(b) The street address of each property, if available.

(c) The name of any person or entity entitled to notice under this section who has not been notified under subsection (2) or (3).

(d) The date and time of the show cause hearing under section 78j.

(e) The date and time of the hearing on the petition for foreclosure under section 78k.

(f) A statement that unless all forfeited unpaid delinquent taxes, interest, penalties, and fees are paid on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property under section 78k, or in a contested case within 21 days of the entry of a judgment foreclosing the property under section 78k, the title to the property shall vest absolutely in the foreclosing governmental unit and that all existing interests in oil or gas in that property shall be extinguished except the following:

(*i*) The interests of a lessee or an assignee of an interest of a lessee under an oil or gas lease in effect as to that property or any part of that property if the lease was recorded in the office of the register of deeds in the county in which the property is located before the date of filing the petition for foreclosure under section 78h.

(*ii*) Interests preserved as provided in section 1(3) of 1963 PA 42, MCL 554.291.

(g) A statement that a person with an interest in the property may lose his or her interest in the property as a result of the foreclosure proceeding under section 78k and that all existing interests in oil or gas in that property shall be extinguished except the following:

(*i*) The interests of a lessee or an assignee of an interest of a lessee under an oil or gas lease in effect as to that property or any part of that property if the lease was recorded in the office of the register of deeds in the county in which the property is located before the date of filing the petition for foreclosure under section 78h.

(*ii*) Interests preserved as provided in section 1(3) of 1963 PA 42, MCL 554.291.

(9) The owner of a property interest who has been properly served with a notice of the show cause hearing under section 78j and the foreclosure hearing under section 78k and who failed to redeem the property as provided under this act shall not assert any of the following:

(a) That notice was insufficient or inadequate on the grounds that some other owner of a property interest was not also served.

(b) That the redemption period provided under this act was extended in any way on the grounds that some other owner of a property interest was not also served.

(10) The failure of the foreclosing governmental unit to comply with any provision of this section shall not invalidate any proceeding under this act if the owner of a property interest or a person to whom a tax deed was issued is accorded the minimum due process required under the state constitution of 1963 and the constitution of the United States.

(11) As used in this section, "authorized representative" includes all of the following:

(a) A title insurance company or agent licensed to conduct business in this state.

(b) An attorney licensed to practice law in this state.

(c) A person accredited in land title search procedures by a nationally recognized organization in the field of land title searching.

(d) A person with demonstrated experience searching land title records, as determined by the foreclosing governmental unit.

(12) The provisions of this section relating to notice of the show cause hearing under section 78j and the foreclosure hearing under section 78k are exclusive and exhaustive. Other requirements relating to notice or proof of service under other law, rule, or legal requirement are not applicable to notice and proof of service under this section.

211.78k Proof of service of notice; filing with circuit court; contesting validity or correctness by person claiming property interest; filing objections; order extending redemption period; entry of judgment; specifications; failure to pay delinquent taxes, interest, penalties, and fees after entry of judgment; appeal to court of appeals; recording judgment or notice of judgment; cancellation; submission of certificate of error.

Sec. 78k. (1) If a petition for foreclosure is filed under section 78h, not later than the date of the hearing, the foreclosing governmental unit shall file with the clerk of the circuit court proof of service of the notice of the show cause hearing under section 78j, proof of service of the notice of the foreclosure hearing under this section, and proof of the personal visit to the property and publication under section 78i.

(2) A person claiming an interest in a parcel of property set forth in the petition for foreclosure may contest the validity or correctness of the forfeited unpaid delinquent taxes, interest, penalties, and fees for 1 or more of the following reasons:

(a) No law authorizes the tax.

(b) The person appointed to decide whether a tax shall be levied under a law of this state acted without jurisdiction, or did not impose the tax in question.

(c) The property was exempt from the tax in question, or the tax was not legally levied.

(d) The tax has been paid within the time limited by law for payment or redemption.

(e) The tax was assessed fraudulently.

(f) The description of the property used in the assessment was so indefinite or erroneous that the forfeiture was void.

(3) A person claiming an interest in a parcel of property set forth in the petition for foreclosure who desires to contest that petition shall file written objections with the clerk of the circuit court and serve those objections on the foreclosing governmental unit prior to the date of the hearing required under this section.

(4) If the court determines that the owner of property subject to foreclosure is a minor heir, is incompetent, is without means of support, or is undergoing a substantial financial hardship, the court may withhold that property from foreclosure for 1 year or may enter an order extending the redemption period as the court determines to be equitable. If the court withholds property from foreclosure under this subsection, a taxing unit's lien for taxes due is not prejudiced and that property shall be included in the immediately succeeding year's tax foreclosure proceeding.

(5) The circuit court shall enter final judgment on a petition for foreclosure filed under section 78h at any time after the hearing under this section but not later than the March 30 immediately succeeding the hearing with the judgment effective on the March 31 immediately succeeding the hearing for uncontested cases or 10 days after the conclusion of the hearing for contested cases. All redemption rights to the property expire on the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or in a contested case 21 days after the entry of a judgment foreclosing the property under this section. The circuit court's judgment shall specify all of the following:

(a) The legal description and, if known, the street address of the property foreclosed and the forfeited unpaid delinquent taxes, interest, penalties, and fees due on each parcel of property.

(b) That fee simple title to property foreclosed by the judgment will vest absolutely in the foreclosing governmental unit, except as otherwise provided in subdivisions (c) and (e), without any further rights of redemption, if all forfeited delinquent taxes, interest, penalties,

and fees are not paid on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or in a contested case within 21 days of the entry of a judgment foreclosing the property under this section.

(c) That all liens against the property, including any lien for unpaid taxes or special assessments, except future installments of special assessments and liens recorded by this state or the foreclosing governmental unit pursuant to the natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106, are extinguished, if all forfeited delinquent taxes, interest, penalties, and fees are not paid on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or in a contested case within 21 days of the entry of a judgment foreclosing the property under this section.

(d) That, except as otherwise provided in subdivisions (c) and (e), the foreclosing governmental unit has good and marketable fee simple title to the property, if all forfeited delinquent taxes, interest, penalties, and fees are not paid on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or in a contested case within 21 days of the entry of a judgment foreclosing the property under this section.

(e) That all existing recorded and unrecorded interests in that property are extinguished, except a visible or recorded easement or right-of-way, private deed restrictions, interests of a lessee or an assignee of an interest of a lessee under a recorded oil or gas lease, interests in oil or gas in that property that are owned by a person other than the owner of the surface that have been preserved as provided in section 1(3) of 1963 PA 42, MCL 554.291, or restrictions or other governmental interests imposed pursuant to the natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106, if all forfeited delinquent taxes, interest, penalties, and fees are not paid on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or in a contested case within 21 days of the entry of a judgment foreclosing the property under this section.

(f) A finding that all persons entitled to notice and an opportunity to be heard have been provided that notice and opportunity. A person shall be deemed to have been provided notice and an opportunity to be heard if the foreclosing governmental unit followed the procedures for provision of notice by mail, for visits to forfeited property, and for publication under section 78i, or if 1 or more of the following apply:

(*i*) The person had constructive notice of the hearing under this section by acquiring an interest in the property after the date the notice of forfeiture is recorded under section 78g.

(*ii*) The person appeared at the hearing under this section or filed written objections with the clerk of the circuit court under subsection (3) prior to the hearing.

(*iii*) Prior to the hearing under this section, the person had actual notice of the hearing.

(g) A judgment entered under this section is a final order with respect to the property affected by the judgment and except as provided in subsection (7) shall not be modified, stayed, or held invalid after the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or for contested cases 21 days after the entry of a judgment foreclosing the property under this section.

(6) Except as otherwise provided in subsection (5)(c) and (e), fee simple title to property set forth in a petition for foreclosure filed under section 78h on which forfeited delinquent taxes, interest, penalties, and fees are not paid on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or in a contested case within 21 days of the entry of a judgment foreclosing the property under this section,

shall vest absolutely in the foreclosing governmental unit, and the foreclosing governmental unit shall have absolute title to the property, including all interests in oil or gas in that property except the interests of a lessee or an assignee of an interest of a lessee under an oil or gas lease in effect as to that property or any part of that property if the lease was recorded in the office of the register of deeds in the county in which the property is located before the date of filing the petition for foreclosure under section 78h, and interests preserved as provided in section 1(3) of 1963 PA 42, MCL 554.291. The foreclosing governmental unit's title is not subject to any recorded or unrecorded lien and shall not be stayed or held invalid except as provided in subsection (7) or (9).

(7) The foreclosing governmental unit or a person claiming to have a property interest under section 78i in property foreclosed under this section may appeal the circuit court's order or the circuit court's judgment foreclosing property to the court of appeals. An appeal under this subsection is limited to the record of the proceedings in the circuit court under this section and shall not be de novo. The circuit court's judgment foreclosing property shall be stayed until the court of appeals has reversed, modified, or affirmed that judgment. If an appeal under this subsection stays the circuit court's judgment foreclosing property, the circuit court's judgment is stayed only as to the property that is the subject of that appeal and the circuit court's judgment foreclosing other property that is not the subject of that appeal is not stayed. To appeal the circuit court's judgment foreclosing property, a person appealing the judgment shall pay to the county treasurer the amount determined to be due to the county treasurer under the judgment on or before the March 31 immediately succeeding the entry of a judgment foreclosing the property under this section, or in a contested case within 21 days of the entry of a judgment foreclosing the property under this section, together with a notice of appeal. If the circuit court's judgment foreclosing the property is affirmed on appeal, the amount determined to be due shall be refunded to the person who appealed the judgment. If the circuit court's judgment foreclosing the property is reversed or modified on appeal, the county treasurer shall refund the amount determined to be due to the person who appealed the judgment, if any, and retain the balance in accordance with the order of the court of appeals.

(8) The foreclosing governmental unit shall record a notice of judgment for each parcel of foreclosed property in the office of the register of deeds for the county in which the foreclosed property is located in a form prescribed by the department of treasury.

(9) After the entry of a judgment foreclosing the property under this section, if the property has not been transferred under section 78m to a person other than the foreclosing governmental unit, a foreclosing governmental unit may cancel the foreclosure by recording with the register of deeds for the county in which the property is located a certificate of error in a form prescribed by the department of treasury, if the foreclosing governmental unit discovers any of the following:

(a) The foreclosed property was not subject to taxation on the date of the assessment of the unpaid taxes for which the property was foreclosed.

(b) The description of the property used in the assessment of the unpaid taxes for which the property was foreclosed was so indefinite or erroneous that the forfeiture of the property was void.

(c) The taxes for which the property was foreclosed had been paid to the proper officer within the time provided under this act for the payment of the taxes or the redemption of the property.

(d) A certificate, including a certificate issued under section 135, or other written verification authorized by law was issued by the proper officer within the time provided under

this act for the payment of the taxes for which the property was foreclosed or for the redemption of the property.

(e) An owner of an interest in the property entitled to notice under section 78i was not provided notice sufficient to satisfy the minimum requirements of due process required under the state constitution of 1963 and the constitution of the United States.

(f) A judgment of foreclosure was entered under this section in violation of an order issued by a United States bankruptcy court.

(10) A certificate of error submitted to the county register of deeds for recording under subsection (9) need not be notarized and may be authenticated by a digital signature of the foreclosing governmental unit or by other electronic means.

211.131e Extension of redemption period; notice of hearing; hearing; redemption following expiration of redemption period; additional penalty; redemption of property exempt from taxes; payment; failure of property owner to redeem property; prohibited assertions; initiation of expedited quiet title and foreclosure action; definitions.

Sec. 131e. (1) For all property the title to which vested in this state under this section after October 25, 1976, the redemption period on property deeded to the state under former section 67a shall be extended until the owners of a recorded property interest in the property have been notified of a hearing before the department of treasury, a local unit of government, or a land bank fast track authority. Proof of the notice of a hearing under this section shall be recorded with the register of deeds in the county in which the property is located in a form prescribed by the department of treasury. If a notice is recorded in error, the department of treasury, a local unit of government, or a land bank fast track authority may correct the error by recording a certificate of error with the register of deeds. A notice under this subsection need not be notarized and may be authenticated by digital signature or other electronic means.

(2) For all property the title to which vested in this state under this section after October 25, 1976, 1 hearing shall be held to allow each owner of a recorded property interest the opportunity to show cause why the tax sale and the deed to the state should be canceled for any reason specified in section 98. The hearing shall be held after the expiration of the redemption periods provided in section 131c. The department of treasury, a local unit of government, or a land bank fast track authority may hold combined or separate show cause hearings for different owners of a recorded property interest.

(3) For tax reverted property that was transferred to a local unit of government under section 2101 or 2102 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2101 and 324.2102, or under former section 461 of 1909 PA 223, if the local unit of government determines that the owner of a recorded property interest was not properly served with a notice of the hearing under this section, the local unit of government or a land bank fast track authority may conduct a hearing to show cause why the tax sale and tax deed to the state should be canceled for any reason specified in section 98. Notice of the hearing shall be provided to the department of treasury, which may provide evidence why the tax sale and tax deed to the state should not be set aside. The local unit of government or a land bank fast track authority may hold combined or separate show cause hearings for different owners of a recorded property interest.

