meeting; approval or disapproval of order; implementation of order; filing order and resolutions; special lapse accounts.

Sec. 391. (1) When it appears to the governor, based upon written information received by the governor from the budget director and the department of treasury, that actual revenues for a fiscal period will fall below the revenue estimates on which appropriations for that period were based, the estimates being as determined by the legislature in accordance with section 31 of article IV of the state constitution of 1963, the governor shall order the director to review all appropriations made by the legislature, except those made for the legislative and judicial branches of government or from funds constitutionally dedicated to specific purposes.

(2) Based upon needs, the director shall recommend to the governor a reduction of expenditures authorized by the appropriations, either direct or open-ended, for that fiscal year. The governor shall review the recommendations of the director and shall prepare an order containing reductions in expenditures authorized so that actual revenues for the fiscal period will be sufficient to equal the expenditures. The governor shall give not less than 5 days' written notice to the members of the appropriations committees specifying a time and place for a joint meeting of the governor and the appropriations committees, at which the governor shall present to the appropriations committees the governor's recommendations and copies of the governor's proposed order.

(3) Not later than 10 days after the submission of the order to the appropriations committees, each appropriation committee by vote of a majority of its members elected and serving shall approve or disapprove the order. Expenditures authorized by appropriations shall not be reduced unless approved by both appropriations committees. Upon approval by both appropriations committees, the director shall implement the order.

(4) If either appropriation committee disapproves the order, the order is without force and effect. Not later than 30 days after a proposed order is disapproved, the governor may give reasonable written notice of the time and place of a further joint meeting of the appropriations committees, at which time the governor shall submit another order reducing expenditures authorized by appropriations. Within 10 days after the receipt of that order by the appropriations committees, each appropriations committee, by a majority of its members elected and serving, shall approve or disapprove the order. Upon approval by both appropriations committees, the director shall implement the order.

(5) After the approval by both appropriations committees pursuant to subsection (3) or (4), a copy of the order of the governor and resolutions of both appropriations committees approving it shall be filed with the secretary of state and the order shall become effective.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1392 Reduction of line item appropriations in subsequent legislation.

Sec. 392. This act shall not be construed to prohibit the legislature from reducing line item appropriations in budget acts in subsequent legislation.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1393 Administrative transfers of appropriations within department; purpose; notice; prohibited adjustments; approval or disapproval.

Sec. 393. (1) Administrative transfers of appropriations within any department to adjust for current cost and price variations from the enacted budget items, or to adjust amounts between federal sources of financing for a specific appropriation line item, or to adjust amounts between restricted sources of financing for a specific appropriation line item, or to pay court judgments, including court approved consent judgments, or to pay all settlements and claims may be made by the state budget director not less than 30 days after notifying each member of the senate and house appropriations committees. Administrative transfers shall not include adjustments that have policy implications or that have the effect of creating, expanding, or reducing programs within that department. Those transfers may be disapproved by either appropriations committee within the 30

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days and, if disapproved within that time, shall not be effective.

(2) A transfer of appropriations within any department other than an administrative transfer pursuant to subsection (1) shall not be made by the state budget director unless approved by both the senate and house appropriations committees. If the state budget director does not approve transfers adopted by both the senate and house appropriations committees under this subsection, the state budget director shall notify each member of both the senate and house appropriations committees of his or her action within 15 days after the senate and house appropriations committees' final approval.

(3) A transfer approved by the appropriations committees shall not be effective unless it is identical in terms of funding sources and dollar amounts.

(4) A transfer approved pursuant to this section shall constitute authorization to transfer the amount recommended and approved. However, the amount shall be reduced by the state budget director to be within the current unobligated amount of the appropriation.

(5) Capital outlay appropriations may be transferred from a state agency, community college, or institution of higher education to provide necessary funds for the completion of an authorized capital outlay project. Operating appropriations shall not be transferred into an existing capital outlay account.

(6) Transfers shall not be authorized under any of the following circumstances:

(a) To create a new line-item appropriation or to create a new state program.

(b) To or from an operating appropriation line-item that did not appear in the fiscal year appropriation bills for which the transfer is being made.

(c) To or from a work project as designated under section 451a.

(d) Between state governmental funds.

(7) Transfers of appropriations for financing sources shall be made concurrently with related transfers of appropriations for line expenditure items.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 430, Imd. Eff. Dec. 21, 2012.

Popular name: Act 431

Popular name: DMB

18.1395 Financing from federal, state restricted, local, or private funding; financing by multiple fund sources; spending of state matching money; reductions; notice; adjustments; corrective action; prohibited transfer.

Sec. 395. (1) Appropriation line items in a budget act financed from federal, state restricted, local, or private funding authorize spending only for the amount of the funds actually earned up to the amount appropriated. When an appropriation line item that is financed from federal, state restricted, local, or private funding sources is earning funds less than the appropriated amount, the department shall reduce the overall level of expenditures from the appropriation line item to reflect the estimated funding shortfall. In an appropriation line item financed by multiple fund sources, any state general fund/general purpose appropriation shall be used only after the federal, state restricted, local, or private funds have been expended.

(2) Except as otherwise provided in this section, spending of state matching money in an appropriation shall be maintained in the proportion appropriated. When federal money is earned in an amount less than appropriated and the matching requirements have not been reduced, spending of any state matching appropriation shall be reduced accordingly.

(3) When federal matching formulas are adjusted to increase the federal share of the costs of a program, spending of any state matching appropriation shall be reduced accordingly. Within 15 days after receipt of a notice of such a change, the state agency shall notify the state budget director. The state budget director shall within 15 days make a recommendation to the senate and house appropriations committees and the fiscal agencies to adjust existing appropriations to implement the change in the federal matching rate.

(4) When federal matching formulas are adjusted to reduce the federal share of the costs of a program, the affected state agency shall notify the department. After receipt of the notice of such a change the state budget director shall take appropriate corrective action. For purposes of this subsection, a transfer to increase the state matching appropriations shall not be permitted under section 393(1).

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 2007, Act 2, Imd. Eff. Mar. 19, 2007;—Am. 2007, Act 169, Imd. Eff. Dec. 21, 2007.

