



SENATE BILL No. 1281

September 21, 1994, Introduced by Senator FAXON and
referred to the Committee on Local Government and
Urban Development

A bill to provide for the creation of scientific, historic,
and cultural facilities districts to provide for the levy and
collection of real property, sales, and entertainment taxes by
such districts to provide for the increase, extension, reduc-
tion, and repeal of the taxes to provide for the licensing of
certain persons to prescribe the powers and duties of certain
state and local departments and officials to provide for the
adoption of ordinances to provide for fees, penalties, and inter-
est and to provide for the distribution of funds to scientific
and cultural facilities

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

ARTICLE I

Sec 101 This act shall be known and may be cited as the
"metropolitan arts and cultural district act"

1 Sec 102 As used in this act, unless the context otherwise
2 requires

3 (a) "Annual operating income" means operating income from
4 all sources except the following

5 (1) Capital construction fund income

6 (11) Designated funds raised for the purchase of specified
7 capital needs

8 (111) Income for an endowment corpus or from endowments

9 (1v) Income from charitable foundations

10 (v) Any distribution of money by a board during the previous
11 year

12 (b) "Art" includes but is not limited to music, theatre,
13 dance, opera, graphic art, sculpture, craft work, or poetry

14 (c) "Board" means the board of directors of a metropolitan
15 arts and cultural district as provided for in section 105

16 (d) "Business" means that term as defined in the use tax
17 act

18 (e) "Charitable organization" means a benevolent, education-
19 al, philanthropic, humane, patriotic, religious, or eleemosynary
20 organization of persons organized for any lawful purpose not
21 involving pecuniary profit or gain for its officers or members

22 (f) "Commissioner" means the state commissioner of revenue

23 (g) "Cultural entity" means a nonprofit organization having
24 as its primary purpose the advancement and preservation of art,
25 science, or cultural history an agency of local government
26 charged with the advancement and preservation of art, science, or
27 cultural history, including a public library with a special

1 collection devoted to art, science, or cultural history of a
2 school district, or a public broadcast station as defined by
3 section 397 of subpart D of title III of the communications act
4 of 1934, 47 U S C 397, whether or not affiliated with an insti-
5 tution of higher education Cultural entity does not include an
6 agency of this state, a cable communications system, or a newspa-
7 per or magazine

8 (h) "Cultural history" means the history of the development
9 of the Great Lakes region and its subregions found in this state
10 including, but not limited to, the history of Euro-American
11 interaction with Native Americans of transportation and communi-
12 cation of urbanization of lumber, agriculture, mining, automo-
13 tive, and other industries and of the fine arts and crafts

14 (i) "Department" means the revenue division of the depart-
15 ment of treasury

16 (j) "District" means a metropolitan arts and cultural dis-
17 trict created under section 103

18 (k) "Fund" means a metropolitan arts and cultural district
19 fund created under section 110

20 (l) "General property tax act" means the general property
21 tax act, Act No 206 of the Public Acts of 1893, being
22 sections 211 1 to 211 157 of the Michigan Compiled Laws

23 (m) "Largest city" means the city that has the greatest pop-
24 ulation residing in the largest county

25 (n) "Largest county" means the county described in
26 section 103 having the greatest population

1 (o) "Operator" means a person who provides entertainment
2 events and activities

3 (p) "Paid attendance" means the total paid attendance at all
4 programs as verified by annual audit reports

5 (q) "Person" means an individual, partnership, corporation,
6 limited liability company, association, governmental entity, or
7 other legal entity

8 (r) "Public library" means that term as defined in section 2
9 of the state aid to public libraries act, Act No 89 of the
10 Public Acts of 1977, being section 397 552 of the Michigan
11 Compiled Laws

12 (s) "Science" means chemistry, physics, zoology, botany,
13 anthropology, geology, astronomy, natural history, or other natu-
14 ral science

15 (t) "Taxpayer" means a person subject to a tax levied pursu-
16 ant to this act

