

SUBSTITUTE FOR
HOUSE BILL NO. 5519

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2005; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to provide for the disbursement of certain grants; to provide for reports; to prescribe powers and duties of certain state departments and certain state and local agencies and officers; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. Subject to the conditions set forth in this act, the
4 amounts listed in this part are appropriated for the department of
5 history, arts, and libraries for the fiscal year ending September 30,
6 2005, from the funds indicated in this part. The following is a

1 summary of the appropriations in this part:

2 **DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES**

3 APPROPRIATION SUMMARY:

4	Full-time equated unclassified positions.....	6.0	
5	Full-time equated classified positions.....	232.0	
6	GROSS APPROPRIATION.....	\$	58,743,200
7	Interdepartmental grant revenues:		
8	Total interdepartmental grants and intradepartmental		
9	transfers.....		139,000
10	ADJUSTED GROSS APPROPRIATION.....	\$	58,604,200
11	Federal revenues:		
12	Total federal revenues.....		8,151,300
13	Special revenue funds:		
14	Total local revenues.....		0
15	Total private revenues.....		577,400
16	Total other state restricted revenues.....		2,412,400
17	State general fund/general purpose.....	\$	47,463,100
18	Sec. 102. DEPARTMENT OPERATIONS		
19	Full-time equated unclassified positions.....	6.0	
20	Full-time equated classified positions.....	29.0	
21	Unclassified salaries--6.0 FTE positions.....	\$	219,300
22	Management services--28.0 FTE positions.....		1,882,600
23	Building occupancy charges and rent.....		2,678,600
24	Worker's compensation.....		17,000
25	Film office--1.0 FTE positions.....		131,800
26	Human resources optimization user charges.....		<u>29,500</u>
27	GROSS APPROPRIATION.....	\$	4,958,800

1	Appropriated from:	
2	State general fund/general purpose.....	\$ 4,958,800
3	Sec. 103. INFORMATION TECHNOLOGY	
4	Information technology services and projects.....	\$ <u>1,022,100</u>
5	GROSS APPROPRIATION.....	\$ 1,022,100
6	Appropriated from:	
7	Interdepartmental grant revenues:	
8	IDG-MDOT, comprehensive transportation fund.....	200
9	IDG-MDOT, state aeronautics fund.....	100
10	IDG-MDOT, state trunkline fund.....	3,300
11	Special revenue funds:	
12	Game and fish protection fund.....	100
13	Mackinac Island state park fund.....	42,500
14	Special revenue, internal service and pension trust.	2,900
15	State lottery fund.....	900
16	State general fund/general purpose.....	\$ 972,100
17	Sec. 104. MICHIGAN COUNCIL FOR ARTS AND CULTURAL	
18	AFFAIRS	
19	Full-time equated classified positions.....	9.0
20	Administration--9.0 FTE positions.....	\$ 707,900
21	Arts and cultural grants.....	<u>11,771,300</u>
22	GROSS APPROPRIATION.....	\$ 12,479,200
23	Appropriated from:	
24	Federal revenues:	
25	NFAH-NEA, promotion of the arts, partnership	
26	agreements.....	700,000
27	Special revenue funds:	

1	State general fund/general purpose.....	\$	11,779,200
2	Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION		
3	Full-time equated classified positions.....	39.0	
4	Mackinac Island park operation--24.3 FTE positions..	\$	1,354,300
5	Historical facilities system--14.7 FTE positions....		<u>1,645,700</u>
6	GROSS APPROPRIATION.....	\$	3,000,000
7	Appropriated from:		
8	Special revenue funds:		
9	Mackinac Island state park operation fees.....		150,000
10	Mackinac Island state park fund.....		1,329,200
11	State general fund/general purpose.....	\$	1,520,800
12	Sec. 106. MICHIGAN HISTORICAL PROGRAM		
13	Full-time equated classified positions.....	83.0	
14	Federal programs--12.0 FTE positions.....	\$	1,893,900
15	Heritage publications.....		700,000
16	Historical administration and services--71.0 FTE		
17	positions.....		5,255,400
18	Private grants and gifts.....		502,400
19	Thunder Bay national marine sanctuary and underwater		
20	preserve.....		<u>189,600</u>
21	GROSS APPROPRIATION.....	\$	8,541,300
22	Appropriated from:		
23	Interdepartmental grant revenues:		
24	IDG-MDOT, comprehensive transportation fund.....		5,700
25	IDG-MDOT, state aeronautics fund.....		3,400
26	IDG-MDOT, state trunkline fund.....		126,300
27	Federal revenues:		