Popular name: Act 431

Popular name: DMB

18.1396 Paying or recording certain expenditures from appropriations; notice of certain

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settlements or consent judgments; report.

Sec. 396. (1) From the appropriations contained in a budget act, a state agency shall pay or record expenditures for the following:

(a) Court judgments, including court approved consent judgments; all settlements, awards, and claims.

(b) Writeoffs of accounts receivable recorded in a prior year.

(2) The attorney general shall notify the senate and house appropriations committees, the speaker of the house, the senate majority leader, and the fiscal agencies within 14 days after entering into a settlement or consent judgment which would result in a state obligation that exceeds $200,000.00. The notice shall include a summary of the facts of the case and the reason or reasons that the settlement or consent judgment would be in the best interests of the state.

(3) Before December 1 of each year, each principal department shall transmit to the appropriations committees and fiscal agencies a written report which includes all of the following:

(a) The total dollar amount of final judgments and settlements against the principal department for the most recent completed fiscal year.

(b) Each source of funding and item appropriating money in a budget act, which source and item is used to pay the judgments and settlements pursuant to subdivision (a).

(c) The total dollar amount of final judgments and settlements received in the most recent completed fiscal year pursuant to legal actions by the principal department.

(d) Each revenue account in which money was credited pursuant to subdivision (c).

(e) An estimate of the total dollar amount and a description of the facts involved in each court action currently pending against the department for the most recently completed fiscal year.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1397 Appropriations for 2001-2002 fiscal year; supplemental; adjustment; use of unexpended funds from trial court improvements work project; appropriations reduction.

Sec. 397. (1) Appropriations for the 2001-2002 fiscal year are supplemented and adjusted as follows:

APPROPRIATION SUMMARY:

GROSS APPROPRIATION ...	$(9,916,100)
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers ...	0
ADJUSTED GROSS APPROPRIATION ...	$(9,916,100)
Federal revenues:	
Total federal revenues ...	0
Special revenue funds:	
Total local revenues ...	0
Total private revenues ...	0
Total other state restricted revenues	0
State general fund/general purpose ...	$(9,916,100)

(a) JUDICIARY

(*i*) APPROPRIATION SUMMARY:

GROSS APPROPRIATION ...	$(4,777,700)
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers ...	0
ADJUSTED GROSS APPROPRIATION ...	$(4,777,700)
Federal revenues:	
Total federal revenues ...	0
Special revenue funds:	
Total local revenues ...	0
Total private revenues ...	0
Total other state restricted revenues ...	0

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State general fund/general purpose ...	$(4,777,700)
(*ii*) JUDICIARY	
Judiciary reductions ...	$(4,777,700)
GROSS APPROPRIATION ...	$(4,777,700)
Appropriated from:	
State general fund/general purpose ...	$(4,777,700)
(b) LEGISLATURE	
(*i*) APPROPRIATION SUMMARY:	
GROSS APPROPRIATION ...	$(5,138,400)
Interdepartmental grant revenues:	
Total interdepartmental grants and intradepartmental transfers ...	0
ADJUSTED GROSS APPROPRIATION ...	$(5,138,400)
Federal revenues:	
Total federal revenues ...	0
Special revenue funds:	
Total local revenues ...	0
Total private revenues ...	0
Total other state restricted revenues ...	0
State general fund/general purpose ...	$(5,138,400)
(*ii*) LEGISLATURE	
Senate ...	$(1,267,500)
Senate automated data processing ...	(113,400)
Senate fiscal agency ...	(168,700)
House of representatives ...	(1,548,600)
House automated data processing ...	(89,200)
House fiscal agency ...	(159,100)
Legislative auditor general ...	(672,800)
GROSS APPROPRIATION ...	$(4,019,300)
Appropriated from:	
State general fund/general purpose ...	$(4,019,300)
(*iii*) LEGISLATIVE COUNCIL	
Legislative council ...	$ (575,700)
Legislative service bureau automated data processing ...	(79,000)
e-Law, legislative council technology enhancement project ...	(125,300)
Legislative corrections ombudsman ...	(29,000)
Worker's compensation ...	(8,000)
National association dues ...	(20,300)
GROSS APPROPRIATION ...	$ (837,300)
Appropriated from:	
State general fund/general purpose ...	$ (837,300)
(*iv*) LEGISLATIVE RETIREMENT SYSTEM	
General nonretirement expenses ...	$ (164,000)
GROSS APPROPRIATION ...	$ (164,000)
Appropriated from:	
State general fund/general purpose ...	$ (164,000)
(*v*) PROPERTY MANAGEMENT	

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Capitol building ...	$ (117,800)
GROSS APPROPRIATION ...	$ (117,800)
Appropriated from:	
State general fund/general purpose ...	$ (117,800)

(2) Notwithstanding any other provisions in this section, unexpended fiscal year 2000-2001 appropriations from the trial court improvements work project may be used to satisfy the negative appropriations figure reflected in subsection (1)(a).

(3) The appropriations reduction in subsection (1)(a) for judiciary may include a reduction to the general fund portion of the court equity fund reimbursements line item not to exceed 7-1/2%.

History: Add. 2001, Act 161, Imd. Eff. Nov. 6, 2001.

Popular name: Act 431

Popular name: DMB

ARTICLE 4

18.1401 Meanings of words and phrases.

Sec. 401. For purposes of this article, the words and phrases defined in sections 402 to 404 have the meanings ascribed to them in those sections.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1402 Definitions; C to E.

Sec. 402. (1) "Comprehensive annual financial report" means the official annual financial report of the state published by the department in accordance with section 23 of article IX of the state constitution of 1963.

(2) "Disbursement" means payment.

(3) "Encumbrance" means a commitment related to unperformed contracts for goods and services which is recognized as a reservation of fund balance for financial reporting purposes.

(4) "Expenditure" means charges incurred for work performed, supplies and materials delivered, services rendered, and grants and debt service due, whether or not payment has been made.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1403 Definitions; I to R.

Sec. 403. (1) "Imprest cash" means an account with the state treasurer into which a fixed amount of money is placed for the purpose of minor or emergency disbursements.

(2) "Indirect cost" means an amount which is received from the federal government relative to administering an award, contract, or grant made by the federal government.

(3) "Operating fund" means a fund in which the revenues and expenditures are subject to appropriation control.