17 (u) "Transaction" means attending participating in, view-
18 ing, using, borrowing, or otherwise taking advantage of, for con-
19 sideration, an entertainment event or activity other than an
20 entertainment event or activity that is for the benefit of a
21 charitable organization or for the benefit of a public or private
22 school or school district

23 (v) "Use tax act" means the use tax act, Act No 94 of the
24 Public Acts of 1937, being sections 205 91 to 205 111 of the
25 Michigan Compiled Laws

26 Sec 103 If a county has a population of 1,500,000 or
27 more, there is created for that county and any contiguous county

1 having a population of 500,000 or more, a metropolitan arts and
2 cultural district The territory of the district shall consist
3 of the combined territory of those counties

4 Sec 104 A district is a body corporate and may sue and be
5 sued A district is an authority for purposes of section 6 of
6 article IX of the state constitution of 1963

7 Sec 105 (1) The district shall be governed by a board of
8 directors

9 (2) The largest county shall appoint a number of directors
10 equal to the quotient of its population residing in that county
11 outside the largest city divided by 250,000, rounded to the near-
12 est whole number The remaining counties shall each appoint a
13 number of directors equal to the quotient of its population
14 divided by 250,000, rounded to the nearest whole number
15 Directors shall be appointed under this subsection by the elected
16 county executive and confirmed by the county board of
17 commissioners If the county has no elected county executive,
18 the directors shall be appointed by the county board of
19 commissioners

20 (3) The largest city shall appoint a number of directors
21 equal to the quotient of its population residing in the largest
22 county divided by 250,000, rounded to the nearest whole number
23 Directors shall be appointed under this subsection by the mayor
24 and confirmed by the legislative body of the city

25 (4) To be qualified to serve as a director, an individual
26 shall be a resident of the county or city appointing the
27 individual An individual is not qualified to serve as a

1 director if the individual is an officer or employee of a
2 cultural entity or if a cultural entity or the district contracts
3 with any of the following

4 (a) The individual

5 (b) Any partnership or other unincorporated association, of
6 which the individual is a partner, member, or employee

7 (c) Any private corporation in which the individual is a
8 stockholder owning more than 1% of the total outstanding stock of
9 any class if the stock is not listed on a stock exchange, or
10 stock with a present total market value in excess of \$25,000 00
11 if the stock is listed on a stock exchange or of which the indi-
12 vidual is a director, officer, or employee

13 (d) Any trust of which the individual is a beneficiary or
14 trustee An individual shall not serve more than 2 consecutive
15 terms as director

16 (5) The terms of the first directors shall begin 60 days
17 after the effective date of this act The directors first
18 appointed by a county or city shall be appointed for terms of 1,
19 2, 3, or 4 years to achieve as nearly as possible an even stag-
20 gering of the terms of those directors Subsequently, directors
21 shall be appointed for 4-year terms A term of office shall con-
22 tinue until a successor is appointed and qualified A director
23 shall qualify for office by taking the constitutional oath of
24 office

25 (6) A vacancy on the board is created as provided in section
26 3 of chapter 15 of the revised statutes of 1846, being section
27 201 3 of the Michigan Compiled Laws A vacancy shall be filled

1 in the same manner as the director vacating office was
2 appointed

3 (7) The officer or body appointing a director may remove the
4 director for good cause after a hearing

5 Sec 106 (1) The first meeting of the board shall be
6 called by the mayor of the largest city and shall be held not
7 later than 90 days after the effective date of this act At the
8 first meeting, the board shall elect from among its members a
9 chairperson, a secretary, and other officers as it considers nec-
10 essary or appropriate After the first meeting, the board shall
11 meet at least quarterly The board shall hold a special meeting
12 at the call of the chairperson or if requested by 5 or more
13 members

14 (2) A majority of the members of the board constitutes a
15 quorum for the transaction of business at a meeting of the
16 board A majority of the members present and serving is required
17 for official action of the board

18 (3) The business that the board may perform shall be con-
19 ducted at a public meeting of the board held in compliance with
20 the open meetings act, Act No 267 of the Public Acts of 1976,
21 being sections 15 261 to 15 275 of the Michigan Compiled Laws