(4) For all property the title to which vested in this state under this section after October 25, 1976, after expiration of the redemption periods provided in section 131c, on the first Tuesday in November after title to the property vests in this state, an owner of a

recorded property interest may redeem the property up to 30 days following the date of hearing for that owner of a recorded property interest provided by this section by payment of the amounts set forth in subsection (5) and in section 131c(1), plus an additional penalty of 50% of the tax on which foreclosure was made. The additional penalty shall be credited to the delinquent property tax administration fund. A redemption under this section shall reinstate title as provided in section 131c(4).

(5) For all property the title to which vested in this state under this section after October 25, 1976, if property redeemed under this section has been exempt from taxes levied in any year after the year of foreclosure because a deed to that property was issued to this state, an amount equal to the sum of the following amounts shall be paid, as required by subsection (4), before redemption of the property:

(a) For taxes and ad valorem special assessments levied before January 1, 1997, an amount computed by applying the special assessment and ad valorem property tax rates levied by taxing units in which the property is located in the years the property was exempt against the most recently established state equalized valuation of the property. For taxes and ad valorem special assessments levied after December 31, 1996, an amount computed by applying the special assessment and ad valorem property tax rates levied by taxing units in which the property is located in the years the property was exempt against the most recently established taxable value of the property. For purposes of this subsection, special assessments do not include special assessments or special assessment installments deferred under former section 67a.

(b) If the levy of an ad valorem special assessment on the property's taxable value is found to be invalid by a court of competent jurisdiction, the levy of the ad valorem special assessment may be levied on the property's state equalized value.

(c) Interest on the delinquent taxes or special assessments to be computed from the date title vested in this state to the date of the application to redeem under this section.

(d) Interest and penalties on taxes and special assessments identified by subdivision (a) that would have been imposed by law or charter and would have accrued if the property had not been exempt, computed from the date title vested in the state to the date of the application to redeem under this section.

(6) For all property the title to which vested in this state under this section after October 25, 1976, the owner of a recorded property interest who has been properly served with a notice of a hearing under this section and who fails to redeem the property as provided under this section shall not assert any of the following:

(a) That notice was insufficient or inadequate on the grounds that some other owner of a property interest was not also served.

(b) That the redemption period provided under this section was extended in any way on the grounds that some other owner of a property interest was not also served.

(7) For tax reverted property that was transferred to a local unit of government under section 2101 or 2102 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2101 and 324.2102, or under former section 461 of 1909 PA 223, the local unit of government may initiate an expedited quiet title and foreclosure action to quiet title to the property in the same manner as a land bank fast track authority under section 9 of the land bank fast track act, 2003 PA 258, MCL 124.759. A local unit of government may initiate an action under this subsection as an alternative to a hearing by the local unit of government under this section.

(8) For tax reverted property held by a land bank fast track authority, in lieu of notice and a hearing under this section, the land bank fast track authority may initiate an expedited

quiet title and foreclosure action to quiet title to the property under section 9 of the land bank fast track act, 2003 PA 258, MCL 124.759.

(9) A document, including, but not limited to, proof of notice of a hearing or a certificate of error, may be recorded with the register of deeds office in the county in which the property is located without the payment of a fee by this state, a local unit of government, or a land bank fast track authority.

(10) As used in this section:

(a) "Land bank fast track authority" means an authority formed under section 15 or 23 of the land bank fast track act, 2003 PA 258, MCL 124.765 and 124.773.

(b) "Local unit of government" means a county, city, village, or township and includes a department or agency of the county, city, village, or township. Local unit of government also includes an economic development corporation established under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636.

Applicability of MCL 211.78i and 211.78k.

Enacting section 1. Sections 78i and 78k of the general property tax act, 1893 PA 206, MCL 211.78i and 211.78k, as amended by this amendatory act apply only to property foreclosed by a judgment of foreclosure entered pursuant to section 78k(5) of the general property tax act, 1893 PA 206, MCL 211.78k, after the effective date of this amendatory act.

Repeal of enacting section 2 of 2005 PA 183.

Enacting section 2. Enacting section 2 of 2005 PA 183 is repealed.

Repeal of sections.

Enacting section 3. Sections 74, 75, 76, 77, 83, 84, 85, 86, 96, 97, 98, 98a, 98b, 99, 101, 102, 103, 127b, 131, 131a, 131b, 131c, 131d, 138, 140a, 141, 142, 142a, 143, 144, 156, and 157 of the general property tax act, 1893 PA 206, MCL 211.74, 211.75, 211.76, 211.77, 211.83, 211.84, 211.85, 211.86, 211.96, 211.97, 211.98, 211.98a, 211.98b, 211.99, 211.101, 211.102, 211.103, 211.127b, 211.131, 211.131a, 211.131b, 211.131c, 211.131d, 211.138, 211.140a, 211.141, 211.142, 211.142a, 211.143, 211.144, 211.156, and 211.157, are repealed.

Section 131e as retroactive.

Enacting section 4. Section 131e of the general property tax act, 1893 PA 206, MCL 211.131e, as amended by this amendatory act, is retroactive and is effective for all property the title to which vested in this state under section 131e of the general property tax act, 1893 PA 206, MCL 211.131e, after October 25, 1976.

Construction of act.

Enacting section 5. This amendatory act is not intended to and shall not be construed to modify or alter the ruling of the Michigan supreme court in Smith v Cliffs on the Bay Condominium Association, docket no. 111587.

Repeal of MCL 211.131e.

Enacting section 6. Section 131e of the general property tax act, 1893 PA 206, MCL 211.131e, is repealed effective December 31, 2014.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 612]

(SB 65)

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," (MCL 211.1 to 211.157) by adding section 7kk.

The People of the State of Michigan enact:

211.7kk Eligible nonprofit housing property; tax exemption; resolution; duration; definitions.

Sec. 7kk. (1) The governing body of a local tax collecting unit may adopt a resolution to exempt from the collection of taxes under this act eligible nonprofit housing property. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit and the legislative body of each taxing unit that levies ad valorem property taxes in the local tax collecting unit. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing.

(2) The exemption under this section is effective on the December 31 immediately succeeding the adoption of the resolution by the governing body of the local tax collecting unit or the issuance of a building permit for the eligible nonprofit housing property, whichever is later. The exemption under this section shall continue in effect for 2 years, until the eligible nonprofit housing property is occupied by a low-income person under a lease agreement, or until there is a transfer of ownership of the eligible nonprofit housing property, whichever occurs first. A copy of the resolution shall be filed with the state tax commission.

(3) As used in this section:

(a) "Charitable nonprofit housing organization" means a charitable nonprofit organization the primary purpose of which is the construction or renovation of residential housing for conveyance to a low-income person.

(b) "Eligible nonprofit housing property" means a single family dwelling or duplex owned by a charitable nonprofit housing organization, the ownership of which the charitable nonprofit housing organization intends to transfer to a low-income person after construction or renovation of the single family dwelling or duplex is completed to be used as that low-income person's principal residence.

(c) "Family income" and "statewide median gross income" mean those terms as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(d) "Low-income person" means a person with a family income of not more than 80% of the statewide median gross income who is eligible to participate in the charitable nonprofit housing organization's program based on criteria established by the charitable nonprofit housing organization.

(e) "Principal residence" means property exempt as a principal residence under section 7cc.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 613]

(SB 59)

AN ACT to amend 1846 RS 83, entitled "Of marriage and the solemnization thereof," by amending section 7 (MCL 551.7), as amended by 2006 PA 419.

The People of the State of Michigan enact:

551.7 Persons authorized to solemnize marriage; records; returns; disposition of fees charged by mayor or county clerk.

Sec. 7. (1) Marriages may be solemnized by any of the following:

(a) A judge of the district court, in the district in which the judge is serving.

(b) A district court magistrate, in the district in which the magistrate serves.

(c) A municipal judge, in the city in which the judge is serving or in a township over which a municipal court has jurisdiction according to section 9928 of the revised judicature act of 1961, 1961 PA 236, MCL 600.9928.

(d) A judge of probate, in the county or probate court district in which the judge is serving.

(e) A judge of a federal court.

(f) A mayor of a city, anywhere in a county in which that city is located.

(g) The county clerk in the county in which the clerk serves or, in a county having more than 2,000,000 inhabitants, an employee of the clerk's office designated by the county clerk in the county in which the clerk serves.

(h) A minister of the gospel or cleric or religious practitioner, anywhere in the state, if the minister or cleric or religious practitioner is ordained or authorized to solemnize marriages according to the usages of the denomination.

(i) A minister of the gospel or cleric or religious practitioner, anywhere in the state, if the minister or cleric or religious practitioner is not a resident of this state but is authorized to solemnize marriages under the laws of the state in which the minister or cleric or religious practitioner resides.

(2) A person authorized by this act to solemnize a marriage shall keep proper records and make returns as required by section 4 of 1887 PA 128, MCL 551.104.

(3) If a mayor of a city solemnizes a marriage, the mayor shall charge and collect a fee to be determined by the council of that city, which shall be paid to the city treasurer and deposited in the general fund of the city at the end of the month.

(4) If the county clerk or, in a county having more than 2,000,000 inhabitants, an employee of the clerk's office designated by the county clerk solemnizes a marriage, the county clerk shall charge and collect a fee to be determined by the commissioners of that county, which shall be paid to the county treasurer and deposited in the general fund of the county at the end of the month.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 614]

(SB 775)

AN ACT to amend 1957 PA 261, entitled "An act for the creation, maintenance, and administration of a legislative members' and presiding officers' retirement system within the legislature; to provide retirement allowances to the participants of the retirement system, and survivors' allowances and other benefits to their beneficiaries upon death; to exempt those allowances and benefits from certain taxes and legal processes; to establish certain funds in connection with the retirement system; to authorize and make appropriations for the retirement system; to prescribe the powers and duties of certain state departments, agencies, officials, and employees; and to prescribe penalties and provide remedies," by amending sections 24, 26, 28, 59a, and 79 (MCL 38.1024, 38.1026, 38.1028, 38.1059a, and 38.1079), section 24 as amended by 1987 PA 58, sections 26 and 59a as amended by 2002 PA 97, section 28 as amended by 1981 PA 123, and section 79 as amended by 1998 PA 501.

The People of the State of Michigan enact:

38.1024 Survivor's retirement allowance; eligibility; duration, commencement, and rate; status of adopted child; payments to eligible child; effect of marriage or attainment of ineligible age; payment of survivor's retirement allowance as provided in written designation; division of survivor's retirement allowance among eligible survivors; receipt of entire survivor's retirement allowance by surviving spouse when eligible children become ineligible.

Sec. 24. (1) Unless otherwise provided by the member pursuant to this act, the surviving spouse of a deceased member, deferred vested member, or retirant having the service qualifications required by section 23 shall be entitled to receive a survivor's retirement allowance for life payable from the survivors' retirement fund. The survivor's retirement allowance shall be payable beginning on the day after the date of death of the member or deferred vested member, or beginning in the month after the month of death in the case of a retirant. If an eligible child or children also survive the member, deferred vested member, or retirant, and the child or children are under the care of the eligible surviving spouse, the survivor's

retirement allowance shall begin as of the day after the date of death of the member or deferred vested member or the month after the month of death in the case of a retirant, without regard to whether the surviving spouse has attained 55 years of age. The benefits to an eligible child or children shall continue whether or not the surviving spouse remarries. If the eligible child or children, or any of them, are not under the care of the eligible surviving spouse, at the specific designation of the deceased member, deferred vested member, or retirant as provided in this act, a survivor's retirement allowance shall begin for the benefit of the eligible child or children as of the day after the date of death of the member or deferred vested member, or beginning in the month after the month of death in the case of a retirant. A deduction from the monthly survivor's retirement allowance shall not be made for any fraction of a month remaining at the time of a survivor's death or becoming ineligible.

(2) The survivor's retirement allowance shall be equal to 66-2/3% of the retirement allowance which the deceased member, deferred vested member, or retirant had earned on the date of death, as a member, deferred vested member, or retirant. If an eligible survivor, regardless of age, has in his or her care an eligible child or children of the deceased member, deferred vested member, or retirant, the survivor's retirement allowance shall be 75% of the retirement allowance, but when all the children have become ineligible, the survivor's retirement allowance shall be 66-2/3% of the retirement allowance.

(3) An adopted child of a member for the purposes of this act shall have the same status as a natural child of a member.

(4) If there is not a surviving spouse but an eligible child exists, or if an eligible child survives a surviving spouse, then the survivor's retirement allowance otherwise payable to the surviving spouse shall be paid in equal parts to each eligible child until the child becomes ineligible, and the total of the survivor's retirement allowance paid to any other child shall not be diminished because of the attainment of ineligible age, marriage, or death of an eligible child. The portion of the survivor's retirement allowance that was paid to a formerly eligible child who subsequently becomes ineligible shall be paid in equal parts among the remaining eligible children, if any, until no eligible children remain to be paid.

(5) Marriage or attainment of ineligible age, whichever occurs first, shall render a child of a member, deferred vested member, or retirant ineligible for further consideration in the payment of a survivor's retirement allowance or in the increase in the amount of the survivor's retirement allowance under this act.

(6) If the deceased member, deferred vested member, or retirant is survived by an eligible child or children who are not under the care of an eligible surviving spouse and if the deceased member, deferred vested member, or retirant has filed a written designation with the board, the survivor's retirement allowance or a part of it shall be paid to or for the benefit of the eligible child or children in the shares and in the manner as provided in the written designation. The deceased member, deferred vested member, or retirant may provide in the written designation that payment of all or any part of the survivor's retirement allowance to a surviving spouse not having the care of all of the eligible children shall be deferred until the children become ineligible.