(4) "Petty cash" means a sum of money set aside on an imprest basis for the purpose of making change or paying small obligations.

(5) "Receipt" means payment received.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1404 Definitions; R to W.

Sec. 404. (1) "Revenues" means the increases in the net current assets of a fund other than from expenditure refunds and residual equity transfers.

(2) "Revolving fund" means a self-supporting fund which provides services or sells goods to state agencies, other governmental jurisdictions, or the public.

(3) "Unencumbered balance" means that portion of an appropriation not yet expended and encumbered.

(4) "Unexpended balance" means that portion of an appropriation not yet expended.

(5) "Unit of local government" means unit of local government as defined by section 115(5).

(6) "Work project" means a 1-time nonrecurring undertaking for the purpose of accomplishing an objective

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contained in specific line-item appropriation for that purpose or any other specific line-item appropriation designated as a work project by law under criteria established under section 451a(1).

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1411 Repealed. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Compiler's note: The repealed section pertained to certain appropriations unpaid due to employees' retirement.

Popular name: Act 431

Popular name: DMB

18.1421 Internal control in management of state's financial transactions; powers of director; accounting principles.

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

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

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

(c) Monitor, approve or disapprove, and assist in the development and enhancement of agency accounting systems. When assistance is provided, the state agency shall be interaccount billed for the cost of the services provided. The director shall issue directives to implement this subdivision.

(d) Examine, directly or by the director's representative, each proposed payment from the state treasury as will enable the director to certify to the state treasurer that the proposed payment is correct, for the discharge of a state liability or for some other purpose authorized by law, within the scope of the appropriation to which charged, and is not in excess of the unexpended or unencumbered balance of the appropriation. Except for investment transactions and refund of taxes, a payment shall not be made from the state treasury except upon certification of the director.

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

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

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

(2) If there is a conflict between generally accepted accounting principles, the principles adopted by the governmental accounting standards board, or its successor, shall be used. Changes in generally accepted accounting principles which require budgetary revisions shall be incorporated not later than the next executive budget after the change is issued. The director shall issue directives to incorporate any changes, additions, and rescissions made to the generally accepted accounting principles as they affect the accounting of state government. If an item is not covered by an existing generally accepted accounting principle, the director shall issue a directive which shall not be effective until 30 days after the directive is reported to the appropriations committee and the auditor general.

(3) The department shall not change an accounting principle, or the application of an accounting principle, from that which was followed in the preceding fiscal year if the change will materially affect the final year-end balance of an appropriated operating fund, unless the change in the accounting principle or the application of the accounting principle is reported to the senate and house appropriations committees not later than 120 days after the end of the fiscal year for which the change is to be implemented. However, the 120-day notice requirement shall not apply to a change in an accounting principle or the application of an accounting principle which is implemented to conform with requirements promulgated by the governmental accounting standards board, or its successor.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1421a Legislative and judicial access to state financial management system.

Sec. 421a. (1) The legislative and judicial branches of government shall have uninterrupted access to all

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capabilities of the state financial management system.

(2) A person who deliberately interrupts access violates this section and is subject to a civil penalty of $1,000.00 per day for each separate violation of this section.

History: Add. 1994, Act 301, Imd. Eff. July 14, 1994.

Popular name: Act 431

Popular name: DMB

18.1422 Advances.

Sec. 422. The chief executive officer of a principal department may make advances to participants in state programs which require the expenditure of money before reimbursement by the state or receipt of federal money. An advance shall not be made unless the advance is approved by the director of the department of management and budget. The director after consultation with the state treasurer shall issue directives implementing this section which shall provide for repayment, dollar limitations, and renewal authority.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1423 Examination of books, accounts, documents, systems, and financial affairs.

Sec. 423. The director may examine, or cause to be examined, the books, accounts, documents, systems, and financial affairs of each state agency for the purpose of determining compliance with directives.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1424 Production of books, papers, and documents; examination; testimony; oaths.

Sec. 424. (1) Upon demand of the director or any person duly designated by the director, an officer or employee of the state government shall produce for examination, the books of account, papers, and documents of their respective department or agency and shall truthfully answer all questions relating thereto.

(2) In connection with an examination, the director, or any person duly designated, may take testimony of witnesses, may administer oaths and examine such persons as may be necessary, and may compel the production of books, records, and papers.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1426 Books, records, and systems; adoption and use.

Sec. 426. The chief executive officer of each principal department or state agency shall adopt and use the books, records, methods, and systems of accounting and reporting prescribed by the director.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1430 Capped federal funds, special revenue funds, and healthy Michigan fund; report on amounts and sources.

Sec. 430. Within 10 working days after formal presentation of the executive budget, the state budget director shall report to the members of the senate and house appropriations committees and the senate and house fiscal agencies on the amounts and sources of all capped federal funds, special revenue funds as defined in the state of Michigan's comprehensive annual financial report, and the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953, and an accounting of the state departments or agencies in which the executive budget proposes to spend the funds.

History: Add. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1431 Accounting for activities and programs; assignment; classification of funds.

Sec. 431. The director shall assign the accounting for activities and programs established by the legislature to funds and classify each fund into fund types in accordance with generally accepted accounting principles. The director may, in consultation with the chief executive officers of state agencies significantly involved in

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the operation of funds, change the classification of funds when the operation of the fund changes or when there is a change in the application of generally accepted accounting principles.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1432 Merging, combining, or segregating fund.

Sec. 432. The director, after consultation with the chief executive officer of the state agency significantly involved in the operation of the affected fund, may merge, combine, or segregate any fund which now is or may be provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1434 Crediting certain revenues to revolving fund; financial plan; report.

Sec. 434. Revenues received from rates charged or goods sold and revenue which is received from any other source and designated to be credited to a revolving fund shall be credited to that fund. Within 60 days after the fiscal year begins, the director shall submit to the appropriations committees and fiscal agencies a financial plan for the ensuing fiscal year. The financial plan shall include the rate structure, a projected statement of revenues and expenses in sufficient detail to provide for comparison with actual revenues and expenses, a projected statement of receipts and disbursements, and any other information considered necessary by the director. Within 60 days after the end of the fiscal year, the director shall submit to the legislature, the appropriations committees, and the fiscal agencies a report on the status of all such revolving funds, including all information reported in the financial plan.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1435 Revolving funds; transferring net income to general fund.