1	DOI-NPS, historic preservation grants-in-aid.....	1,348,000
2	Federal funds.....	545,900
3	Special revenue funds:	
4	Private - grants and gifts.....	400,000
5	Private - Mann house trust fund.....	102,400
6	Game and fish protection fund.....	3,600
7	Heritage publication fund.....	700,000
8	Marine safety fund.....	500
9	Special revenue, internal service and pension trust.	70,700
10	State lottery fund.....	24,300
11	Waterways fund.....	800
12	State general fund/general purpose..... \$	5,209,700
13	Sec. 107. LIBRARY OF MICHIGAN	
14	Full-time equated classified positions.....72.0	
15	Book distribution centers..... \$	327,500
16	Collected gifts and fees.....	161,900
17	Grant to the Grand Rapids public library.....	100,000
18	Grant to the Detroit public library.....	500,000
19	Library of Michigan operations--72.0 FTE positions..	6,313,100
20	Library services and technology act.....	5,557,400
21	Preservation and access for Michigan project.....	1,500,000
22	State aid to libraries.....	13,732,100
23	Subregional state aid.....	505,000
24	Wayne County library for the blind and physically	
25	handicapped.....	<u>44,800</u>
26	GROSS APPROPRIATION..... \$	28,741,800
27	Appropriated from:	

1 Federal revenues:

2 Library services and technology act..... 5,557,400

3 Special revenue funds:

4 Private - gifts and bequests revenues..... 75,000

5 User fees..... 86,900

6 State general fund/general purpose..... \$ 23,022,500

7 PART 2

8 PROVISIONS CONCERNING APPROPRIATIONS

9 GENERAL SECTIONS

10 Sec. 201. Pursuant to section 30 of article IX of the state
 11 constitution of 1963, total state spending from state resources under
 12 part 1 for fiscal year 2004-2005 is \$49,875,500.00 and state spending
 13 from state resources to be paid to local units of government for
 14 fiscal year 2004-2005 is \$18,535,400.00. The itemized statement below
 15 identifies appropriations from which spending to units of local
 16 government will occur:

17 DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

18 Arts and cultural grants..... \$ 3,653,500

19 Grant to the Grand Rapids public library..... 100,000

20 Grant to the Detroit public library..... 500,000

21 State aid to libraries..... 13,732,100

22 Subregional state aid..... 505,000

23 Wayne County library for the blind and physically

24 handicapped..... 44,800

25 Total department of history, arts, and libraries.... \$ 18,535,400

26 Sec. 202. The appropriations authorized under this act are

27 subject to the management and budget act, 1984 PA 431, MCL 18.1101 to

1 18.1594.

2 Sec. 203. As used in this appropriation act:

3 (a) "Department" means the department of history, arts, and
4 libraries.

5 (b) "Director" means the director of the department of history,
6 arts, and libraries.

7 (c) "DOI-NPS" means the United States department of interior,
8 national park service.

9 (d) "Fiscal agencies" means the house fiscal agency and
10 the senate fiscal agency.

11 (e) "FTE" means full-time equated.

12 (f) "IDG" means interdepartmental grant.

13 (g) "MDOT" means the Michigan department of transportation.

14 (h) "NEA" means the national endowment for the arts.

15 (i) "NFAH" means the national foundation of the arts and the
16 humanities.

17 (j) "Subcommittees" means all members of the appropriate
18 subcommittees of the house and senate appropriations committees.