(7) If there is not a written designation by a member, deferred vested member, or retirant, and if the surviving spouse is not the biological parent of an eligible child or children, the survivor's retirement allowance shall be divided equally among the eligible survivors.

(8) Unless designated by a member, deferred vested member, or retirant, when an eligible child or all of the eligible children become ineligible, the surviving spouse at the time of the member, deferred vested member, or retirant's death shall receive the entire survivor's retirement allowance.

38.1026 Retirement system; board of trustees; membership; eligibility and terms; oath of office.

Sec. 26. (1) The retirement system shall be administered by a board of trustees, consisting of 11 persons as follows:

(a) Two members of the house of representatives appointed by the speaker of the house of representatives.

(b) Two members of the senate, appointed in the same manner as members of standing committees of the senate are appointed.

(c) Two retirants appointed by the speaker of the house of representatives and 2 retirants appointed by the senate majority leader.

(d) One deferred vested member appointed by the speaker of the house of representatives and 1 deferred vested member appointed by the senate majority leader. If a deferred vested member serving on the board becomes a retirant during his or her term of office, he or she shall be entitled to serve the remainder of his or her term of office.

(e) One participant of Tier 2 who was a former member of Tier 1 appointed in 1999 by the senate majority leader and beginning in 2001 appointed alternately by the speaker of the house of representatives and the senate majority leader. However, if there is no participant of Tier 2 who meets the former member requirement of this subdivision, then 1 additional deferred vested member appointed in the manner prescribed in this subdivision.

(2) Only members of the retirement system are eligible to serve as members on the board of trustees except for the retirants and Tier 2 participant authorized under subsection (1). Board members appointed under subsection (1)(a) and (b) are appointed for 2-year terms. Board members appointed under subsection (1)(c) are appointed for 4-year terms. Board members appointed for terms beginning in 1999 under subsection (1)(d) are appointed for 2-year terms. Board members appointed for terms beginning in 2001 under subsection (1)(d) are appointed for 4-year terms. A board member appointed for a term beginning in 1999 under subsection (1)(e) is appointed for a 2-year term. Beginning in 2001, a board member appointed under subsection (1)(e) is appointed for a 4-year term.

(3) Each person, whether appointed as a trustee or becoming a trustee ex officio, shall take an oath of office before the secretary of state, clerk of the house, or secretary of the senate, and, upon taking the oath, qualifies as a trustee. The oath of office shall be as prescribed under section 1 of article XI of the state constitution of 1963.

(4) A member of the board of trustees serving as of December 31, 2010 shall continue to serve as a member until December 31, 2011. Beginning January 1, 2012, the board of trustees shall be composed of 11 members as indicated in this section and in the bylaws. Except as otherwise provided in this section, the 11 members of the board shall contain at least 4 members who are retirants, 2 members who are deferred former qualified participants, and at least 1 current member of Tier 2. If there are insufficient persons who qualify under this section and are willing to serve, then members shall be appointed as indicated in the bylaws.

38.1028 Vacancy in trusteeship.

Sec. 28. Beginning January 1, 2012, a vacancy in a trusteeship shall be filled as provided in the bylaws.

38.1059a Retirement system as qualified pension plan; administrative requirements and benefit limitations; qualified military service.

Sec. 59a. (1) This section is enacted pursuant to section 401(a) of the internal revenue code, 26 USC 401(a), that imposes certain administrative requirements and benefit limitations

for qualified governmental plans. This state intends that the retirement system be a qualified pension plan created in trust under section 401 of the internal revenue code, 26 USC 401, and that the trust be an exempt organization under section 501 of the internal revenue code, 26 USC 501. The board of trustees shall administer the retirement system to fulfill this intent.

(2) Notwithstanding any other provision of this act, the retirement system shall be administered in compliance with section 415 of the internal revenue code, 26 USC 415, and regulations under that section that are applicable to governmental plans. Employer-financed benefits provided by the retirement system under this act shall not exceed the applicable limitations of section 415 of the internal revenue code, 26 USC 415, as adjusted by the commissioner of internal revenue under section 415(d) of the internal revenue code, 26 USC 415(d), to reflect cost of living increases, and the retirement system shall adjust the benefits subject to the limitation each calendar year to conform with the adjusted limitation. For purposes of section 415(b) of the internal revenue code, 26 USC 415(b), the applicable limitation shall apply to aggregated benefits received from all qualified pension plans for which the office of retirement services coordinates administration of that limitation.

(3) The assets of the retirement system shall be held in trust and invested for the sole purpose of meeting the legitimate obligations of the retirement system and shall not be used for any other purpose. The assets shall not be used for or diverted to a purpose other than for the exclusive benefit of the members, vested former members, retirants, and retirement allowance beneficiaries before satisfaction of all retirement system liabilities.

(4) The retirement system shall return post-tax member contributions made by a member and received by the retirement system to a member upon retirement, pursuant to internal revenue service regulations and approved internal revenue service exclusion ratio tables.

(5) The required beginning date for retirement allowances and other distributions shall not be later than April 1 of the calendar year following the calendar year in which the employee attains age 70-1/2 or April 1 of the calendar year following the calendar year in which the employee retires.

(6) If the retirement system is terminated, the interest of the members, deferred vested members, retirants, and retirement allowance beneficiaries in the retirement system is nonforfeitable to the extent funded as described in section 411(d)(3) of the internal revenue code, 26 USC 411(d)(3), and related internal revenue service regulations applicable to governmental plans.

(7) Notwithstanding any other provision of this act to the contrary that would limit a distributee's election under this act, a distributee may elect, at the time and in the manner prescribed by the board of trustees, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. This subsection applies to distributions made on or after January 1, 1993.

(8) For purposes of determining actuarial equivalent retirement allowances under this act, the actuarially assumed interest rate shall be 7% with utilization of the 1971 group annuity and mortality table.

(9) Notwithstanding any other provision of this act, the compensation of a member of the retirement system shall be taken into account for any year under the retirement system only to the extent that it does not exceed the compensation limit established in section 401(a)(17) of the internal revenue code, 26 USC 401(a)(17), as adjusted by the commissioner of internal revenue. This subsection applies to any person who first becomes a member of the retirement system on or after October 1, 1996.

(10) Notwithstanding any other provision of this act, contributions, benefits, and service credit with respect to qualified military service will be provided under the retirement system in accordance with section 414(u) of the internal revenue code, 26 USC 414(u). This subsection applies to all qualified military service on or after December 12, 1994.

38.1079 Health insurance coverage.

Sec. 79. (1) A former qualified participant may elect health insurance benefits in the manner prescribed in this section if he or she meets both of the following requirements:

(a) The former qualified participant is vested in health benefits under section 75(2).

(b) The former qualified participant meets 1 of the following requirements:

(*i*) He or she meets or exceeds the benefit commencement age employed in the actuarial present value calculation under section 62 and the service requirements that would have applied to that former participant under Tier 1 for receiving health insurance coverage under section 50b, if that former participant was a member of Tier 1.

(*ii*) He or she is 55 years of age or older.

(2) A former qualified participant who is eligible to elect health insurance coverage under subsection (1) may elect health insurance coverage in a health benefit plan or plans as authorized by section 50b. A former qualified participant who is eligible to elect health insurance coverage under subsection (1) may also elect health insurance coverage for his or her health benefit dependents, if any. A surviving health benefit dependent of a deceased former qualified participant who is eligible to elect health insurance coverage under subsection (1) may elect health insurance coverage to begin at the death of the deceased former qualified participant in the manner prescribed in this section.

(3) An individual who elects health insurance coverage under this section shall become a member of a health insurance coverage group authorized pursuant to section 50b.

(4) For a former qualified participant who is eligible to elect health insurance coverage under subsection (1) and who is vested in those benefits under section 75(2)(a) or (c), and for his or her health benefit dependents, this state shall pay a portion of the health insurance premium as calculated under this subsection on a cash disbursement method. An individual described in this subsection who elects health insurance coverage under this section shall pay to the retirement system the remaining portion of the health insurance coverage premium not paid by this state under this subsection. The portion of the health insurance coverage premium paid by this state under this subsection shall be 90% of the payments for health insurance coverage under section 50b. If the individual elects the health insurance coverage provided under section 50b, this state shall transfer its portion of the amount calculated under this subsection to the health insurance fund created by section 22c.

(5) For a former qualified participant who is eligible to elect health insurance coverage under subsection (1) and who is vested in those benefits under section 75(2)(b), and for his or her health benefit dependents, this state shall pay a portion of the health insurance premium as calculated under this subsection on a cash disbursement method. An individual described in this subsection who elects health insurance coverage under this section shall pay to the retirement system the remaining portion of the health insurance coverage premium not paid by this state under this subsection. The portion of the health insurance coverage premium paid by this state under this subsection shall be equal to the premium amounts paid on behalf of retirants of Tier 1 for health insurance coverage under section 50b. If the individual elects the health insurance coverage provided under section 50b, the state shall transfer its portion of the amount calculated under this subsection to the health insurance fund created by section 22c.

(6) If the department of management and budget receives notification from the United States internal revenue service that this section or any portion of this section will cause the retirement system to be disqualified for tax purposes under the internal revenue code, then the portion that will cause the disqualification does not apply.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 615]

(SB 891)

AN ACT to amend 1941 PA 122, entitled "An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of the state; to prescribe certain powers and duties of the state treasurer; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act," by amending the title and sections 1, 3, 13, and 28 (MCL 205.1, 205.3, 205.13, and 205.28), the title and section 1 as amended by 2002 PA 657, section 3 as amended by 2003 PA 92, section 13 as amended by 1996 PA 479, and section 28 as amended by 2003 PA 114.

The People of the State of Michigan enact:

TITLE

An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act.

205.1 Department as agency responsible for tax collection; definitions.

Sec. 1. (1) The department is the agency of this state responsible for the collection of taxes and is responsible for all of the following:

(a) Coordinated collection of state taxes, assessments, licenses, fees, and other money as may be designated by law.

(b) Specialized service for tax enforcement, through establishment and maintenance of uniformity in definition, regulation, return, and payment.

(c) Avoidance of duplication in state facilities for tax collections that involve seasonal or occasional increases of staff, duplication of audits, and wasteful travel expenses.

(d) Safeguarding tax and other collections wherever received until duly deposited in the state treasury.

(e) Providing an advisory service on fiscal status, processes, and needs of state government, including periodic reports on payments, receipts, and debts.

(f) Development of a state revenue enforcement service by means of a staff that is permanent, qualified by training and experience, protected by merit system procedure, and so organized as to serve the public with efficiency, economy, consistency, and equity.

(g) Except as otherwise provided in this act, supervise and control the collection of all past due money and accounts owed to this state or to any officer, department, commission, board, or agency of this state.

(2) Any reference to the department of revenue in this act or any other act shall mean the state treasurer. Any reference to the state commissioner of revenue in this act or any other act shall mean the state treasurer.

(3) As used in this act:

(a) "Department" means the department of treasury.

(b) "Support" means that term as defined in section 2 of the support and parenting time enforcement act, 1982 PA 295, MCL 552.602.

205.3 Department and state treasurer; powers and duties generally.

Sec. 3. Except as otherwise provided in this act, the department shall have all the powers and perform the duties formerly vested in a department, board, commission, or other agency, in connection with taxes due to or claimed by this state and in connection with unpaid accounts or money due to this state or any of its departments, institutions, or agencies that may be made payable to or collectible by the department created by this act. The department has the power and authority incidental to the performance of the following acts, duties, and services:

(a) The state treasurer or a duly appointed agent of the state treasurer may examine the books, records, and papers touching the matter at issue of any person or taxpayer subject to any tax, unpaid account, or money the collection of which is charged to the department. The state treasurer or a duly appointed agent of the state treasurer may issue a subpoena requiring a person to appear and be examined with reference to a matter within the scope of the inquiry or investigation being conducted by the department and to produce any books, records, or papers. The state treasurer or a duly appointed agent, referee, or examiner of the state treasurer may administer an oath to a witness in any matter before the department. The department may invoke the aid of the circuit court of this state in requiring the attendance and testimony of witnesses and the producing of books, papers, and documents. The circuit court of this state within the jurisdiction of which an inquiry is carried on, in case of contumacy or refusal to obey a subpoena, may issue an order requiring the person to appear before the department and produce books and papers if so ordered and any evidence touching

the matter in question, and failure to obey the order of the court may be punished by the court as a contempt. A person shall not be excused from testifying or from producing any books, papers, records, or memoranda in any investigation, or upon any hearing when ordered to do so by the state treasurer, upon the ground that the testimony or evidence, documentary or otherwise, may tend to incriminate or subject him or her to a criminal penalty, however, a person shall not be prosecuted or subjected to any criminal penalty for or on account of any transaction made or thing concerning which he or she may testify or produce evidence, documentary or otherwise, before the department or its agent. A person testifying is not exempt from prosecution and punishment for perjury committed while testifying.

(b) After reasonable notice and public hearing, the department may promulgate rules consistent with this act in accordance with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, necessary to the enforcement of the provisions of tax and other revenue measures that are administered by the department.

(c) The department may consult with the governor and the legislature on the subject of taxation, revenue, and the administration of the laws in relation to taxation and revenue, and the progress of the work of the department, including the furnishing of reports, information, and other assistance as the governor may require.

(d) The department may investigate and study all matters of taxation and revenue as the basis of recommending to the governor and the legislature those changes and alterations in the tax laws of this state, as in the state treasurer's judgment may bring about a more adequate and just system of state and local taxation.