Sec. 435. The net income earned each fiscal year in the following revolving funds shall be transferred to the state general fund at the end of that fiscal year. The funds to which this section applies are as follows:

(a) Liquor purchase revolving fund.

(b) Michigan state fair revolving fund.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1437 Advances to revolving fund; repayment; long term advances for acquisition of equipment; limitation.

Sec. 437. (1) The director may make advances to any revolving fund from time to time during a fiscal year, but all of the advances shall be repaid to the fund from which advanced before the end of the fiscal year.

(2) The director may, if approved by the board, make long term advances to the various revolving funds for the purpose of acquiring equipment. The amount of an advance made to any revolving fund shall not exceed the net book value of the assets acquired with the advance.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1441 Disposition of receipts; directives; subsection (1) inapplicable to state agency within legislative branch.

Sec. 441. (1) The receipts of the state government, from whatever source derived, shall be deposited pursuant to directives issued by the state treasurer and credited to the proper fund. The director shall issue directives to implement this section relative to the accounting of receipts.

(2) Subsection (1) does not apply to a state agency within the legislative branch of state government. A state agency within the legislative branch of state government may receive and expend amounts in addition to those authorized in a budget act.

History: 1984, Act 431, Eff. Mar. 29, 1985.

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Popular name: Act 431

Popular name: DMB

18.1442 Expenditure or transfer of funds appropriated to entity within legislative branch.

Sec. 442. Funds appropriated to an entity within the legislative branch of state government shall be expended or be transferred to another account only with the written approval of the authorized agent of the legislative entity. When the authorized agent of the legislative entity notifies the department of its approval of an expenditure or transfer within the existing level of appropriations, the department shall immediately make the expenditure or transfer. The authorized legislative entity agents shall be designated by the speaker of the house for house entities, the senate majority leader for senate entities, and the legislative council for library of Michigan and legislative council entities.

History: Add. 1991, Act 72, Imd. Eff. July 11, 1991.

Popular name: Act 431

Popular name: DMB

18.1443 Money received by state agencies; forwarding to state treasurer; crediting to general fund; limitation on transfers.

Sec. 443. Except as otherwise provided by law, all money received by the various state agencies for whom appropriations are made by a budget act shall be forwarded to the state treasurer and credited to the state general fund. The state budget director may make federal revenue transfers between the recipient state department and the spending state department only when funds are appropriated in the spending department.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1444 Encumbrances and receivables; reporting and recording.

Sec. 444. The department shall issue directives which provide that at least once per month, each state agency shall report to the department all encumbrances against appropriation accounts and all revenue receivables against each source of financing. These encumbrances and receivables shall be recorded on the state's accounting system.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1447 Scorecard; metric categories; definitions.

Sec. 447. (1) Each fiscal year, by the deadline established in section 363 for the governor to submit a budget to the legislature, each department shall have a strategic mission, vision, goals, and a balanced scorecard in place. The scorecard shall include at least 1 existing metric or establish at least 1 new metric for each 1-time or ongoing enhancement budget recommendation. Each metric shall be in 1 of the following categories:

(a) Customer service.

(b) Financial.

(c) Internal business process.

(d) Learning and growth.

(2) As used in this section:

(a) "Balanced scorecard" means a management tool that allows managers to lead through monitoring the performance of an organization on the few but vital set of activities and measures that drive enterprise success. It focuses not just on financial dimensions but also other vital areas such as employees, customers, processes, and any other area crucial to the success of the organization.

(b) "Customer service metric" means a standard that measures the value received from the citizen perspective and the scale and quality of the service.

(c) "Financial metric" means a standard for quantifying the amount that the strategy, implementation, and execution of an enhancement budget recommendation is contributing to the bottom line.

(d) "Internal business process metric" means a standard that measures how well business processes are structured or organized to meet citizen service expectations.

(e) "Learning and growth metric" means a standard that measures how well the people, technology, and climate support the strategy of the enhancement.

History: Add. 2012, Act 535, Imd. Eff. Jan. 2, 2013.

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18.1448 Expenditure of state funds; availability of information on website homepages; "expenditure of state funds" defined.

Sec. 448. (1) The department shall issue directives requiring all state agencies to provide the department with, and to make available through a link on their website homepages, all of the following information regarding the expenditure of state funds:

(a) The name of the entity receiving the funds.

(b) The amount of state funds.

(c) The funding state agency.

(d) A descriptive purpose of the funding action or expenditure.

(e) Any other information required by the department.

(2) Not later than January 1, 2013, the department shall develop and operate a searchable website accessible by the public at no cost to access the information provided in subsection (1).

(3) Nothing in this section shall require the disclosure of information that is considered confidential by state or federal law.

(4) As used in this section, "expenditure of state funds" means an expenditure of appropriated or nonappropriated funds processed through the state's central accounting system by an executive branch agency that includes, but is not limited to, all of the following:

(a) State purchases.

(b) Contracts and subcontracts.

(c) Grants.

History: Add. 2012, Act 381, Imd. Eff. Dec. 19, 2012.

18.1451 Lapse of unencumbered balance of appropriation; unascertainable documents; charging encumbrance to next succeeding fiscal year.

Sec. 451. (1) At the close of the fiscal year, the unencumbered balance of each appropriation shall lapse to the state fund from which it was appropriated. A document which is not ascertainable before the cutoff date set by the director may be charged against a current year's appropriation if the chief accounting officer determines that the state agency was not willful in its failure to ascertain or record the document and if the amount of the payment would not have exceeded the unencumbered balance of the applicable appropriation in the prior fiscal year.

(2) An encumbrance entered into within 15 days before the end of the fiscal year and outstanding at the close of the fiscal year is not a charge against that fiscal year but is charged to the next succeeding fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1451a Work projects.

Sec. 451a. (1) Except as provided in section 248, a work project appropriation continues to be available until completion of the work or 48 months after the last day of the fiscal year in which the appropriation was originally made, whichever comes first, then the remaining balance lapses to the state fund from which it was appropriated. For work projects established before the effective date of the amendatory act that added this section, the 48-month time period described in this subsection begins on the last day of the fiscal year in the year the amendatory act that added this section takes effect. To be designated as a work project, a work project shall meet all of the following criteria:

(a) The work project shall be for a specific purpose.