19 Sec. 204. The department of civil service shall bill the
20 departments at the end of the first fiscal quarter for the 1% charge
21 authorized by section 5 of article XI of the state constitution of
22 1963. Payments shall be made for the total amount of the billing by
23 the end of the second fiscal quarter.

24 Sec. 205. (1) A hiring freeze is imposed on the state classified
25 civil service. State departments and agencies are prohibited from
26 hiring any new full-time state classified civil service employees and
27 prohibited from filling any vacant state classified civil service

1 positions. This hiring freeze does not apply to internal transfers of
2 classified employees from 1 position to another within a department.

3 (2) The state budget director shall grant exceptions to this
4 hiring freeze when the state budget director believes that the hiring
5 freeze will result in rendering a state department or agency unable to
6 deliver basic services, cause a loss of revenue to the state, result
7 in the inability of the state to receive federal funds, or would
8 necessitate additional expenditures that exceed any savings from
9 maintaining a vacancy. The state budget director shall report
10 quarterly to the chairpersons of the senate and house standing
11 committees on appropriations the number of exceptions to the hiring
12 freeze approved during the previous quarter and the reasons to justify
13 the exception.

14 Sec. 207. At least 60 days before beginning any effort to
15 privatize, the department shall submit a complete project plan to the
16 subcommittees and the fiscal agencies. The plan shall include the
17 criteria under which the privatization initiative will be evaluated.
18 The evaluation shall be completed and submitted to the fiscal agencies
19 and to the subcommittees within 30 months.

20 Sec. 208. Unless otherwise specified, the department receiving
21 appropriations in part 1 shall use the Internet to fulfill the
22 reporting requirements of this act. This may include transmission of
23 reports via electronic mail to the recipients identified for each
24 reporting requirement or it may include placement of reports on the
25 Internet or Intranet site.

26 Sec. 209. Funds appropriated in part 1 shall not be used for the
27 purchase of foreign goods or services, or both, if competitively

1 priced and of comparable quality American goods or services, or both,
2 are available. Preference should be given to goods or services, or
3 both, manufactured or provided by Michigan businesses if they are
4 competitively priced and of comparable value.

5 Sec. 210. The director shall take all reasonable steps to ensure
6 businesses in deprived and depressed communities compete for and
7 perform contracts to provide services or supplies, or both. The
8 director shall strongly encourage firms with which the department
9 contracts to subcontract with certified businesses in depressed and
10 deprived communities for services, supplies, or both.

11 Sec. 211. The department shall establish and maintain
12 affirmative action programs based on guidelines developed by the state
13 equal opportunity workforce planning council which was created by
14 Executive Order No. 1996-13 in order to receive general fund/general
15 purpose dollars.

16 Sec. 213. From the funds appropriated in part 1 for information
17 technology, the department shall pay user fees to the department of
18 information technology for technology related services and projects.
19 The user fees shall be subject to provisions of an interagency
20 agreement between the departments and agencies and the department of
21 information technology.

22 Sec. 214. Amounts appropriated in part 1 for information
23 technology may be designated as work projects and carried forward to
24 support technology projects under the direction of the department of
25 information technology. Funds designated in this manner are not
26 available for expenditure until approved as work projects under
27 section 451a of the management and budget act, 1984 PA 431,

1 MCL 18.1451a.

2 Sec. 215. The department may provide and enter into agreements
3 to provide general services, training, meetings, information, special
4 equipment, software, and facility use, and technical consulting
5 services to other principal executive departments, state agencies,
6 local units of government, the judicial branch of government, other
7 organizations, and patrons of department facilities. Fees for
8 services shall be reasonably related to the cost of providing the
9 services and shall be used to offset the costs of the services. The
10 department may receive and expend funds in addition to those
11 authorized in part 1 for the following:

12 (a) Supplying census-related information and technical services,
13 publications, statistical studies, population projections and
14 estimates, and other demographic products.

15 (b) Microfilming and other document and data imaging services,
16 media, storage, and copies.

17 (c) Patron copier and document reproduction services and copies.

18 (d) Conferences, training classes, and workshops conducted as part
19 of the department's mission.