(e) The department may formulate a standard procedure that requires the departments, commissions, boards, institutions, and the agencies of this state that collect taxes, fees, or accounts for this state to report all sums of money due and uncollected and those uncollected items as prescribed by law and by the state treasurer. The procedure prescribed in this subdivision shall include a standard practice for receiving, receipting, safeguarding, and periodically reporting all state revenue receipts, whether current, delinquent, penalty, interest, or otherwise, and the amounts, kinds, and terms of items either collected, compromised, or still outstanding, to be summarized, studied, and reported upon as the state treasurer considers advisable.

(f) The department may periodically issue bulletins that index and explain current department interpretations of current state tax laws. Beginning October 22, 2003, each bulletin or letter ruling issued by the department on or after August 18, 2000 shall be published and made available to the public in printed and electronic formats. The department may charge a reasonable fee for subscriptions to this service not to exceed the cost of printing. The money received from the sale of subscriptions shall revert to the department and be placed in the taxation manual revolving fund.

205.13 Administration and enforcement of laws by department of treasury; powers, duties, functions, responsibilities, and jurisdiction conferred; enforcement, investigation, and collection of support by department of human services.

Sec. 13. (1) The department of treasury shall administer and enforce the following laws and shall succeed to and is vested with all of the powers, duties, functions, responsibilities, and jurisdiction now or hereafter conferred upon the following:

(a) State board of tax administration, by the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, and by the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

(b) Auditor general, by 1905 PA 282, MCL 207.1 to 207.21, and by the Michigan estate tax act, 1899 PA 188, MCL 205.201 to 205.256.

(c) State tax commission, by 1929 PA 48, MCL 205.301 to 205.317.

(d) State tax commission, by section 61524 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.61524.

(e) The department shall succeed to and is vested with all powers, duties, functions, responsibilities, and jurisdiction of the attorney general over the collection of all past due money and accounts that are owing to the state of Michigan or any department, commission, or institution of this state, vested in the attorney general by 1927 PA 375, MCL 14.131 to 14.134.

(f) For cities that enter into an agreement with the department of treasury pursuant to section 9 of chapter 1 of the city income tax act, 1964 PA 284, MCL 141.509, the department of treasury is vested with all the powers, duties, functions, responsibilities, and jurisdiction to administer, collect under, and enforce the city income tax act, 1964 PA 284, MCL 141.501 to 141.787, as provided in the city income tax act, 1964 PA 284, MCL 141.501 to 141.787, and the agreement. The department of treasury shall not charge to or collect from a taxpayer any amount not otherwise authorized by law in conjunction with the collection of the tax pursuant to an agreement entered into under section 9 of chapter 1 of the city income tax act, 1964 PA 284, MCL 141.509.

(2) The department of human services and its designees are vested with all of the powers, duties, functions, responsibilities, and jurisdiction of the department of treasury under this act for the enforcement, investigation, and collection of support owed to this state.

(3) Except as otherwise provided in this act, each state officer, department, board, commission, or agency from time to time shall forward to the department of treasury statements of all delinquent and past due money, specific taxes, and accounts owing or belonging to this state, or any officer, department, board, commission, or agency of this state together with any information necessary to enable the department to carry out the purposes of this act. The department shall do all of the following:

(a) Keep an accurate record and account of all of the statements.

(b) Enforce payment and collection of the money, specific taxes, or accounts.

(c) Keep an accurate account of all money, specific taxes, or accounts collected.

(d) Report monthly all collections made to the officer, department, board, commission, or agency to which the indebtedness was incurred.

(e) Pay monthly to the state treasurer all money collected unless otherwise provided by law.

(4) The department of human services or its designee authorized under subsection (2) to collect support owed to this state may settle and compromise claims and accounts and receive and issue receipts for collections and payments, subject to the authority granted to it by the social security act, 42 USC 301 to 1397jj, the office of child support act, 1971 PA 174, MCL 400.231 to 400.240, and the support and parenting time enforcement act, 1982 PA 295, MCL 552.601 to 552.650.

205.28 Conditions applicable to administration of taxes; violation; penalties; records required; disclosure of information; "adjusted gross receipts" and "wagering tax" defined.

Sec. 28. (1) The following conditions apply to all taxes administered under this act unless otherwise provided for in the specific tax statute:

(a) Notice, if required, shall be given either by personal service or by certified mail addressed to the last known address of the taxpayer. Service upon the department may be made in the same manner.

(b) An injunction shall not issue to stay proceedings for the assessment and collection of a tax.

(c) In addition to the mode of collection provided in this act, the department may institute an action at law in any county in which the taxpayer resides or transacts business.

(d) The state treasurer may request in writing information or records in the possession of any other department, institution, or agency of state government for the performance of duties under this act. Departments, institutions, or agencies of state government shall furnish the information and records upon receipt of the state treasurer's request. Upon request of the state treasurer, any department, institution, or agency of state government shall hold a hearing under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to consider withholding a license or permit of a person for nonpayment of taxes or accounts collected under this act.

(e) Except as otherwise provided in section 30c, the state treasurer or an employee of the department shall not compromise or reduce in any manner the taxes due to or claimed by this state or unpaid accounts or amounts due to any department, institution, or agency of state government. This subdivision does not prevent a compromise of interest or penalties, or both.

(f) Except as otherwise provided in this subdivision, an employee, authorized representative, or former employee or authorized representative of the department or anyone connected with the department shall not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the audit selection or processing criteria of the department for a tax administered by the department. An employee or authorized representative shall not willfully inspect any return or information contained in a return unless it is appropriate for the proper administration of a tax law administered under this act. A person may disclose information described in this subdivision if the disclosure is required for the proper administration of a tax law administered under this act or the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, pursuant to a judicial order sought by an agency charged with the duty of enforcing or investigating support obligations pursuant to an order of a court in a domestic relations matter as that term is defined in section 2 of the friend of the court act, 1982 PA 294, MCL 552.502, or pursuant to a judicial order sought by an agency of the federal, state, or local government charged with the responsibility for the administration or enforcement of criminal law for purposes of investigating or prosecuting criminal matters or for federal or state grand jury proceedings or a judicial order if the taxpayer's liability for a tax administered under this act is to be adjudicated by the court that issued the judicial order. A person may disclose the adjusted gross receipts and the wagering tax paid by a casino licensee licensed under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226, pursuant to section 18, sections 341, 342, and 386 of the management and budget act, 1984 PA 431, MCL 18.1341, 18.1342, and 18.1386, or authorization by the executive director of the gaming control board. However, the state treasurer or a person designated by the state treasurer may divulge information set forth or disclosed in a return or report or by an investigation or audit to any department, institution, or agency of state government upon receipt of a written request from a head of the department, institution, or agency of state government if it is required for the effective administration or enforcement of the laws of this state, to a proper officer of the United States department of treasury, and to a proper officer of another state reciprocating in this privilege. The state treasurer may enter into reciprocal agreements with other departments of state government, the United States department of treasury, local governmental units within this state, or taxing officials of other states for the enforcement, collection, and exchange of data after ascertaining that any information provided will be subject to confidentiality restrictions substantially the same as the provisions of this act.

(2) A person who violates subsection (1)(e), (1)(f), or (4) is guilty of a felony, punishable by a fine of not more than $5,000.00, or imprisonment for not more than 5 years, or both, together with the costs of prosecution. In addition, if the offense is committed by an employee of this state, the person shall be dismissed from office or discharged from employment upon conviction.

(3) A person liable for any tax administered under this act shall keep accurate and complete records necessary for the proper determination of tax liability as required by law or rule of the department.

(4) A person who receives information under subsection (1)(f) for the proper administration of the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, shall not willfully disclose that information for any purpose other than the administration of the general property tax act, 1893 PA 206, MCL 211.1 to 211.157. A person who violates this subsection is subject to the penalties provided in subsection (2).

(5) As used in subsection (1), "adjusted gross receipts" and "wagering tax" mean those terms as described in the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

Compiler's note: MCL 205.28 was not amended and should not appear in the title as an amended section.

[No. 616]

(SB 926)

AN ACT to amend 1984 PA 270, entitled "An act relating to the economic development of this state; to create the Michigan strategic fund and to prescribe its powers and duties; to transfer and provide for the acquisition and succession to the rights, properties, obligations, and duties of the job development authority and the Michigan economic development authority to the Michigan strategic fund; to provide for the expenditure of proceeds in certain funds to which the Michigan strategic fund succeeds in ownership; to provide for the issuance of, and terms and conditions for, certain notes and bonds of the Michigan strategic fund; to create certain boards and funds; to create certain permanent funds; to exempt the property, income, and operation of the fund and its bonds and notes, and the interest thereon, from certain taxes; to provide for the creation of certain centers within and for the purposes of the Michigan strategic fund; to provide for the creation and funding of certain accounts for certain purposes; to impose certain powers and duties upon certain officials, departments, and authorities of this state; to make certain loans, grants, and investments; to provide penalties; to make an appropriation; and to repeal acts and parts of acts," by amending section 74 (MCL 125.2074), as amended by 1987 PA 278.

The People of the State of Michigan enact:

125.2074 Research center fund; use of money; purpose; obligations of present or emerging technologies; purposes of financial aid; terms and conditions of financial aid; minimum financial aid grant; payment; tax exemption.

Sec. 74. (1) The fund may utilize the money held in the research center fund to provide financial aid to nonprofit research and development enterprises that perform or cause to

be performed, or both, research and development in present and emerging technology and in the application of that technology to business and industry.

(2) The present or emerging technologies that are provided financial aid should serve as a foundation for future job growth or retention in this state, encourage economic stability or diversification in this state, and establish this state as a center of excellence in high technology.

(3) Financial aid under this act may be provided for the purposes of designing and constructing new facilities, designing and rehabilitating existing facilities, acquiring an interest in real or personal property, providing working capital, which may include salaries, rent, supplies, inventory, accounts receivable, mortgage payments, legal costs, utility costs, telephone, travel, and other incidental costs normally classified as working capital according to standard accounting principles. Working capital financing grants provided by the fund to a particular research and development enterprise shall not be granted for a period exceeding 10 years calculated from the effective date of the first grant to the expiration date of the last grant.

(4) Financial aid provided by the fund may be on those terms and conditions as the fund, in its sole discretion, shall determine to be reasonable, appropriate, and consistent with the purposes and objectives of the fund and this act.

(5) The minimum financial aid grant under this act shall be $2,500,000.00 to be paid over the period of time as the fund shall specify in the grant unless this restriction is waived by a 2/3 vote of the members of the board.

(6) Personal property that is leased or owned, and used, or that portion of real property that is leased, subleased, or owned, and occupied by a nonprofit research and development enterprise that receives or has received financial benefit or support under this act, former 1982 PA 70, or section 117 of 2000 PA 291 in the amount of $1,000,000.00 or more or that has received financial benefit or support in the amount of $1,000,000.00 or more from an organization with tax-exempt status under section 501(c)(3) of the internal revenue code, 26 USC 501, that received financial benefit or support directly or indirectly under this act or section 117 of 2000 PA 291 is exempt from taxes collected under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157, while the property is leased, subleased, owned, used, or occupied by that nonprofit research and development enterprise solely for the purpose of performing or coordinating research and development in present and emerging technology and of the application of that technology to business and industry and provided that the research and development enterprise retains its tax-exempt status under section 501(c)(3) of the internal revenue code, 26 USC 501.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 617]

(SB 1017)

AN ACT to amend 1980 PA 300, entitled "An act to provide a retirement system for the public school employees of this state; to create certain funds for this retirement system; to provide for the creation of a retirement board within the department of management and budget; to prescribe the powers and duties of the retirement board; to prescribe the

powers and duties of certain state departments, agencies, officials, and employees; to prescribe penalties and provide remedies; and to repeal acts and parts of acts," by amending sections 75, 85, and 91 (MCL 38.1375, 38.1385, and 38.1391), section 75 as amended by 1989 PA 194, section 85 as amended by 2002 PA 94, and section 91 as amended by 2004 PA 117.

The People of the State of Michigan enact:

38.1375 Separation from service or reduction of hours for purposes of parental leave; purchase of service credit; refund; application; "parental leave" defined.

Sec. 75. (1) A member who left or leaves service as a public school employee; who left or leaves out-of-system public education service; or a member of the state employees' retirement system under section 13 of the state employees' retirement act, 1943 PA 240, MCL 38.13, who left or leaves service as a state employee for purposes of parental leave who subsequently becomes a member of this retirement system without other intervening employment of more than 20 hours per week for each week for which service credit was claimed may purchase service credit for the time period or periods during which the person was separated from service because of parental leave if the member satisfies the requirements of this section. The member shall submit an application as described in subsection (5) and shall pay the actuarial cost to the retirement system. The total service credited under this section shall not exceed 5 years. A member requesting purchase of service credit under this section shall certify to the retirement system the purpose for which the member took leave or was separated from service as a public school employee; a person performing out-of-system public education service; or a member of the state employees' retirement system under section 13 of the state employees' retirement act, 1943 PA 240, MCL 38.13.

(2) Service credit purchased under this section may not be used to satisfy the minimum of 10 years of service credit required to receive a retirement allowance under this act.

(3) If a member who made payment under this section dies and a retirement allowance beneficiary has not been designated, or if the member leaves reporting unit service before his or her retirement becomes effective, the payment made by the member shall be refunded upon request to the member or to the member's refund beneficiary.