(b) The work project shall contain a specific plan to accomplish its objective.

(c) The work project shall have an estimated completion cost.

(d) The work project shall have an estimated completion date.

(2) The director has the authority to issue directives to lapse existing work project accounts at any time. The director shall notify each member of the senate and house appropriations committees and the fiscal agencies of work projects that the director has ordered to lapse. These directives may be disapproved by either the senate or house appropriations committee within 30 days after the date of notification and, if disapproved within that time, shall not be effective.

(3) Not later than 45 days after the conclusion of the fiscal year, the director shall notify the senate and house appropriations committees and the fiscal agencies of appropriations proposed to be designated as work projects in accordance with the definition contained in this act. These designations may be disapproved by

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either appropriations committee within 30 days after the date of notification and, if disapproved within that time, shall not be effective. The notification shall include an estimate of the dollar amount of the funds to be designated as work projects and a description of all work projects designated in an appropriations act.

(4) Not later than 120 days after the conclusion of the fiscal year, the director shall prepare and deliver to the senate and house appropriations committees and the fiscal agencies a report that summarizes current work project accounts. This report shall contain a listing of all work project accounts, the balance in each account, the amount of funds that lapsed from any previously designated work projects, and the funds that received these lapses.

History: Add. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1452 Payment and use of amounts appropriated in budget act.

Sec. 452. (1) The amounts appropriated in a budget act shall be paid out of the state treasury at a time and in a manner as provided by law.

(2) Each of the amounts appropriated shall be used solely for the respective purposes stated in the budget act except as otherwise provided by law.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1453 Appropriations from restricted revenues; limitation on expenditure.

Sec. 453. If appropriations are made in a budget act from restricted revenues including federal and matching revenues, the amount to be expended from the restricted revenue shall not exceed the amount appropriated in the budget act or the amount paid in, together with the balances carried forward from the previous fiscal year, whichever is the lesser.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1454 Appropriation of full-time equated positions; basis; report on status of FTE positions; report containing fiscal year summary of information required in subsection (2).

Sec. 454. (1) Each budget act shall appropriate full-time equated positions based on 2,088 hours for 1.0 FTE position.

(2) Before the end of each quarter, the department of civil service shall provide a report to the department, the appropriations committees, and the fiscal agencies regarding the status of FTE positions for the preceding quarter. The quarterly report shall include, but shall not be limited to, the following information:

(a) The number of FTE positions, by department, on the last payroll for the preceding quarter.

(b) The increase or decrease in FTE positions, by department, compared to the last quarterly report.

(c) The difference between the appropriated FTE positions, and the actual number of FTE positions, by department, for that quarter.

(d) Summary totals for the information listed in subdivisions (a), (b), and (c).

(3) The department of civil service shall provide a report to the appropriations committees and the fiscal agencies by December 1 of each year, which shall include a fiscal year summary of the information required in subsection (2) for the most recently completed fiscal year.

History: Add. 1988, Act 504, Imd. Eff. Dec. 29, 1988;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1455 Appropriations for unclassified positions; use; eligibility of incumbents of unclassified positions to participate in state contributory insurance and longevity programs; prior years' service as classified employee in determining amount of longevity payment; use of appropriations for salaries and wages; payment of back salaries or wages.

Sec. 455. (1) The appropriations made under a budget act for unclassified positions as specified by a line item appropriation shall only be used for those positions.

(2) Incumbents of unclassified positions in the executive branch of state government, the legislative auditor

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general's office, and judicial officers whose total compensation is payable by the state and who are not eligible to receive additional compensation from a county, township, or municipal governmental unit of this state pursuant to the state constitution of 1963 or state law, are eligible to participate in the state contributory insurance and longevity programs on the same basis as classified employees. Prior years' service as a classified employee shall be included in determining the amount of the longevity payment.

(3) The appropriations for salaries and wages shall be used only with respect to classified positions established by the civil service commission and to special personal service employees hired with approval of the department of civil service. Money appropriated in a budget act shall not be used to pay back salaries or wages to an employee, except for the purpose of paying appropriately authorized retroactive gross pay adjustments to an employee with an effective date prior to October 1 of the fiscal year in which the approval was given.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1456 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to appropriations for contractual services, supplies, and materials.

Popular name: Act 431

Popular name: DMB

18.1458 Use of amounts authorized for equal employment opportunity services; filling positions; responsibility.

Sec. 458. The amounts authorized in a budget act for equal employment opportunity services shall only be used to comply with laws or orders relative to equal opportunity employment and affirmative action programs. These positions shall be filled by persons employed by the principal executive officer of the state agency and shall be responsible only to that principal executive officer.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1459 Repealed. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Compiler's note: The repealed section pertained to payment of court judgments.

Popular name: Act 431

Popular name: DMB

18.1460 Indirect cost rate or percentage; determination; report; request for appropriations of federal funds not to include funds for indirect costs; charging indirect cost to award, contract, or grant; crediting indirect cost; availability of revenues.

Sec. 460. (1) A state agency shall determine what the indirect cost rate or percentage is for that state agency and shall report that indirect cost rate or percentage to the department, the appropriations committees, and the fiscal agencies. A state agency's request for appropriations of federal funds shall not include funds provided for indirect costs.

(2) A state agency which has received an award, contract, or grant shall charge the applicable indirect cost to that award, contract, or grant. The indirect cost shall be credited as revenue to the respective state funds to offset state expenditures for support services for which indirect costs were provided. These revenues shall be available to meet the required 1% payment to the civil service commission as set forth in section 5 of article XI of the state constitution of 1963 , as it applies to salaries and wages funded from federal revenues.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1461 Audit pursuant to federal law; single audits; conduct; funding; encumbering amounts to finance cost of audits; carrying over unexpended amounts; schedule of expenditures of federal awards.