20 (e) Use of specialized equipment, facilities, and software that
21 permit distance learning and meetings, and group decision making.
22 Funds not expended at year-end may be carried forward and expended for
23 the same purposes for which they were originally received.

24 (f) Special services including the rental of department exhibits
25 and collections. Funds not expended at year-end may be carried
26 forward and expended for the same purposes for which they were
27 originally received. The funds received under this section may be

1 deposited and expended from the history, arts, and libraries service
2 fund created in section 216.

3 Sec. 216. A fund known as the history, arts, and libraries
4 service fund is created in the department. The fund may be used to
5 receive and expend funds in addition to those authorized in part 1.
6 The fund balance may be carried forward by the department for
7 expenditure in subsequent fiscal years.

8 Sec. 217. (1) In addition to the funds appropriated in part 1,
9 there is appropriated an amount not to exceed \$1,500,000.00 for
10 federal contingency funds. These funds are not available for
11 expenditure until they have been transferred to another line item in
12 this act under section 393(2) of the management and budget act, 1984
13 PA 431, MCL 18.1393.

14 (2) In addition to the funds appropriated in part 1, there is
15 appropriated an amount not to exceed \$1,000,000.00 for state
16 restricted contingency funds. These funds are not available for
17 expenditure until they have been transferred to another line item in
18 this act under section 393(2) of the management and budget act, 1984
19 PA 431, MCL 18.1393.

20 (3) In addition to the funds appropriated in part 1, there is
21 appropriated an amount not to exceed \$150,000.00 for local contingency
22 funds. These funds are not available for expenditure until they have
23 been transferred to another line item in this act under section 393(2)
24 of the management and budget act, 1984 PA 431, MCL 18.1393.

25 (4) In addition to the funds appropriated in part 1, there is
26 appropriated an amount not to exceed \$1,000,000.00 for private
27 contingency funds. These funds are not available for expenditure

1 until they have been transferred to another line item in this act
2 under section 393(2) of the management and budget act, 1984 PA 431,
3 MCL 18.1393.

4 **MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS**

5 Sec. 401. (1) The Michigan council for arts and cultural affairs
6 in the department shall administer the arts and cultural grants
7 appropriated in part 1. The council shall provide for fair and
8 independent decisions on arts and cultural grant requests based upon
9 published criteria to evaluate program quality. These criteria shall
10 include a prohibition of art projects that include displays of human
11 wastes on religious symbols, displays of sex acts, and depictions of
12 flag desecration. The council shall seek to award grants on an
13 equitable geographic basis to the extent possible given the quality of
14 grant applications received. Priority shall be given to projects that
15 serve multiple counties and that leverage significant additional
16 public and private investment. Counties, cities, villages, townships,
17 community foundations, and organizations, including science
18 museums/centers, may apply for the following categories of grants:

19 (a) Anchor organization program for organizations that serve
20 regional and statewide audiences. Anchor organizations shall
21 demonstrate a commitment to education, to mentoring smaller
22 organizations, and to reaching underserved audiences.

23 (b) Arts projects program.

24 (c) Arts and learning program.

25 (d) Artists in residence for education program.

26 (e) Arts organization development program.

1 (f) Capital improvement program.

2 (g) Local arts agencies services program.

3 (h) Regional regranting program.

4 (i) Partnership program.

5 (j) Discretionary grants program.

6 (k) Rural arts and cultural program.

7 (l) Cultural projects program.

8 (m) Historical projects program.

9 (2) The appropriation for arts and cultural grants in part 1 and
10 disbursed under this section shall, at a minimum, be matched on an
11 equal dollar-for-dollar basis from local and private contributions
12 paid and received by each awardee receiving grants under this
13 section. The dollar-for-dollar match may include the reasonable value
14 of services, materials, and equipment as allowed under the federal
15 internal revenue code for charitable contributions subject also to the
16 preapproval of the match by the Michigan council for arts and cultural
17 affairs. The council shall receive proof of the entire amount of the
18 matching funds, services, materials, or equipment by the end of the
19 award period.