(4) A member who reduces hours of employment with a reporting unit for purposes of parental leave or a person who reduces hours of out of system public education service for purposes of parental leave and who subsequently becomes a member of this retirement system may purchase service credit for those hours by which employment was reduced if all other requirements of this section are met.

(5) A member requesting purchase of service credit under this section shall submit an application as prescribed by the retirement system in which the member shall certify the time period claimed for parental leave and the purpose of the parental leave. If the request for purchase of service credit under this section is a result of leave taken to care for the member's child by birth or adoption, then the member also shall submit a certified copy of a birth certificate or adoption document from the appropriate court of jurisdiction.

(6) Parental leave is creditable under this act until the child, by birth or adoption, attains age 18 or is married, whichever occurs first.

(7) As used in this section, "parental leave" means either of the following:

(a) The presence of the member in the active participation or supervision in the day-to-day, ongoing care or maintenance of his or her child by birth or adoption, for which the member reduced or eliminated the number of hours worked for the state, in out-of-system public education service, or for the reporting unit in a normal work time period.

(b) A member's pregnancy that occurred while a member, whether brought to full term or not, childbirth, and recuperation, for which the member reduced or eliminated the number of hours worked for the state, in out-of-system public education service, or for the reporting unit in a normal work time period.

38.1385 Payment options; election; change of option or beneficiary; payment to beneficiary; reversion of benefit to straight retirement allowance; term of payment; beneficiary predeceasing retirant who returns to service; effect of election of retirant's divorce from spouse designated as beneficiary; payment of difference between accumulated contributions and aggregate amount of retirement allowance payments; change of beneficiary; optional form of benefit payment; limitation; termination.

Sec. 85. (1) A retiring member or retiring deferred member who meets the requirements of section 81 or 81a or a member whom the retirement board finds to be totally and permanently disabled and eligible to receive a retirement allowance under section 86 or 87 shall elect to receive his or her retirement allowance under 1 of the payment options provided in this subsection. The election shall be in writing and filed with the retirement board at least 15 days before the effective date of the retirement allowance except as provided for a disability retirant under section 86 or 87. The amount of retirement allowance under subdivision (b), (c), or (d) shall be the actuarial equivalent of the amount of retirement allowance under subdivision (a). The options are as follows:

(a) A retirant shall be paid a straight retirement allowance for life computed pursuant to section 84. An additional retirement allowance payment shall not be made upon the retirant's death.

(b) A retirant shall be paid a reduced retirement allowance for life with the provision that upon the retirant's death, payment of the reduced retirement allowance is continued throughout the lifetime of the retirement allowance beneficiary whom the member or deferred member designates in a writing filed with the retirement board at the time of election of this option. A member or deferred member may elect this option and designate a retirement allowance beneficiary under the conditions set forth in section 82(2) or 89(3).

(c) A retirant shall be paid a reduced retirement allowance for life with the provision that upon the retirant's death, payment of 1/2 of the reduced retirement allowance is continued throughout the lifetime of the retirement allowance beneficiary whom the member designated in a writing filed with the retirement board at the time of election of the option.

(d) On and after January 1, 2000, a retirant shall be paid a reduced retirement allowance for life with the provision that upon the retirant's death, payment of 75% of the reduced retirement allowance is continued throughout the lifetime of the retirement allowance beneficiary whom the member designated in a writing filed with the retirement board at the time of election of the option.

(2) In addition to the election under subsection (1), a retirant, other than a disability retirant who is 60 years of age or less, may elect to coordinate his or her retirement allowance with an estimated primary social security benefit. The retirant shall be paid an increased retirement allowance until 62 years of age and a reduced retirement allowance after 62 years of age. The increased retirement allowance paid until 62 years of age shall approximate the sum of the reduced retirement allowance payable after 62 years of age and the retirant's estimated social security primary insurance amount. The estimated social security primary insurance amount shall be determined by the retirement system. The election under this subsection shall be made at the same time and in the same manner as required under subsection (1).

(3) Except as otherwise provided in this section, the election of a payment option in subsections (1) and (2) shall not be changed on or after the effective date of the retirement allowance. Except as provided in this section, the retirement allowance beneficiary selected under subsection (1)(b), (c), or (d) shall not be changed on or after the effective date of the retirement allowance and shall be either a spouse, brother, sister, parent, or child, including an adopted child, of the member, deferred member, retiring member, or retiring deferred member entitled to make the election under this act. Another retirement allowance beneficiary shall not be selected. If a member, deferred member, retiring member, or retiring deferred member is married at the retirement allowance effective date, an election under subsection (1), other than an election under subsection (1)(b), (c), or (d) naming the spouse as retirement allowance beneficiary, shall not be effective unless the election is signed by the spouse, except that this requirement may be waived by the board if the signature of a spouse cannot be obtained because of extenuating circumstances. For purposes of this subsection, "spouse" means the person to whom the member, deferred member, retiring member, or retiring deferred member is married at the retirement allowance effective date. Payment to a retirement allowance beneficiary shall start the first day of the month following the retirant's death.

(4) Except as otherwise provided in subsection (8), if the retirement allowance beneficiary selected under subsection (1)(b), (c), or (d) predeceases the retirant, the retirant's benefit shall revert to a straight retirement allowance including post-retirement adjustments, if any, shall be effective the first of the month following the death, and shall be paid during the remainder of the retirant's life. This subsection applies to a retirant whose effective date of retirement is after June 28, 1976, but the straight retirement allowance shall not be payable for any month beginning before the later of the retirement allowance beneficiary's death or October 31, 1980. This subsection also applies to a retirant whose effective date of retirement was on or before June 28, 1976, but the straight retirement allowance shall not be payable for any month beginning before the later of the retirement allowance beneficiary's death or January 1, 1986. A retirant who on January 1, 1986 is receiving a reduced retirement allowance because the retirant designated a retirement allowance beneficiary and the retirement allowance beneficiary predeceased the retirant is eligible to receive the straight retirement allowance beginning January 1, 1986, but the straight retirement allowance shall not be payable for any month beginning before January 1, 1986.

(5) A retirant who returns to service pursuant to section 61 and whose retirement allowance beneficiary selected under subsection (1)(b), (c), or (d) predeceases the member before he or she again becomes a retirant may again choose a retirement allowance beneficiary pursuant to subsection (1)(b), (c), or (d).

(6) If a retirant receiving a reduced retirement allowance under subsection (1)(b), (c), or (d) is divorced from the spouse who had been designated as the retirant's retirement allowance beneficiary under subsection (1)(b), (c), or (d), the election of a reduced retirement allowance payment option shall be considered void by the retirement system if the judgment of divorce or award or order of the court, or an amended judgment of divorce or award or order of the court, described in the public employee retirement benefit protection act, 2002 PA 100, MCL 38.1681 to 38.1689, and dated after June 27, 1991 provides that the election of a reduced retirement allowance payment option under subsection (1)(b), (c), or (d) is to be considered void by the retirement system and the retirant provides a certified copy of the judgment of divorce or award or order of the court, or an amended judgment of divorce or award or order of the court, to the retirement system. If the election of a reduced retirement allowance payment option under subsection (1)(b), (c), or (d) is considered void by the retirement system under this subsection, the retirant's retirement allowance shall revert to a straight retirement allowance, including postretirement adjustments, if any,

subject to an award or order of the court as described in the public employee retirement benefit protection act, 2002 PA 100, MCL 38.1681 to 38.1689. The retirement allowance shall revert to a straight retirement allowance under this subsection effective the first of the month after the date the retirement system receives a certified copy of the judgment of divorce or award or order of the court. This subsection does not supersede a judgment of divorce or award or order of the court in effect on June 27, 1991. This subsection does not require the retirement system to distribute or pay retirement assets on behalf of a retirant in an amount that exceeds the actuarially determined amount that would otherwise become payable if a judgment of divorce had not been rendered.

(7) If the retirement allowance payments terminate before an aggregate amount equal to the retirant's accumulated contributions has been paid, the difference between the retirant's accumulated contributions and the aggregate amount of retirement allowance payments made shall be paid to the person designated in a writing filed with the retirement board on a form provided by the retirement board. If the designated person does not survive the retirant or retirement allowance beneficiary, the difference shall be paid to the deceased recipient's estate or to the legal representative of the deceased recipient.

(8) A retirant who selected a retirement allowance beneficiary under subsection (1)(b), (c), or (d) may change his or her retirement allowance beneficiary if all of the following apply:

(a) The first retirement allowance beneficiary is a spouse.

(b) The first retirement allowance beneficiary predeceases the retirant after the retirement allowance effective date.

(c) The retirant marries another spouse after the retirement allowance effective date.

(d) The retirant files a written request with the retirement system to name his or her current spouse as a retirement allowance beneficiary not earlier than 180 days and not later than 1 year after the marriage of the retirant and the current spouse except that a retirant whose first retirement allowance beneficiary predeceases the retirant after the retirement allowance effective date and before the effective date of the amendatory act that added this subsection shall have 180 days from the effective date of the amendatory act that added this subsection to file a written request with the retirement system.

(9) A retirant who was not married on his or her retirement allowance effective date and who did not select a payment option provided in this section may select an optional form of benefit payment under subsection (1)(b), (c), or (d) and designate a retirement allowance beneficiary if all of the following apply:

(a) The retirant marries after his or her retirement allowance effective date.

(b) The retirement allowance beneficiary is the retirant's spouse.

(c) The retirement allowance beneficiary is only designated as the retirement allowance beneficiary for that portion of the retirant's retirement allowance that is not subject to an eligible domestic relations order assigning a previous spouse a reduced benefit under section 4(b) of the eligible domestic relations order act, 1991 PA 46, MCL 38.1704.

(d) The retirant files a written request with the retirement system to select the optional form of benefit payment under subsection (1)(b), (c), or (d) and to designate his or her spouse as the retirement allowance beneficiary, not earlier than 180 days and not later than 1 year after the retirant's marriage except that a retirant who marries after the retirement allowance effective date and before the effective date of the amendatory act that added this subsection shall have 180 days from the effective date of the amendatory act that added this subsection to file a written request with the retirement system.

(10) The retirement allowance of the retirant who makes an election under subsection (8) or (9) shall not be greater than the actuarial equivalent of the retirement allowance as determined by the retirement board that the retirant would otherwise be entitled to under subsection (1)(a) and shall become effective the first day of the month following the filing of the written request with the retirement system.

(11) If the retirant dies no later than 12 months after the effective date of his or her election under subsection (8) or (9), the retirement allowance for the surviving spouse established under subsection (8) or (9) shall terminate 12 months after the death of the retirant.

38.1391 Hospital, medical-surgical, and sick care benefits; dental, vision, and hearing benefits; definitions.

Sec. 91. (1) Except as otherwise provided in this section, the retirement system shall pay the entire monthly premium or membership or subscription fee for hospital, medical-surgical, and sick care benefits for the benefit of a retirant or retirement allowance beneficiary who elects coverage in the plan authorized by the retirement board and the department. Upon the death of the retirant, a retirement allowance beneficiary who became a retirement allowance beneficiary under section 85(8) or (9) is not a health insurance dependent and is not entitled to health benefits under this section except as provided in subsection (10).

(2) The retirement system may pay up to the maximum of the amount payable under subsection (1) toward the monthly premium for hospital, medical-surgical, and sick care benefits for the benefit of a retirant or retirement allowance beneficiary enrolled in a group health insurance or prepaid service plan not authorized by the retirement board and the department, if enrolled before June 1, 1975, for whom the retirement system on July 18, 1983 was making a payment towards his or her monthly premium.

(3) A retirant or retirement allowance beneficiary receiving hospital, medical-surgical, and sick care benefits coverage under subsection (1) or (2), until eligible for medicare, shall have an amount equal to the cost chargeable to a medicare recipient for part B of medicare deducted from his or her retirement allowance.

(4) The retirement system shall pay 90% of the monthly premium or membership or subscription fee for dental, vision, and hearing benefits for the benefit of a retirant or retirement allowance beneficiary who elects coverage in the plan authorized by the retirement board and the department. Payments shall begin under this subsection upon approval by the retirement board and the department of plan coverage and a plan provider.

(5) The retirement system shall pay up to 90% of the maximum of the amount payable under subsection (1) toward the monthly premium or membership or subscription fee for hospital, medical-surgical, and sick care benefits coverage described in subsections (1) and (2) for each health insurance dependent of a retirant receiving benefits under subsection (1) or (2). Payment shall not exceed 90% of the actual monthly premium or membership or subscription fee. The retirement system shall pay 90% of the monthly premium or membership or subscription fee for dental, vision, and hearing benefits described in subsection (4) for the benefit of each health insurance dependent of a retirant receiving benefits under subsection (4). Payment for health benefits coverage for a health insurance dependent of a retirant shall not be made after the retirant's death, unless the retirant designated a retirement allowance beneficiary as provided in section 85 and the dependent was covered or eligible for coverage as a health insurance dependent of the retirant on the retirant's date of death. Payment for health benefits coverage shall not be made for a health insurance dependent after the later of the retirant's death or the retirement allowance beneficiary's death. Payment under this subsection and subsection (6) began October 1, 1985 for health insurance dependents who on July 10, 1985 were covered by the hospital, medical-surgical,

and sick care benefits plan authorized by the retirement board and the department. Payment under this subsection and subsection (6) for other health insurance dependents shall not begin before January 1, 1986.