Sec. 461. (1) Each audit performed pursuant to 31 USC 7501 to 7507 shall be conducted by an independent auditor in accordance with generally accepted government auditing standards. Single audits for this state shall be conducted in accordance with 31 USC 7501 to 7507 by the auditor general or an independent accounting

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firm selected by the auditor general. For fiscal years beginning October 1, 1985 and through September 30, 2011, biennial audits of state departments and agencies shall be performed for purposes of complying with the requirements of 31 USC 7501 to 7507 pertaining to audit evaluation of the internal controls of this state and the state's compliance with material features of laws and regulations related to major federal assistance programs. For fiscal years beginning October 1, 2011 and each fiscal year thereafter, an annual statewide single audit shall be performed for purposes of complying with the requirements of 31 USC 7501 to 7507 pertaining to audit evaluation of the internal controls of this state and the state's compliance with material features of laws and regulations related to major federal assistance programs.

(2) For fiscal years beginning October 1, 1985 and through September 30, 2011, the funding for single audits shall be from the respective federal grants audited, in accordance with 31 USC 7501 to 7507. For fiscal years beginning October 1, 2011 and each fiscal year thereafter, funding for the statewide single audit shall be allocated to federal programs based on a methodology determined by the director that is in accordance with federal compliance requirements. The chief executive officer of each principal department shall ensure that sufficient amounts are encumbered from the appropriate federal grants to finance the cost of the audits. Any unexpended amounts of encumbered funds may be carried over into succeeding years to cover the cost of the single audits.

(3) The director, in consultation with the auditor general, shall issue directives to all state agencies concerning the procedures and timelines for compiling the schedule of expenditures of federal awards and all other information required for the statewide single audit. The director shall submit the schedule of expenditures of federal awards to the auditor general and the fiscal agencies.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1986, Act 251, Imd. Eff. Dec. 4, 1986;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999;—Am. 2012, Act 233, Imd. Eff. June 29, 2012.

Popular name: Act 431

Popular name: DMB

18.1462 Plan to comply with audit recommendations.

Sec. 462. Within 60 days after the final audit is released, the principal executive officer of a state agency which is audited shall submit a plan to comply with the audit recommendations to the department. The plan shall be prepared in accordance with procedures prescribed by the principal department. Copies of the plan shall be distributed in accordance with the administrative guide to state government. Copies shall also be distributed to relevant house and senate appropriations subcommittees, relevant house and senate standing committees, fiscal agencies, and the executive office.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1463 Federal pass-through funds to local institutions and units of local government; appropriation; certain funds not to be expended unless appropriated.

Sec. 463. Federal pass-through funds to local institutions and units of local government which do not require additional state matching funds and for which the criteria for distribution is established by the federal government are appropriated for the purposes intended. Unless provided for in other statutes, funds received during a fiscal year and unexpended funds carried forward from previous fiscal years for which a principal department has discretion as to how the funds will be distributed shall not be expended unless appropriated.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1470 Procurement contract for services; audit of vendor to verify compliance; provision; availability; exemption; "auditor general" defined.

Sec. 470. (1) Beginning January 1, 2013, if a state agency enters into a procurement contract for services, the contract shall provide that the department or its designee may audit the vendor to verify compliance with the contract. The financial and accounting records associated with the contract shall be made available to the department or its designee and the auditor general, upon request, during the term of the contract and any extension of the contract and for 3 years after the later of the expiration date or final payment under the contract. The department and its designee shall not audit any matters outside the scope of the individual contract unless there is a separate constitutional or statutory basis for that audit.

(2) Beginning January 1, 2013, if a person receives a grant of state funds, the person shall agree to allow

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the department or its designee to audit the person to verify compliance with the terms of the grant. The person shall also agree that the financial and accounting records associated with the grant shall be made available to the department or its designee and the auditor general, upon request, during the term of the grant and any extension of the grant and for 3 years after the later of the expiration date or final payment under the grant. The department and its designee shall not audit any matters outside the scope of the individual grant unless there is a separate constitutional or statutory basis for that audit.

(3) Proprietary financial and accounting data and records associated with the contract or grant shall be exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(4) Nothing in this section shall limit the constitutional or statutory authority of the auditor general.

(5) As used in this section, "auditor general" means the auditor general or a certified public accounting firm selected by the auditor general to conduct the audit.

History: Add. 2012, Act 230, Imd. Eff. June 29, 2012.

Popular name: Act 431

Popular name: DMB

18.1483 Definitions used in MCL 18.1483 to 18.1489.

Sec. 483. As used in this section and sections 484 to 489:

(a) “Department head” means the head of a principal department.

(b) “Internal accounting and administrative control system” means the methods through which reasonable assurances can be given that measures are being used by a principal department and its state agencies to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

History: Add. 1986, Act 272, Imd. Eff. Dec. 19, 1986.

Popular name: Act 431

Popular name: DMB

18.1484 System of reporting and general framework to be used in evaluations of internal accounting and administrative control systems; development; modification; notice.

Sec. 484. (1) The director, in consultation with the auditor general, shall develop a system of reporting and a general framework which shall be used by the principal departments in performing evaluations on their respective internal accounting and administrative control systems.

(2) The director, in consultation with the auditor general, may modify the format for the report or the framework for conducting the evaluations after giving 30 days' notice to each principal department head and the senate and house appropriations committees.

History: Add. 1986, Act 272, Imd. Eff. Dec. 19, 1986;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1485 Internal accounting and administrative control system; establishment and maintenance; elements; duties of head of principal department; reports.

Sec. 485. (1) The department head of each principal department shall establish and maintain an internal accounting and administrative control system within that principal department using the generally accepted accounting principles as developed by the accounting profession and in conformance with directives issued pursuant to section 141(d).

(2) Each internal accounting and administrative control system shall include, but not be limited to, all of the following elements:

(a) A plan of organization that provides separation of duties and responsibilities among employees.

(b) A plan that limits access to that principal department's resources to authorized personnel whose use is required within the scope of their assigned duties.

(c) A system of authorization and record-keeping procedures to control assets, liabilities, revenues, and expenditures.

(d) A system of practices to be followed in the performance of duties and functions in each principal department.

(e) Qualified personnel that maintain a level of competence.

(f) Internal control techniques that are effective and efficient.

(3) Each head of a principal department shall document the system, communicate system requirements to employees of that principal department, assure that the system is functioning as prescribed, and modify as

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appropriate for changes in condition of the system.