22 (4) A writing prepared, owned, used, in possession of, or
23 retained by the board in the performance of an official function
24 is subject to the freedom of information act, Act No 442 of the
25 Public Acts of 1976, being sections 15 231 to 15 246 of the
26 Michigan Compiled Laws

1 (5) Members of the board may be compensated for their
2 service on the board by the appointing county or city Members
3 of the board shall be reimbursed by the district for their actual
4 and necessary expenses incurred in the performance of their offi-
5 cial duties as members of the board

6 Sec 107 (1) A board may adopt resolutions and ordinances
7 to implement this act

8 (2) An ordinance adopted by the board may provide a penalty
9 for violation of the ordinance consisting of a fine not exceeding
10 \$500 00 or imprisonment not exceeding 90 days, or both An
11 action for the violation of a township ordinance shall be insti-
12 tuted in the district court

13 (3) An ordinance shall contain a provision stating when the
14 ordinance takes effect An ordinance shall take effect as
15 follows

16 (a) If an ordinance imposes a penalty for the violation of
17 the ordinance the ordinance shall take effect 30 days after the
18 publication of the ordinance

19 (b) If an ordinance does not impose a penalty for the viola-
20 tion of the ordinance, the ordinance shall take effect the day
21 following the date of the publication of the ordinance or any
22 date following publication specified in the ordinance

23 (4) Publication of the ordinance shall be made within 30
24 days after the passage of the ordinance by inserting either a
25 true copy or a summary of the ordinance once in a newspaper cir-
26 culating within the territory of the district A summary of an
27 ordinance may be drafted by the same person that drafted the

1 ordinance or by the board and shall be written in clear and
2 nontechnical language Each section of an ordinance or a summary
3 of an ordinance shall be preceded by a catch line

4 (5) If a summary of an ordinance is published, the board
5 shall designate in the publication the locations in the territory
6 of the district where a true copy of the ordinance can be
7 inspected or obtained

8 (6) Within 1 week after the publication of the ordinance,
9 the secretary of the board shall record the ordinance in a book
10 of ordinances kept by him or her for that purpose record the
11 date of the passage of the ordinance, the names of the members of
12 the board voting, and how each member voted and file an attested
13 copy of the ordinance with the county clerk of each county
14 described in section 103 The secretary of the board shall cer-
15 tify under the ordinance in a blank space provided the date or
16 dates of publication of the ordinance, the name of the newspaper
17 in which publication was made, and the date of filing with the
18 county clerks

19 (7) A county clerk shall maintain separate files for the
20 ordinances of the district and make the files readily available
21 to the public

22 (8) The provisions of this section with regard to filing
23 with the county clerk shall not apply if the district maintains a
24 township office open to the public during regular hours on each
25 business day

26 (9) The county clerk may charge a reasonable fee for the
27 reproduction or furnishing of a copy of an ordinance

1 (10) The district may codify, recodify, and continue in code
2 its ordinances, in whole or in part, without the necessity of
3 publishing the entire code in full The ordinance adopting the
4 code, as well as subsequent ordinances repealing, amending, con-
5 tinuing, or adding to the code, shall be published as required by
6 law The ordinance adopting the code may amend, repeal, revise,
7 or rearrange ordinances or parts of ordinances by reference by
8 title only

9 Sec 108 A board may do 1 or more of the following

10 (a) Hire employees, attorneys, consultants, accountants, and
11 other professionals

12 (b) Enter into contracts on behalf of the district includ-
13 ing, but not limited to, contracts for the provision of cultural
14 services in the territory of the district

15 (c) Levy a tax under article II or III

16 (d) Accept grants, gifts, and bequests to be used for the
17 purposes of this act

18 Sec 109 (1) A board shall obtain an annual audit of the
19 district in the manner provided by sections 6 to 13 of the uni-
20 form budgeting and accounting act, Act No 2 of the Public Acts
21 of 1968, being sections 141 426 to 141 433 of the Michigan
22 Compiled Laws The audit shall also be in accordance with gener-
23 ally accepted government auditing standards as promulgated by the
24 United States general accounting office and shall satisfy federal
25 regulations relating to federal grant compliance audit
26 requirements A copy of the annual audit shall be filed with the
27 state treasurer in the manner provided by section 4(2) of Act