20 (3) Before any amount appropriated for arts and cultural grants in
21 part 1 may be expended for a grant to eligible applicants for the
22 purposes in this section, the department shall execute a grant
23 agreement with each grantee. The grant agreement shall specify the
24 criteria included in this section with which the application
25 complies. The grant agreement shall include a list of the projects
26 funded.

27 (4) Counties, cities, villages, townships, community foundations,

1 and organizations receiving funds under this section shall provide the
2 Michigan council for arts and cultural affairs with the following:

3 (a) A final report covering the grant period within 30 days after
4 the end of the grant period indicating at least the following:

5 (i) Project revenues and expenditures indicating grant matching
6 fund amounts.

7 (ii) Number of patrons attracted or benefiting during the grant
8 period.

9 (iii) A narrative summary of each project and its outcome.

10 (b) Awardees receiving grants greater than \$100,000.00 shall also
11 submit a report as identified in subdivision (a) on an interim basis
12 by April 7 of the grant year.

13 (5) The applicants for arts and cultural grants funds shall be
14 charged a nonrefundable application fee of \$300.00 or 3% of the grant,
15 whichever is less. The application fee may be used by the department
16 to recover direct and indirect costs as appropriated in part 1.

17 (6) It is the intent of the legislature that the Michigan council
18 for arts and cultural affairs continue to take appropriate steps to
19 ensure that all organizations receiving state arts anchor organization
20 grants have combined grant awards, as defined in subsection (8), of no
21 more than 15.0% of operating revenue for the fiscal year ending
22 September 30, 2005 and beyond. As used in this subsection, "operating
23 revenue" is defined in the same manner as it was defined during the
24 fiscal year 2000 state arts anchor organization application process.

25 (7) The council shall continue and expand its efforts to encourage
26 and support nonprofit arts and cultural organizations transitioning
27 from solely volunteer-based organizations to professionally directed

1 operations. This includes the provision of funds and services from
2 the arts organization development, partnership, arts projects, anchor
3 organization, and regional regranting programs as well as the rural
4 arts and culture initiative to support professional development within
5 these organizations. Criteria for support include the requirement of
6 collaboration between these organizations and other community
7 organizations.

8 (8) Any organizations receiving grants within the anchor
9 organization program category in excess of 10.0% of their operating
10 revenue for the fiscal year ending September 30, 2004 shall not
11 receive a combined grant award from all grant categories, except the
12 partnership program, that is greater than the combined grant award
13 from these categories that the organization received for the fiscal
14 year ending September 30, 2004. As used in this subsection,
15 "operating revenue" is defined in the same manner as it was defined
16 during the fiscal year 2000 state arts anchor organization application
17 process.

18 (9) The council shall provide for fair, equitable, and efficient
19 distribution of funds granted through the regional regranting
20 program. The council shall provide for an annual assessment of grant
21 management and distribution of mini-grant awards by designated
22 regional regranting agencies and review the methodology employed.

23 (10) The council shall make every effort to provide total grant
24 awards in the anchor organization program at a level not to exceed 70%
25 of the total amount appropriated for arts and cultural grants.

26 (11) The department shall submit 2 annual reports to the
27 appropriations subcommittees, the state budget office, and the fiscal

1 agencies as follows:

2 (a) The first report is due 30 days after the council makes the
3 annual grant awards. The report shall contain the following:

4 (i) A listing of each applicant.

5 (ii) The county of residence of an applicant.

6 (iii) The amount awarded.

7 (iv) The amount requested.

8 (v) The grant category under which an applicant applied.

9 (vi) A summary of projects funded for each awardee.

10 (vii) The expected number of patrons for an applicant during the
11 grant period.

12 (viii) The amount of matching funds proposed by an applicant.

13 (ix) The review score for each application.

14 (x) A listing containing the information in subparagraphs (i) to
15 (iii) for any regranted funds in the preceding fiscal year.

16 (b) The second report is due when materials are first distributed
17 by the council seeking grant applications for the subsequent fiscal
18 year. The report shall contain the following:

19 (i) The guidelines by which the council awards grants.

20 (ii) A summary of any changes in the program guidelines from the
21 previous fiscal year.