(4) The head of each principal department shall provide a biennial report on or before May 1 of each odd numbered year prepared by the principal department's internal auditor on the evaluation of the principal department's internal accounting and administrative control system to the governor, the auditor general, the senate and house appropriations committees, the fiscal agencies, and the director. For the period reviewed, the report shall include, but not be limited to, both of the following:

(a) A description of any material inadequacy or weakness discovered in connection with the evaluation of the department's internal accounting and administrative control system as of October 1 of the preceding year and the plans and a time schedule for correcting the internal accounting and administrative control system, described in detail.

(b) A listing of each audit or investigation performed by the internal auditor pursuant to sections 486(4) and 487.

History: Add. 1986, Act 272, Imd. Eff. Dec. 19, 1986;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1486 Internal auditor; appointment; member of state classified executive service; supervision; protection; duties; professional and auditing standards.

Sec. 486. (1) Each principal department shall appoint an internal auditor. Each internal auditor shall be a member of the state classified executive service.

(2) Except as otherwise provided by law, each internal auditor shall report to and be under the general supervision of the department head.

(3) A person may not prevent or prohibit the internal auditor from initiating, carrying out, or completing any audit or investigation. The internal auditor shall be protected pursuant to the whistleblowers' protection act, 1980 PA 469, MCL 15.361 to 15.369.

(4) The internal auditor of each principal department shall:

(a) Receive and investigate any allegations that false or misleading information was received in evaluating the principal department's internal accounting and administrative control system or in connection with the preparation of the biennial report on the system.

(b) Conduct and supervise audits relating to financial activities of the principal department's operations.

(c) Review existing activities and recommend policies designed to promote efficiency in the administration of that principal department's programs and operations as assigned by the department head.

(d) Recommend policies for activities to protect the state's assets under the control of that principal department, and to prevent and detect fraud and abuse in the principal department's programs and operations.

(e) Review and recommend activities designed to ensure that principal department's internal financial control and accounting policies are in conformance with the department of management and budget accounting division directives issued pursuant to sections 421 and 444.

(f) Provide a means to keep the department head fully and currently informed about problems and deficiencies relating to the administration of that principal department's programs and operations and the necessity for and progress of corrective action.

(g) Conduct other audit and investigative activities as assigned by the department head.

(5) Each internal auditor shall adhere to appropriate professional and auditing standards in carrying out any financial or program audits or investigations.

History: Add. 1986, Act 272, Imd. Eff. Dec. 19, 1986;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1487 Internal auditor; reports; plan to correct problems, abuses, or deficiencies; public disclosure of information.

Sec. 487. (1) Each internal auditor shall report immediately to the department head if the internal auditor becomes aware of particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs or operations of that principal department or its state agencies. If criminal activity is suspected, the department head shall immediately submit a report to the governor, attorney general, and the auditor general in accordance with reporting requirements established pursuant to section 484.

(2) Within 60 days after the receipt of a report filed pursuant to subsection (1), the department head shall submit a plan to correct the problems, abuses, or deficiencies to the director. Within 30 days after the receipt of the plan to correct, the director shall submit copies of the plan to correct to the auditor general and the

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senate and house appropriations committees.

(3) This section shall not be construed to authorize the public disclosure of information which is part of an ongoing criminal investigation or which is specifically prohibited from public disclosure by any other provision of law.

History: Add. 1986, Act 272, Imd. Eff. Dec. 19, 1986.

Popular name: Act 431

Popular name: DMB

18.1488 Repealed. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Compiler's note: The repealed section pertained to budget recommendations.

Popular name: Act 431

Popular name: DMB

18.1489 Evaluation and report by auditor general.

Sec. 489. The auditor general shall evaluate the implementation of the requirements of sections 483 to 488 and shall report to the legislature in the financial audit of each department.

History: Add. 1986, Act 272, Imd. Eff. Dec. 19, 1986;—Am. 1992, Act 58, Imd. Eff. May 20, 1992.

Popular name: Act 431

Popular name: DMB

18.1491 Fiscal year.

Sec. 491. The fiscal year of the state shall commence October 1 and continue through September 30.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1492 Including financial statements in comprehensive annual financial report; responsibility; statement format; audit; submission of statements.

Sec. 492. The financial statements of all state agencies, as defined by generally accepted accounting principles as falling within the reporting responsibility of the state, shall be included in the comprehensive annual financial report of the state. The director shall designate and notify each state agency of this responsibility as well as describe the statement format that shall be followed by each agency so notified. The statements provided shall be followed by each state agency so notified. The statements provided shall be audited as provided by law or by the auditor general or independent auditors selected by the auditor general before submission to the department of management and budget and shall be submitted not later than 90 days following the close of the state's fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1493 Preliminary, unaudited financial statements including notes of general fund and state school aid fund; submission to legislature and fiscal agency.

Sec. 493. The director shall submit preliminary, unaudited financial statements including notes of the general fund and the state school aid fund to the legislature and the fiscal agencies within 120 days after the end of the fiscal year.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1999, Act 8, Imd. Eff. Mar. 22, 1999.

Popular name: Act 431

Popular name: DMB

18.1494 Comprehensive annual financial report; publication; preparation of financial statements; certificates of examination; disclosure of budgetary basis; deviation from generally accepted accounting principles; establishment and use of capital outlay reserve.

Sec. 494. (1) Within 6 months after the end of the fiscal year, the director shall publish a comprehensive annual financial report which shall conform as nearly as practicable to established governmental reporting standards. The financial statements shall be prepared in accordance with generally accepted accounting principles and shall contain certificates of examination by the auditor general and any other independent auditor the auditor general may assign. The comprehensive annual financial report and the 120-day report

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shall contain disclosures of the budgetary basis if different from statements prepared under generally accepted accounting principles.

(2) A deviation from generally accepted accounting principles shall not be made unless authorized by statute. A deviation which is being employed at the time this act takes effect may continue until the deviation is corrected and accounted for on the basis of generally accepted accounting principles.

(3) When the state budget director determines that sufficient revenues exist, a capital outlay reserve shall be established. After a capital outlay reserve is established, the capital outlay reserve shall not be used to balance any deficit.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1495, 18.1496 Repealed. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Compiler's note: The repealed sections pertained to state accounting and fiscal responsibility account and working capital reserve account.