(6) The payment described in subsection (5) shall also be made for each health insurance dependent of a deceased member or deceased duty disability retirant if a retirement allowance is being paid to a retirement allowance beneficiary because of the death of the member or duty disability retirant as provided in section 43c(c), 89, or 90. Payment for health benefits coverage for a health insurance dependent shall not be made after the retirement allowance beneficiary's death.

(7) The payments provided by this section shall not be made on behalf of a retiring section 82 deferred member or health insurance dependent of a deferred member having less than 21 full years of attained credited service or the retiring deferred member's retirement allowance beneficiary, and shall not be made on behalf of a retirement allowance beneficiary of a deferred member who dies before retiring. The retirement system shall pay, on behalf of a retiring section 82 deferred member or health insurance dependent of a deferred member or a retirement allowance beneficiary of a deceased deferred member, either of whose allowance is based upon not less than 21 years of attained credited service, 10% of the payments provided by this section, increased by 10% for each attained full year of credited service beyond 21 years, not to exceed 100%. This subsection applies to any member who attains deferred status under section 82 after October 31, 1980.

(8) Any retirant or retirement allowance beneficiary excluded from payments under this section may participate in the hospital, medical-surgical, and sick care benefits plan, the dental plan, vision plan, or hearing plan, or any combination of the plans described in this section in the manner prescribed by the retirement system at his or her own cost.

(9) The hospital, medical-surgical, and sick care benefits plan, dental plan, vision plan, and hearing plan that covers retirants, retirement allowance beneficiaries, and health insurance dependents pursuant to this section shall contain a coordination of benefits provision that provides all of the following:

(a) If the person covered under the hospital, medical-surgical, and sick care benefits plan is also eligible for medicare or medicaid, or both, then the benefits under medicare or medicaid, or both, shall be determined before the benefits of the hospital, medical-surgical, and sick care benefits plan provided pursuant to this section.

(b) If the person covered under any of the plans provided by this section is also covered under another plan that contains a coordination of benefits provision, the benefits shall be coordinated as provided by the coordination of benefits act, 1984 PA 64, MCL 550.251 to 550.255.

(c) If the person covered under any of the plans provided by this section is also covered under another plan that does not contain a coordination of benefits provision, the benefits under the other plan shall be determined before the benefits of the plan provided pursuant to this section.

(10) A surviving spouse selected as a retirement allowance beneficiary under section 85(8) or (9) may elect the insurance coverages provided in this section provided that payment for the elected coverages is the responsibility of the surviving spouse and is paid in a manner prescribed by the retirement system.

(11) For purposes of this section:

(a) "Health insurance dependent" means any of the following:

(*i*) Except as provided in subsection (1), the spouse of the retirant or the surviving spouse to whom the retirant or deceased member was married at the time of the retirant's or deceased member's death.

(*ii*) An unmarried child, by birth or adoption, of the retirant or deceased member, until December 31 of the calendar year in which the child becomes 19 years of age.

(*iii*) An unmarried child, by birth or adoption, of the retirant or deceased member, until December 31 of the calendar year in which the child becomes 25 years of age, who is enrolled as a full-time student, and who is or was at the time of the retirant's or deceased member's death a dependent of the retirant or deceased member as defined in section 152 of the internal revenue code.

(*iv*) An unmarried child, by birth or adoption, of the retirant or deceased member who is incapable of self-sustaining employment because of mental or physical disability, and who is or was at the time of the retirant's or deceased member's death a dependent of the retirant or deceased member as defined in section 152 of the internal revenue code.

(*v*) The parents of the retirant or deceased member, or the parents of his or her spouse, who are residing in the household of the retirant or retirement allowance beneficiary.

(*vi*) An unmarried child who is not the child by birth or adoption of the retirant or deceased member but who otherwise qualifies to be a health insurance dependent under subparagraph (*ii*), (*iii*), or (*iv*), if the retirant or deceased member is the legal guardian of the unmarried child.

(b) "Medicaid" means benefits under the federal medicaid program established under title XIX of the social security act, chapter 531, 49 Stat. 620, 42 USC 1396 to 1396f, 1396g-1 to 1396r-6, and 1396r-8 to 1396v.

(c) "Medicare" means benefits under the federal medicare program established under title XVIII of the social security act, chapter 531, 49 Stat. 620, 42 USC 1395 to 1395b, 1395b-2, 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to 1395yy, and 1395bbb to 1395ggg.

Effective date.

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

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 618]

(SB 1254)

AN ACT to amend 1975 PA 238, entitled "An act to require the reporting of child abuse and neglect by certain persons; to permit the reporting of child abuse and neglect by all persons; to provide for the protection of children who are abused or neglected; to authorize limited detainment in protective custody; to authorize medical examinations; to prescribe the powers and duties of the state department of social services to prevent child abuse and neglect; to prescribe certain powers and duties of local law enforcement agencies; to safeguard and enhance the welfare of children and preserve family life; to provide for the appointment of legal counsel; to provide for the abrogation of privileged communications; to provide civil and criminal immunity for certain persons; to provide rules of evidence in certain cases; to provide for confidentiality of records; to provide for the expungement of certain records; to prescribe penalties; and to repeal certain acts and parts of acts," by amending section 8d (MCL 722.628d), as amended by 2002 PA 661.

The People of the State of Michigan enact:

722.628d Categories and departmental response; listing in child abuse or neglect registry; report to legislature.

Sec. 8d. (1) For the department's determination required by section 8, the categories, and the departmental response required for each category, are the following:

(a) Category V - services not needed. Following a field investigation, the department determines that there is no evidence of child abuse or neglect.

(b) Category IV - community services recommended. Following a field investigation, the department determines that there is not a preponderance of evidence of child abuse or neglect, but the structured decision-making tool indicates that there is future risk of harm to the child. The department shall assist the child's family in voluntarily participating in community-based services commensurate with the risk to the child.

(c) Category III - community services needed. The department determines that there is a preponderance of evidence of child abuse or neglect, and the structured decision-making tool indicates a low or moderate risk of future harm to the child. The department shall assist the child's family in receiving community-based services commensurate with the risk to the child. If the family does not voluntarily participate in services, or the family voluntarily participates in services, but does not progress toward alleviating the child's risk level, the department shall consider reclassifying the case as category II.

(d) Category II - child protective services required. The department determines that there is evidence of child abuse or neglect, and the structured decision-making tool indicates a high or intensive risk of future harm to the child. The department shall open a protective services case and provide the services necessary under this act. The department shall also list the perpetrator of the child abuse or neglect, based on the report that was the subject of the field investigation, on the central registry, either by name or as "unknown" if the perpetrator has not been identified.

(e) Category I - court petition required. The department determines that there is evidence of child abuse or neglect and 1 or more of the following are true:

(*i*) A court petition is required under another provision of this act.

(*ii*) The child is not safe and a petition for removal is needed.

(*iii*) The department previously classified the case as category II and the child's family does not voluntarily participate in services.

(*iv*) There is a violation, involving the child, of a crime listed or described in section 8a(1)(b), (c), (d), or (f) or of child abuse in the first or second degree as prescribed by section 136b of the Michigan penal code, 1931 PA 328, MCL 750.136b.

(2) In response to a category I classification, the department shall do all of the following:

(a) If a court petition is not required under another provision of this act, submit a petition for authorization by the court under section 2(b) of chapter XIIA of the probate code of 1939, 1939 PA 288, MCL 712A.2.

(b) Open a protective services case and provide the services necessary under this act.

(c) List the perpetrator of the child abuse or neglect, based on the report that was the subject of the field investigation, on the central registry, either by name or as "unknown" if the perpetrator has not been identified.

(3) The department is not required to use the structured decision-making tool for a nonparent adult who resides outside the child's home who is the victim or alleged victim of child abuse or neglect or for an owner, operator, volunteer, or employee of a licensed or registered child care organization or a licensed or unlicensed adult foster care family home

or adult foster care small group home as those terms are defined in section 3 of the adult foster care facility licensing act, 1979 PA 218, MCL 400.703.

(4) If following a field investigation the department determines that there is a preponderance of evidence that an individual listed in subsection (3) was the perpetrator of child abuse or neglect, the department shall list the perpetrator of the child abuse or neglect on the central registry.

(5) The department shall furnish a written report described in subsection (6) to the appropriate legislative standing committees and the house and senate appropriations subcommittees for the department within 4 months after each of the following time periods:

(a) Beginning October 1, 2005 and ending September 30, 2006.

(b) Beginning October 1, 2006 and ending September 30, 2007.

(c) Beginning October 1, 2007 and ending September 30, 2008.

(6) The department shall include in a report required by subsection (5) at least all of the following information regarding all families that were classified in category III at some time during the time period covered by the report:

(a) The total number of families classified in category III.

(b) The number of cases in category III closed or reclassified during the time period covered by the report categorized as follows:

(*i*) The number of cases referred to voluntary community services and closed with no additional monitoring.

(*ii*) The number of cases referred to voluntary community services and monitored for up to 90 days.

(*iii*) The number of cases for which the department entered more than 1 determination that there was evidence of child abuse or neglect.

(*iv*) The number of cases that the department reclassified from category III to category II.

(*v*) The number of cases that the department reclassified from category III to category I.

(*vi*) The number of cases that the department reclassified from category III to category I that resulted in a removal.

(c) For the periods described in subsection (5)(b) and (c), the number of cases that the department reclassified in each of subparagraphs (*iv*), (*v*), and (*vi*) of subdivision (b) that were referred to and provided voluntary community services before being reclassified by the department.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 619]

(SB 1327)

AN ACT to amend 1976 PA 451, entitled "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts,

and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending section 1532 (MCL 380.1532), as amended by 1995 PA 289.

The People of the State of Michigan enact:

380.1532 Teaching certificate; validity; recording; oath or affirmation; nullification.

Sec. 1532. (1) Before a teaching certificate is valid in this state, the holder shall record the certificate in the office of the intermediate superintendent or of the superintendent of schools of the school district in which the holder expects to teach.

(2) Before a teaching certificate is valid in this state, the holder shall make and subscribe the following oath or affirmation:

"I do solemnly swear (or affirm) that I will support the constitution of the United States of America and the constitution of the state of Michigan and that I will faithfully discharge the duties of the office of teacher according to the best of my ability".

(3) The oath set forth in subsection (2) shall be signed by the holder of the teaching certificate, notarized, and attached to or superimposed on the teaching certificate.

(4) Except as provided in this act, a teacher's teaching certificate shall not be nullified except by the state board and for a cause that would have initially justified the withholding of the certificate.

(5) Upon the request of a teacher, the state board immediately shall nullify that teacher's teaching certificate. Upon the request of a teacher, the state board may nullify 1 or more endorsements on the teaching certificate, or a grade level certification included in the teaching certificate, if the grade level certification or endorsement has not been used for 12 or more years.

(6) The state board shall not reinstate, reissue, or renew a teaching certificate, endorsement on a teaching certificate, or a grade level certification that has been nullified pursuant to subsection (5).

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 620]

(SB 1428)

AN ACT to amend 1961 PA 236, entitled "An act to revise and consolidate the statutes relating to the organization and jurisdiction of the courts of this state; the powers and duties of such courts, and of the judges and other officers thereof; the forms and attributes

of civil claims and actions; the time within which civil actions and proceedings may be brought in said courts; pleading, evidence, practice and procedure in civil and criminal actions and proceedings in said courts; to provide remedies and penalties for the violation of certain provisions of this act; to repeal all acts and parts of acts inconsistent with or contravening any of the provisions of this act; and to repeal acts and parts of acts," by amending sections 1060 and 1062 (MCL 600.1060 and 600.1062), as added by 2004 PA 224.

The People of the State of Michigan enact:

600.1060 Definitions.

Sec. 1060. As used in this chapter:

(a) "Dating relationship" means that term as defined in section 2950.

(b) "Domestic violence offense" means any crime alleged to have been committed by an individual against his or her spouse or former spouse, an individual with whom he or she has a child in common, an individual with whom he or she has had a dating relationship, or an individual who resides or has resided in the same household.

(c) "Drug treatment court" means a court supervised treatment program for individuals who abuse or are dependent upon any controlled substance or alcohol. A drug treatment court shall comply with the 10 key components promulgated by the national association of drug court professionals, which include all of the following essential characteristics:

(*i*) Integration of alcohol and other drug treatment services with justice system case processing.

(*ii*) Use of a nonadversarial approach by prosecution and defense that promotes public safety while protecting any participant's due process rights.

(*iii*) Identification of eligible participants early with prompt placement in the program.

(*iv*) Access to a continuum of alcohol, drug, and other related treatment and rehabilitation services.

(*v*) Monitoring of participants effectively by frequent alcohol and other drug testing to ensure abstinence from drugs or alcohol.

(*vi*) Use of a coordinated strategy with a regimen of graduated sanctions and rewards to govern the court's responses to participants' compliance.

(*vii*) Ongoing close judicial interaction with each participant and supervision of progress for each participant.

(*viii*) Monitoring and evaluation of the achievement of program goals and the program's effectiveness.

(*ix*) Continued interdisciplinary education in order to promote effective drug court planning, implementation, and operation.

(*x*) The forging of partnerships among other drug courts, public agencies, and community-based organizations to generate local support.

(d) "Participant" means an individual who is admitted into a drug treatment court.

(e) "Prosecutor" means the prosecuting attorney of the county, the city attorney, the village attorney, or the township attorney.