1 No 2 of the Public Acts of 1968, being section 141 424 of the
2 Michigan Compiled Laws The state treasurer, the attorney gener-
3 al, a prosecuting attorney, bank, certified public accountant,
4 certified public accounting firm, or other person shall have the
5 same powers, duties, and immunities as provided in sections 6 to
6 13 of Act No 2 of the Public Acts of 1968

7 (2) A district shall prepare budgets and appropriations acts
8 in the manner provided by sections 14, 15(1)(a) to 15(1)(f),
9 15(1)(1), 15(2), 16, 17, 18, and 19 of the uniform budgeting and
10 accounting act, Act No 2 of the Public Acts of 1968, being sec-
11 tions 141 434 to 141 439 of the Michigan Compiled Laws

12 (3) If a district ends a fiscal year in a deficit condition,
13 the district shall file a financial plan to correct the deficit
14 condition in the same manner as provided in section 21(2) of the
15 state revenue sharing act of 1971, Act No 140 of the Public Acts
16 of 1971, being section 141 921 of the Michigan Compiled Laws

17 Sec 110 (1) A board shall create a metropolitan arts and
18 cultural district fund

19 (2) Collections from a tax levied pursuant to this act shall
20 be deposited in the fund

21 (3) The board may authorize money in the fund to be invested
22 or deposited in any investment or depository authorized under
23 section 1 of Act No 20 of the Public Acts of 1943, being
24 section 129 91 of the Michigan Compiled Laws

25 Sec 111 A county treasurer shall transmit to the fund to
26 the credit of the fund the collections from any tax levied by the
27 district pursuant to this act and collected by the county

1 treasurer The money shall be transmitted not more than 30 days
2 after it is collected

3 Sec 112 (1) The levy of, increase in the rate of, or
4 extension of the duration of a tax under article II or III shall
5 not take effect unless approved by a majority of the electors of
6 the district voting on the question A proposal for a tax shall
7 not be placed on the ballot unless the proposal is adopted by a
8 resolution of the board and certified by the board not later than
9 70 days before the election to the county clerk of each county in
10 which the territory of the district is located, for inclusion on
11 the ballot

12 (2) The question submitted to the electors for approval
13 shall include at least all of the following

14 (a) The proposed tax to be levied, increased, or extended

15 (b) The maximum rate of the proposed tax

16 (c) Any exemptions from the proposed tax

17 (d) The effective date of the levy of, extension of, or
18 increase in the maximum rate of the tax, which shall be no sooner
19 than the January 1 or July 1 following the election, or the
20 effective date of the termination of the tax

21 (e) The period of years for which the tax will be levied at
22 a rate not to exceed the rate authorized under subdivision (b)

23 (3) The proposal shall be certified for inclusion on the
24 ballot at the next general election The county clerk of the
25 largest county shall publish the notices of close of registration
26 and election The notice of close of registration shall include
27 the ballot language of the proposal

1 (4) The results in each county of an election for a tax
2 shall be canvassed by the board of county canvassers of that
3 county. If the county is not the largest county, the board of
4 county canvassers shall certify the results of the election to
5 the board of county canvassers of the largest county. The board
6 of county canvassers of the largest county shall make the final
7 canvass of an election for a tax based on the returns of the
8 election inspectors of the cities and townships in that county
9 and the certified results of the board of county canvassers of
10 every other county described in section 103.

11 (5) If a majority of the votes cast in the territory of the
12 district on the question of a tax is in favor of the proposal,
13 the tax levy is authorized.

14 Sec 113 (1) The board shall not place the question of the
15 levy or extension of or increase in the maximum rate of a tax
16 before the voters for approval more than once in any 12-month
17 period.

18 (2) A board may adjust the rate of a tax levied pursuant to
19 this act without a vote on that question if the adjusted tax rate
20 will not exceed the authorized maximum tax rate.