Popular name: Act 431

Popular name: DMB

18.1497 Itemized statement of state spending paid to units of local government and total state spending from state sources; transmittal; calculation of spending proportion; publication of report; reporting amount of additional payments; payment of amount; making up shortfall in payments.

Sec. 497. (1) The director shall transmit to the auditor general for review and comment, not later than May 31 of each year, an itemized statement of the state spending paid to units of local government and total state spending from state sources for the fiscal year in which this act takes effect, and each fiscal year thereafter, including a calculation of the proportion of state spending paid to units of local government to total state spending from state sources. The report shall be published by submission to the legislature not later than June 30 of each year.

(2) If the proportion calculated pursuant to subsection (1) is less than required by section 349, the statements required by this section shall report the amount of additional payments to units of local government which would have been necessary to meet the requirements of section 349. This amount shall be payable to units of local government not later than in the fiscal year following the fiscal year in which the deficiency in payments to units of local government was ascertained and reported to the legislature.

(3) Any appropriations to the fund which are intended to make up a shortfall in payments to units of local government for a prior fiscal year shall not be considered as state spending from state resources or as state payments to units of local government in the fiscal year in which the amounts are appropriated.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

18.1498 Local government payment fund; creation; reservation of money appropriated to fund; amounts considered state payments to units of local government.

Sec. 498. (1) The local government payment fund is hereby created. Money appropriated to the fund by the legislature shall be reserved for use in a fiscal year when additional state payments to units of local government are necessary to meet the requirements of section 349.

(2) The amounts recommended by the governor or appropriated by the legislature into the fund described in subsection (1) shall be considered, for purposes of fulfilling the requirements of section 349, as state spending to be paid to units of local government.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1499 Closing schedule; procedural directives; appropriation transfer; monthly statement of estimated revenues; latest published estimate.

Sec. 499. (1) At least 60 days before the end of the fiscal year, the director shall issue to all state agencies a closing schedule which shall list the dates by which financial information must be submitted to the department. The director may issue, from time to time, directives concerning the procedures to be followed by

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state agencies during the fiscal year end closing process.

(2) An appropriation transfer made for the purpose of increasing general fund revenues appropriated to offset an actual shortfall in appropriated federal or state restricted revenues shall not be effective unless the transfer is approved within 60 days after the end of the fiscal year. An appropriation transfer made for the purpose of increasing the gross appropriation level of an appropriation line item shall not be effective unless the transfer is approved within 60 days after the end of the fiscal year.

(3) For purposes of the closing, the monthly statement of estimated revenues for the month ending November 30, and submitted pursuant to section 386, shall be used, along with the latest published estimate available at that date for funds not included in the monthly financial report.

History: 1984, Act 431, Eff. Mar. 29, 1985;—Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988.

Popular name: Act 431

Popular name: DMB

ARTICLE 5

18.1501 Severability.

Sec. 501. If any portion of this act or the application of this act to any person or circumstances shall be found to be invalid by a court, the invalidity shall not affect the remaining portions or applications of this act which can be given effect without the invalid portion or application, if the remaining portions are not determined by the court to be inoperable, and to this end this act is declared to be severable.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1551 Inquiry into administration of act; removal or suspension of appointed or elective public officer for violation; public officers to which section inapplicable; reporting reasons for suspension or removal.

Sec. 551. (1) The governor shall inquire into the administration of this act.

(2) The governor may remove or suspend any appointive public officer for violations of this act.

(3) The governor may remove or suspend any elective public officer for violation of this act which constitutes gross neglect of duty, corrupt conduct in office, misfeasance, or malfeasance.

(4) This section does not apply to any public officer of the legislature or judicial branch of government.

(5) The governor shall report the reasons for any removal or suspension to the legislature.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1591 Repeal of acts and parts of acts.

Sec. 591. The following acts and parts of acts are repealed:

YEAR OF ACT	PUBLIC ACT NUMBER	SECTION NUMBERS	COMPILED LAW NUMBERS
1869	132		13.41
1877	23		13.51 to 13.53
1887	116		21.91 to 21.92
1903	228		21.61 to 21.67
1915	71		35.281 to 35.282
1917	309		13.31
1919	71	14	21.54
1919	98		21.1 to 21.16
1919	120		24.41 to 24.42

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1919	282		17.21 to 17.28
1921	2	6 and 11	17.6, 17.11
1921	35		17.41 to 17.42
1929	98	1 to 3	17.71 to 17.73
		5 to 6	17.75 to 17.76
1929	265		35.291 to 35.292
1931	128		17.101 to 17.103
1935	231		17.121 to 17.122
1937	120		5.1 to 5.5
1941	258	1 to 9	21.101 to 21.109
		11 and 12	21.111 to 21.112
1941	259		21.121 to 21.130
1947	9		17.301 to 17.302
1947	260		21.301 to 21.311
1948	51	First Extra Session	18.1 to 18.14a
1952	53		18.101 to 18.104
1956	112		17.501
1958	154		18.201 to 18.202
1964	277		4.760 to 4.765
1965	95		21.251 to 21.255
1965	380	12	16.112
		100 to 109	16.200 to 16.209
1969	78		18.211 to 18.212
1974	161		18.51 to 18.53
1976	242		830.501 to 830.505
1977	76		21.401 to 21.412
1979	57		21.261 to 21.267
1981	18		21.501 to 21.533
1982	153		21.451 to 21.454
1983	14		21.421 to 21.425

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History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1592 Repeal of MCL 13.17 to 13.26.

Sec. 592. Sections 17 to 26 of chapter 12 of the Revised Statutes of 1846, being sections 13.17 to 13.26 of the Michigan Compiled Laws, are repealed.

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

18.1594 Repeal of executive reorganization orders.

Sec. 594. The following executive reorganization orders are rescinded and the assigned compiled law numbers shall be considered as repealed:

Executive Reorganization Order Numbers	Compiled Law Numbers
1970-2	10.111 and 18.22
1971-2	18.21
1972-3	10.112
1973-4	18.22

History: 1984, Act 431, Eff. Mar. 29, 1985.

Popular name: Act 431

Popular name: DMB

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