(f) "Traffic offense" means a violation of the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, or a violation of a local ordinance substantially corresponding to a violation of that act, that involves the operation of a vehicle and, at the time of the violation, is a felony or misdemeanor.

(g) "Violent offender" means an individual who meets either of the following criteria:

(*i*) Is currently charged with or has pled guilty to, or, if a juvenile, is currently alleged to have committed or has admitted responsibility for, an offense involving the death of or a serious bodily injury to any individual, or the carrying, possessing, or use of a firearm or other dangerous weapon by that individual, whether or not any of these circumstances are an element of the offense, or is criminal sexual conduct of any degree.

(*ii*) Has 1 or more prior convictions for, or, if a juvenile, has 1 or more prior findings of responsibility for, a felony involving the use or attempted use of force against another individual with the intent to cause death or serious bodily harm.

600.1062 Drug treatment court; adoption by circuit or district court; memorandum of understanding; parties; adoption by family division of circuit court; training; transfer of participant from another jurisdiction.

Sec. 1062. (1) The circuit court in any judicial circuit or the district court in any judicial district may adopt or institute a drug treatment court, pursuant to statute or court rules. However, the circuit or district court shall not adopt or institute a drug treatment court unless the circuit or district court enters into a memorandum of understanding with each participating county prosecuting attorney in the circuit or district court district, a representative of the criminal defense bar, and a representative or representatives of community treatment providers. The memorandum of understanding also may include other parties considered necessary, such as any other prosecutor in the circuit or district court district, local law enforcement, the probation departments in that circuit or district, the local substance abuse coordinating agency for that circuit or district, a domestic violence service provider program that receives funding from the state domestic violence prevention and treatment board, and community corrections agencies in that circuit or district. The memorandum of understanding shall describe the role of each party.

(2) The family division of circuit court in any judicial circuit may adopt or institute a juvenile drug treatment court, pursuant to statute or court rules. However, the family division of circuit court shall not adopt or institute a juvenile drug treatment court unless the family division of circuit court enters into a memorandum of understanding with each participating county prosecuting attorney in the circuit or district court district, a representative of the criminal defense bar specializing in juvenile law, and a representative or representatives of community treatment providers. The memorandum of understanding also may include other parties considered necessary, such as any other prosecutor in the circuit or district court district, local law enforcement, the probation departments in that circuit, the local substance abuse coordinating agency for that circuit, a domestic violence service provider program that receives funding from the state domestic violence prevention and treatment board, and community corrections agencies in that circuit. The memorandum of understanding shall describe the role of each party. A juvenile drug treatment court is subject to the same procedures and requirements provided in this chapter for drug treatment courts created under subsection (1), except as specifically provided otherwise in this chapter.

(3) A court that is adopting a drug treatment court shall participate in training as required by the state court administrative office and the bureau of justice assistance of the United States department of justice.

(4) A court that has adopted a drug treatment court pursuant to this section may accept participants from any other jurisdiction in this state based upon either the residence of the participant in the receiving jurisdiction or the unavailability of a drug treatment court in the jurisdiction where the participant is charged. The transfer is not valid unless it is agreed to by all of the following:

(a) The defendant or respondent.

(b) The attorney representing the defendant or respondent.

(c) The judge of the transferring court and the prosecutor of the case.

(d) The judge of the receiving drug treatment court and the prosecutor of a court funding unit of the drug treatment court.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 621]

(SB 1512)

AN ACT to amend 1975 PA 238, entitled "An act to require the reporting of child abuse and neglect by certain persons; to permit the reporting of child abuse and neglect by all persons; to provide for the protection of children who are abused or neglected; to authorize limited detainment in protective custody; to authorize medical examinations; to prescribe the powers and duties of the state department of social services to prevent child abuse and neglect; to prescribe certain powers and duties of local law enforcement agencies; to safeguard and enhance the welfare of children and preserve family life; to provide for the appointment of legal counsel; to provide for the abrogation of privileged communications; to provide civil and criminal immunity for certain persons; to provide rules of evidence in certain cases; to provide for confidentiality of records; to provide for the expungement of certain records; to prescribe penalties; and to repeal certain acts and parts of acts," by amending section 7 (MCL 722.627), as amended by 2004 PA 563.

The People of the State of Michigan enact:

722.627 Central registry; availability of confidential records; closed court proceeding not required; notice to individuals; amending or expunging certain reports and records; hearing; evidence; release of reports compiled by law enforcement agency; information obtained by citizen review panel; dissemination of information to pursue sanctions for dereliction of duty by agency employee.

Sec. 7. (1) The department shall maintain a statewide, electronic central registry to carry out the intent of this act.

(2) Unless made public as specified information released under section 7d, a written report, document, or photograph filed with the department as provided in this act is a confidential record available only to 1 or more of the following:

(a) A legally mandated public or private child protective agency investigating a report of known or suspected child abuse or neglect or a legally mandated public or private child protective agency or foster care agency prosecuting a disciplinary action against its own employee involving child protective services or foster records.

(b) A police or other law enforcement agency investigating a report of known or suspected child abuse or neglect.

(c) A physician who is treating a child whom the physician reasonably suspects may be abused or neglected.

(d) A person legally authorized to place a child in protective custody when the person is confronted with a child whom the person reasonably suspects may be abused or neglected and the confidential record is necessary to determine whether to place the child in protective custody.

(e) A person, agency, or organization, including a multidisciplinary case consultation team, authorized to diagnose, care for, treat, or supervise a child or family who is the subject of a report or record under this act, or who is responsible for the child's health or welfare.

(f) A person named in the report or record as a perpetrator or alleged perpetrator of the child abuse or neglect or a victim who is an adult at the time of the request, if the identity of the reporting person is protected as provided in section 5.

(g) A court that determines the information is necessary to decide an issue before the court.

(h) A grand jury that determines the information is necessary to conduct the grand jury's official business.

(i) A person, agency, or organization engaged in a bona fide research or evaluation project. The person, agency, or organization shall not release information identifying a person named in the report or record unless that person's written consent is obtained. The person, agency, or organization shall not conduct a personal interview with a family without the family's prior consent and shall not disclose information that would identify the child or the child's family or other identifying information. The department director may authorize the release of information to a person, agency, or organization described in this subdivision if the release contributes to the purposes of this act and the person, agency, or organization has appropriate controls to maintain the confidentiality of personally identifying information for a person named in a report or record made under this act.

(j) A lawyer-guardian ad litem or other attorney appointed as provided by section 10.

(k) A child placing agency licensed under 1973 PA 116, MCL 722.111 to 722.128, for the purpose of investigating an applicant for adoption, a foster care applicant or licensee or an employee of a foster care applicant or licensee, an adult member of an applicant's or licensee's household, or other persons in a foster care or adoptive home who are directly responsible for the care and welfare of children, to determine suitability of a home for adoption or foster care. The child placing agency shall disclose the information to a foster care applicant or licensee under 1973 PA 116, MCL 722.111 to 722.128, or to an applicant for adoption.

(*l*) Family division of circuit court staff authorized by the court to investigate foster care applicants and licensees, employees of foster care applicants and licensees, adult members of the applicant's or licensee's household, and other persons in the home who are directly responsible for the care and welfare of children, for the purpose of determining the suitability of the home for foster care. The court shall disclose this information to the applicant or licensee.

(m) Subject to section 7a, a standing or select committee or appropriations subcommittee of either house of the legislature having jurisdiction over child protective services matters.

(n) The children's ombudsman appointed under the children's ombudsman act, 1994 PA 204, MCL 722.921 to 722.935.

(o) A child fatality review team established under section 7b and authorized under that section to investigate and review a child death.

(p) A county medical examiner or deputy county medical examiner appointed under 1953 PA 181, MCL 52.201 to 52.216, for the purpose of carrying out his or her duties under that act.

(q) A citizen review panel established by the department. Access under this subdivision is limited to information the department determines is necessary for the panel to carry out its prescribed duties.

(r) A child care regulatory agency.

(s) A foster care review board for the purpose of meeting the requirements of 1984 PA 422, MCL 722.131 to 722.139a.

(t) A local friend of the court office, subject to the provisions of subsection (3) and sections 5 and 13, if there is a compelling need for child protective services records or information to determine custody or parenting time issues regarding a child. A local friend of the court office investigator, caseworker, or administrator directly involved in the custody investigation shall notify the appropriate department or child protective services local or central office that a child custody or parenting time investigation has been initiated involving a family and shall request in writing child protective services records and information that are pertinent to that investigation. Upon receipt of this notification and request, the local office of child protective services supervisor shall review child protective services information in the local office's possession to determine if there are child protective services records or information that is pertinent to that investigation. Within 14 days after receipt of a request made under this subdivision, the child protective services local office shall release the pertinent child protective services records and information to the investigator, caseworker, or administrator directly involved in the child custody or parenting time investigation. Child protective services is further authorized to report to the local friend of the court office any situation in which a parent, more than 3 times within 1 year or on 5 cumulative reports over several years, made unfounded reports to child protective services regarding alleged child abuse or neglect of his or her child.

(3) Subject to subsection (9), a person or entity to whom information described in subsection (2) is disclosed shall make the information available only to a person or entity described in subsection (2). This subsection does not require a court proceeding to be closed that otherwise would be open to the public.

(4) If the department classifies a report of suspected child abuse or neglect as a central registry case, the department shall maintain a record in the central registry and, within 30 days after the classification, shall notify in writing each person who is named in the record as a perpetrator of the child abuse or neglect. The notice shall set forth the person's right to request expunction of the record and the right to a hearing if the department refuses the request. The notice shall state that the record may be released under section 7d. The notice shall not identify the person reporting the suspected child abuse or neglect.

(5) A person who is the subject of a report or record made under this act may request the department to amend an inaccurate report or record from the central registry and local office file. A person who is the subject of a report or record made under this act may request the department to expunge from the central registry a report or record in which no relevant and accurate evidence of abuse or neglect is found to exist. A report or record filed in a local office file is not subject to expunction except as the department authorizes, if considered in the best interest of the child.

(6) If the department refuses a request for amendment or expunction under subsection (5), or fails to act within 30 days after receiving the request, the department shall hold a hearing to determine by a preponderance of the evidence whether the report or record in whole or in part should be amended or expunged from the central registry on the grounds that the report or record is not relevant or accurate evidence of abuse or neglect. The hearing shall be held before a hearing officer appointed by the department and shall be conducted as prescribed by the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(7) If the investigation of a report conducted under this act fails to disclose evidence of abuse or neglect, the information identifying the subject of the report shall be expunged from the central registry. If evidence of abuse or neglect exists, the department shall maintain the information in the central registry until the department receives reliable information that the perpetrator of the abuse or neglect is dead.

(8) In releasing information under this act, the department shall not include a report compiled by a police agency or other law enforcement agency related to an ongoing investigation of suspected child abuse or neglect. This subsection does not prevent the department from releasing reports of convictions of crimes related to child abuse or neglect.

(9) A member or staff member of a citizen review panel shall not disclose identifying information about a specific child protection case to an individual, partnership, corporation, association, governmental entity, or other legal entity. A member or staff member of a citizen review panel is a member of a board, council, commission, or statutorily created task force of a governmental agency for the purposes of section 7 of 1964 PA 170, MCL 691.1407. Information obtained by a citizen review panel is not subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(10) An agency obtaining a confidential record under subsection (2)(a) may seek an order from the court having jurisdiction over the child or from the family division of the Ingham county circuit court that allows the agency to disseminate confidential child protective services or foster care information to pursue sanctions for alleged dereliction, malfeasance, or misfeasance of duty against an employee of the agency, to a recognized labor union representative of the employee's bargaining unit, or to an arbitrator or an administrative law judge who conducts a hearing involving the employee's alleged dereliction, malfeasance, or misfeasance of duty to be used solely in connection with that hearing. Information released under this subsection shall be released in a manner that maintains the greatest degree of confidentiality while allowing review of employee performance.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 622]

(SB 662)

AN ACT to amend 1984 PA 431, entitled "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," by amending section 261 (MCL 18.1261), as amended by 2005 PA 91.

The People of the State of Michigan enact:

18.1261 Supplies, materials, services, insurance, utilities, third party financing, equipment, printing, and other items; 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. 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, if consistent with federal statutes. 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 it shall use 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 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 3% of its total expenditures for construction, goods, and services to qualified disabled veterans. The department may count toward its 3% 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 3% 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 a person who served in the active military, naval, or air service and who was discharged or released from his or her service under conditions other than dishonorable.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 623]

(SB 1427)

AN ACT to amend 1976 PA 451, entitled "An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," by amending section 1278b (MCL 380.1278b), as added by 2006 PA 123.

The People of the State of Michigan enact:

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

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

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

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

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

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

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

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

requirements for a language other than English under section 1278a(2). All of the following apply to these subject area content expectations and guidelines:

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

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

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

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

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

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

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

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

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

(A) Recognized experts in the relevant subject areas.

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

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

(D) Representatives from the business community.

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

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

(G) Parents of public school pupils.