21 (3) The board shall prescribe and make available forms that
22 may be used in the levy and collection of a tax pursuant to arti-
23 cle II of this act.

24 Sec 114 (1) The board shall distribute grants from the
25 fund under this section to cultural entities for the purpose of
26 maintaining and enhancing the work of cultural entities to
27 advance and preserve art, science, and cultural history in the

1 territory of the district The board may authorize distributions
2 to be used to meet either operational or capital costs of cul-
3 tural entities

4 (2) The board may annually utilize not more than 5% of the
5 tax revenues levied and collected by the district for the admin-
6 istration of the district

7 (3) The board shall annually distribute not less than 95 0%
8 of the tax revenues levied and collected by a district or grants
9 to cultural entities within the district

10 (4) Subject to subsection (6), the board shall award grants
11 according to an allocation system that categorizes cultural enti-
12 ties based on the size of their budgets and designates a specific
13 percentage of the grant money available under subsection (3) to
14 each category of cultural entities Unless the board by an
15 affirmative vote of 2/3 of the members appointed adopts a differ-
16 ent allocation system, the following shall apply

17 (a) For cultural entities with budgets of more than
18 \$2,000,000 00, 70% of distributions under subsection (3)

19 (b) For cultural entities with budgets of more than
20 \$250,000 00 but less than \$2,000,000 00, 20% of distributions
21 under subsection (3)

22 (c) For cultural entities with budgets of less than
23 \$250,000 00, 10% of distributions under subsection (3)

24 (5) Subject to subsection (6), for each category of cultural
25 entities described in subsection (4), the board shall award
26 grants to cultural entities within that category in such amounts

1 as the board may determine appropriate based upon factors of
2 accessibility, quality, need, and regional impact

3 (6) The board shall annually award to each cultural entity a
4 grant from the fund equal to not less than the total amount the
5 cultural entity received during the state fiscal year ending
6 September 30, 1991 as equity grants from this state and as dis-
7 bursements from the state council for the arts created under Act
8 No 48 of the Public Acts of 1966, being sections 2 121 to 2 126
9 of the Michigan Compiled Laws If the fund does not have suffi-
10 cient revenue to otherwise satisfy the requirements of this sub-
11 section, the amount of the grant to be awarded to each cultural
12 entity shall be reduced by the percentage of the deficiency in
13 revenue

14 (7) A board shall adopt reporting and review requirements
15 governing the distribution of grants by the district under this
16 section and the expenditures of those grants by the recipients

17 (8) A cultural entity's application for or receipt of a
18 grant under this act does not prohibit the cultural entity from
19 seeking or receiving money from other sources

20 ARTICLE II

21 Sec 201 (1) A board may resolve to levy upon, extend, and
22 collect from each person engaged in the business of providing
23 entertainment events or activities an entertainment tax for the
24 privilege of engaging in that business at the rate of not more
25 than 6% of the amount of the charge for each transaction

1 (2) The entertainment tax is subject to the same deductions,
2 exclusions, exemptions, and, to the extent applicable, procedures
3 as apply to the use tax levied under the use tax act

4 Sec 202 A person required to be registered under the use
5 tax act shall register with the district for the privilege of
6 engaging in the business of providing entertainment events or
7 activities in the district

8 Sec 203 The board may provide by ordinance for entertain-
9 ment tax penalties and interest not to exceed those provided for
10 in the use tax act

11 ARTICLE III

12 Sec 301 (1) A board may levy upon the real property
13 located within the boundaries of the district a scientific and
14 cultural facilities property tax at a rate of not more than 0 5
15 mills

16 (2) The scientific and cultural facilities property tax is
17 subject to the same exclusions exemptions and to the extent
18 applicable, procedures, as apply to the property tax levied under
19 the general property tax act

20 Sec 302 (1) The tax shall be collected in the same manner
21 as taxes levied by a local tax collecting unit under the general
22 property tax act

23 (2) The collections from the tax shall be transmitted to the
24 district for deposit in the fund at the same time and in the same
25 manner as the collections from the local tax collecting unit are
26 transmitted to the local taxing units under the general property
27 tax act