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

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

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

(d) Not later than 3 years after the effective date of this section, develop or select and approve assessments that may be used by school districts and public school academies to determine whether a pupil has successfully completed a credit required under the Michigan merit standard under subsection (1) or section 1278a(1)(a). The assessments for each credit shall measure a pupil's understanding of the subject area content expectations or guidelines that apply to the credit. The department shall develop or select and approve assessments for at least each of the following credits: algebra I, geometry, algebra II, Earth science, biology, physics, chemistry, grade 9 English, grade 10 English, grade 11 English, grade 12 English, world history, United States history, economics, and civics.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) If the parent or legal guardian of a pupil requests as part of the pupil's personal curriculum a modification of the Michigan merit standard requirements that would not otherwise be allowed under this section and demonstrates that the modification is necessary because the pupil is a child with a disability, the school district or public school academy may allow that additional modification to the extent necessary because of the pupil's disability if the group under subdivision (a) determines that the modification is consistent with both the pupil's educational development plan under subsection (11) and the pupil's individualized

education program. If the superintendent of public instruction has reason to believe that a school district or a public school academy is allowing modifications inconsistent with the requirements of this subdivision, the superintendent of public instruction shall monitor the school district or public school academy to ensure that the school district's or public school academy's policies, procedures, and practices are in compliance with the requirements for additional modifications under this subdivision. As used in this subdivision, "child with a disability" means that term as defined in 20 USC 1401.

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

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

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

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

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

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

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

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

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

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

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

(15) Not later than April 1 of each year, the department shall submit an annual report to the legislature that evaluates the overall success of the curriculum required under this section and section 1278a, the rigor and relevance of the course work required by the curriculum, the ability of public schools to implement the curriculum and the required course work, and the impact of the curriculum on pupil success, and that details any activities the department has undertaken to implement this section and section 1278a or to assist public schools in implementing the requirements of this section and section 1278a.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 624]

(SB 1101)

AN ACT to amend 1993 PA 331, entitled "An act to provide for the levy and collection of a state education tax; to provide for the distribution of the tax; and to prescribe the duties of certain local officials and state officers," by amending section 5b (MCL 211.905b), as amended by 2004 PA 543.

The People of the State of Michigan enact:

211.905b City or township in which no property taxes collected.

Sec. 5b. (1) This section applies only to a city or township, or that portion of a city or township, in which no property taxes, other than the following, are levied in the summer of 2003 and any summer after 2003:

(a) The tax levied under this act.

(b) Village taxes.

(c) Beginning in the summer of 2005, that portion of the number of mills allocated to a county by a county tax allocation board or authorized for a county through a separate tax limitation vote, if that portion of the number of mills allocated to a county by a county tax allocation board or authorized for a county through a separate tax limitation vote were not levied before the summer of 2005.

(2) Except as otherwise provided in subsection (3), a city or township shall collect the tax levied under this act unless, before November 1, 2002, the legislative body of the city or township adopts a resolution declining to collect the tax levied under this act and, for a township, the treasurer concurs in writing with that resolution. Before November 1, 2002, if the city or township adopts a resolution declining to collect the tax under this act and, for a township, the treasurer concurs in writing with that resolution, the appropriate assessing officer shall send a copy of that resolution and, for a township, that concurrence to the state treasurer and the treasurer of the county in which the city or township is located. In January 2004 and each January thereafter, the legislative body of a city or township that has declined to collect the tax under this subsection may by resolution adopted by a majority of the legislative body rescind the earlier decision to decline to collect the tax. The city or township shall immediately send a copy of the resolution rescinding the earlier decision to decline to collect the tax to the state treasurer and the treasurer of the county in which the city or township is located. If a city or township collects the tax levied under this act pursuant to this section, that city or township shall retain $2.50 for each parcel of property

in that city or township on which the tax levied under this act is billed under this section from the tax collected under this act before transmitting the tax collected as provided in this act.

(3) Notwithstanding the adoption of a resolution by the legislative body of a city or township declining to collect the tax levied under this act as provided in subsection (2), in a city or township in which the state treasurer collected the tax levied under this act during the summer of 2006 pursuant to subsection (5), the city or township shall collect the tax levied under this act beginning in the summer of 2007 and each summer thereafter.

(4) A county that receives a copy of a resolution declining to collect the tax under this act and, for a township, a written concurrence as provided in subsection (2) shall collect the tax levied under this act pursuant to this section unless, before February 1, 2003, the county board of commissioners adopts a resolution declining to collect the tax levied under this act and the county treasurer concurs in writing with that resolution. Before February 1, 2003, if the county board of commissioners adopts a resolution declining to collect the tax under this act and the county treasurer concurs in writing with that resolution, the county treasurer shall send a copy of that resolution and that concurrence to the state treasurer. In February 2004 and each February thereafter, a county board of commissioners that has declined to collect the tax under this subsection may by resolution, with the written concurrence of the county treasurer, rescind the earlier decision to decline to collect the tax. The county treasurer shall immediately send a copy of the resolution rescinding the earlier decision to decline to collect the tax and the written concurrence of the county treasurer to the state treasurer. If a county collects the tax levied under this act pursuant to this section, that county shall retain $2.50 for each parcel of property in that county on which the tax levied under this act is billed under this section from the tax collected under this act before transmitting the tax collected under this act to the state treasurer as provided in this act.

(5) If a city or township does not collect the tax levied under this act pursuant to subsection (2) and if a county does not collect the tax levied under this act pursuant to subsection (4), the state treasurer shall, except as otherwise provided in subsection (3), collect the tax under the provisions of the general property tax act. The collection of the tax levied under this act is not subject to 1941 PA 122, MCL 205.1 to 205.31. The tax levied under this act collected pursuant to this subsection is subject to a 1% administration fee.

(6) All of the following apply to the collection of the tax levied under this act by a county treasurer or, except as otherwise provided in subsection (3), the state treasurer:

(a) Not later than June 1, the township or city for which the tax is being collected shall deliver to the county treasurer or the state treasurer, as applicable, a certified copy of each assessment roll for taxable property located in the township or city. Each assessment roll shall include the taxable value of each parcel subject to the collection of the tax levied under this act. The county treasurer or state treasurer, as applicable, shall remit the necessary cost incident to the reproduction of the assessment roll to the township or city.

(b) Not later than June 30, the county treasurer or the state treasurer, as applicable, shall spread the millage levied under this act against the assessment roll and prepare the tax roll.

(c) The county treasurer or the state treasurer, as applicable, may impose all or a portion of the fees and charges authorized under section 44 of the general property tax act, 1893 PA 206, MCL 211.44, on taxes paid before March 1. The county treasurer or the state treasurer, as applicable, shall retain the fees and charges imposed under this subdivision regardless of whether all or part of the fees and charges have been waived by the township or city.

(7) In relation to the assessment, spreading, and collection of taxes pursuant to this section, a county treasurer or the state treasurer, as applicable, shall have powers and duties similar to those prescribed by the general property tax act for township supervisors, township clerks, and township treasurers. However, this section shall not be considered to transfer any authority over the assessment of property.

(8) A county treasurer or state treasurer collecting taxes pursuant to this section shall be bonded for tax collection in the same amount and in the same manner as a township treasurer would be for undertaking the duties prescribed by this section.

(9) If a county treasurer or the state treasurer collects the tax levied under this act pursuant to this section, all payments from this state for collecting the tax levied under this act in a summer levy, and all revenue generated by the administration fee, shall be deposited in a restricted account designated as the "state education tax collection account". The county treasurer or the state treasurer, as applicable, shall direct the investment of the account. The county treasurer or the state treasurer, as applicable, shall credit to the account interest and earnings from the account investments. Proceeds in that account shall only be used for the cost of collecting the tax levied under this act. For a county collecting the tax under this act, the county board of commissioners shall appropriate sufficient money from the account to the county treasurer to cover the cost of collecting the tax levied under this act.

(10) The tax levied under this act that is collected by a city pursuant to this section on a date other than a date it collects city taxes shall be subject to the same fees and charges a city may impose under section 44 of the general property tax act, 1893 PA 206, MCL 211.44, except that a city may impose the administration fee on the tax levied under this act that is billed in the summer even if the fee is not imposed on taxes billed in December. The tax levied under this act that is collected pursuant to this section on or before September 14 of each year by a city that collects school taxes on a date other than the date it collects city taxes shall be without interest, but the tax levied under this act that is collected after September 14 in each year shall bear interest at the rate imposed by section 59 of the general property tax act, 1893 PA 206, MCL 211.59, on delinquent property tax levies that become a lien in the same year. All interest and penalties that are imposed prior to the date the tax levied under this act is returned as delinquent, other than the administration fee, shall be transmitted to the state treasurer for deposit into the state school aid fund established in section 11 of article IX of the state constitution of 1963. If imposed, the administration fee shall be retained by the city.

(11) The tax levied under this act that is collected by a township on or before September 14 in each year shall be without interest. The tax levied under this act that is collected after September 14 of any year shall bear interest at the rate imposed by section 59 of the general property tax act, 1893 PA 206, MCL 211.59, on delinquent property tax levies that become a lien in the same year. The tax levied under this act that is collected by a township is subject to the same fees and charges the township may impose under section 44 of the general property tax act, 1893 PA 206, MCL 211.44, except that a township may impose the administration fee on the tax levied under this act that is billed in the summer even if the fee is not imposed on taxes billed in December. All interest and penalties that are imposed prior to the date the tax levied under this act is returned delinquent, other than the administration fee, shall be transmitted to the state treasurer for deposit into the state school aid fund established in section 11 of article IX of the state constitution of 1963. If imposed, the administration fee shall be retained by the township.

(12) For taxes levied after December 31, 2003, not later than June 1 of each year, the county treasurer shall deliver to the state treasurer a statement of the total amount of the state education tax levy of the prior year not returned delinquent that was collected by

the county treasurer and collected and remitted to the county treasurer by each city or township treasurer, together with a statement for the county and for each city or township of the number of parcels from which the state education tax was collected, the number of parcels for which the state education tax was billed, and the total amount retained by the county treasurer and by the city or township treasurer as permitted by subsections (2) and (4).

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 625]

(SB 1208)

AN ACT to amend 1972 PA 239, entitled "An act to establish and operate a state lottery and to allow state participation in certain lottery-related joint enterprises with other sovereignties; to create a bureau of state lottery and to prescribe its powers and duties; to prescribe certain powers and duties of other state departments and agencies; to license and regulate certain sales agents; to create the state lottery fund; to provide for the distribution of lottery revenues and earnings for certain purposes; to provide for an appropriation; and to provide for remedies and penalties," by amending section 12 (MCL 432.12), as amended by 2002 PA 471.

The People of the State of Michigan enact:

432.12 Apportionment of revenue for payment of prizes.

Sec. 12. (1) Except as otherwise provided in subsection (3), as nearly as is practicable, until January 1, 2012, not less than 45% of the total annual revenue accruing from the sale of lottery tickets or shares shall be apportioned for payment of prizes to the holders of winning tickets or shares.

(2) On or after January 1, 2012, 45% of the total revenue shall be apportioned for payment of prizes.

(3) Notwithstanding subsections (1) and (2), the prize money from the sale of tickets or shares of any joint enterprise is that percentage of the total annual revenue accrued from that game as prescribed by the joint enterprise participation agreement executed by the commissioner.

This act is ordered to take immediate effect.
Approved January 3, 2007.
Filed with Secretary of State January 3, 2007.

[No. 626]

(HB 5717)

AN ACT to amend 1893 PA 206, entitled "An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes

on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts," by amending sections 59 and 78n (MCL 211.59 and 211.78n), section 59 as amended by 2001 PA 97 and section 78n as added by 1999 PA 123.

The People of the State of Michigan enact:

211.59 Payment of taxes on property returned as delinquent; interest and county property tax administration fee; allocation and distribution of taxes and interest; additional charge as lien on property; crediting expense charge to land reutilization fund and to general fund; reimbursement of state and county; disposition and use of county property tax administration fee; claim by certain persons for credit on taxes paid for homestead property; waiver of interest, fee, or penalty; indicating fee on delinquent tax roll; disposition and use of fees.

Sec. 59. (1) A person may pay the taxes, any 1 of the taxes, a portion of the taxes specified by resolution of the county board of commissioners, or if a specification is not made by a resolution of the county board of commissioners, a portion of the taxes approved by the county treasurer on a parcel or description of property returned as delinquent, or on an undivided share of a parcel or description of property returned as delinquent. For taxes levied on real property before January 1, 1999 and for taxes levied on personal property, the amount paid under this subsection shall include interest computed from the March 1 after the taxes were assessed at the rate of 1% per month or fraction of a month, except as provided in section 89, and 4% of the delinquent taxes as a county property tax administration fee that shall be a minimum of $1.00 per payment of delinquent taxes, except as provided in section 89. Payment under this subsection shall be made to the county treasurer of the county in which the property is forfeited to a county treasurer pursuant to section 78g. The county treasurer and the treasurer for the local tax collecting unit shall allocate and distribute the taxes and interest paid proportionately among the county or local tax collecting unit funds and the property tax administration fee returned as delinquent under section 44(6) to the treasurer of the local tax collecting unit who transmitted the taxes returned as delinquent. For taxes levied before January 1, 1999, on all descriptions of property with unpaid taxes on the October 1 before the time prescribed for the sale of a tax lien on the property, an additional $10.00 shall be charged for expenses, which shall be a lien on the property. If collected, before January 1, 2006, $5.00 of this expense charge shall be credited to a restricted revenue fund of this state, to be known as the delinquent property tax administration fund, and after December 31, 2005 $5.00 of this expense charge shall be deposited in the land reutilization fund created in section 78n, to reimburse this state for the cost of publishing the lists of property and other expenses, and $5.00 shall belong to the general fund of the county to reimburse the county for the expense incurred in preparing the list of delinquent property for sale or forfeiture.