22 (iii) A summary of any initiatives the council is taking to
23 improve public access to the arts and culture, including, but not
24 limited to, the use of technology applications.

25 (12) Within 1 business day following the final council vote, the
26 department shall notify each legislator electronically regarding the
27 website location of the list of grant awardees by county receiving a

1 grant from arts and cultural grant funds appropriated in part 1.

2 (13) From the state funds appropriated in part 1 for arts and
3 cultural grants, no 1 organization may receive more than 18% of this
4 funding. It is the intent of the legislature that this percentage be
5 reduced to 17% in fiscal year 2006, 16% in fiscal year 2007, and 15%
6 in fiscal year 2008.

7 **MICHIGAN HISTORICAL PROGRAM**

8 Sec. 501. The federal funds appropriated in part 1 for the
9 historic site preservation grants are for work projects and shall not
10 lapse at the end of the fiscal year but shall continue to be available
11 for expenditure until the projects for which the funds were reserved
12 have been completed or are terminated. The purpose of these work
13 projects is the identification, designation, and preservation of
14 historic resources. The method used will be to solicit applications
15 from eligible recipients, score applications based upon established
16 criteria, and award the contracts and subgrants. The total cost is
17 \$1,348,000.00 and the tentative completion date is September 30,
18 2006.

19 Sec. 502. Funds collected by the department under sections 6, 7,
20 and 7a of 1913 PA 271, MCL 399.6, 399.7, and 399.7a, are appropriated
21 to the department for the purpose for which they were received and may
22 be carried forward for expenditure in subsequent fiscal years.

23 Sec. 503. For the purposes of administering the museum store as
24 provided in section 7a of 1913 PA 271, MCL 399.7a, the department is
25 exempt from section 261 of the management and budget act, 1984 PA 431,
26 MCL 18.1261.

1 Sec. 504. (1) From the state funds appropriated in part 1, the
2 department may award discretionary historical grants to preserve
3 Michigan lighthouses. The department may award up to \$91,500.00 in
4 grants for this purpose and may use a portion of those funds to assist
5 in the transfer of lighthouses from federal ownership. A portion of
6 the funds may also be dedicated to program administration and project
7 coordination.

8 (2) The department shall allocate grant funds under this section
9 pursuant to eligibility and scoring requirements established by the
10 department. The method used will be to solicit applications from
11 eligible recipients, score applications based on the established
12 criteria, and award grants through executed contracts.

13 (3) Grants under this section may be awarded for purposes of
14 stabilization, rehabilitation, or other preservation work on a
15 Michigan lighthouse, but shall not be awarded for operational
16 purposes. The department shall not allocate a grant under this
17 section that exceeds \$40,000.00.

18 Sec. 505. From the funds appropriated in part 1 for historical
19 administration and services, \$49,700.00 shall be allocated to support
20 the operations of the Michigan freedom trail commission as specified
21 in section 4 of the Michigan freedom trail commission act, 1998
22 PA 409, MCL 399.84. These funds shall be used to reimburse commission
23 members, to pay for necessary contractual services of the commission,
24 and to hire not more than 1.0 FTE position in the department's
25 Michigan historical center to support commission operations.

26 Sec. 506. Proceeds in excess of costs incurred in the conduct of
27 auctions, sales, or transfers of artifacts no longer considered

1 suitable for the collections of the state historical museum are
2 appropriated to the department and may be expended upon receipt for
3 additional material for the collection. The department shall notify
4 the chairpersons, vice chairpersons, and minority vice chairpersons of
5 the senate and house appropriations subcommittees on history, arts,
6 and libraries 1 week prior to any auctions or sales.

7 Sec. 507. Unless prohibited by law, the department shall make
8 available to the historical society of Michigan the use of the
9 Michigan history magazine subscriber list, or a portion of the
10 Michigan history magazine subscriber list, at a cost not to exceed the
11 actual expense incurred for providing a single mailing.

12 Sec. 508. From the funds appropriated in part 1 in the
13 historical administration and services line item, \$100,000.00 shall be
14 used to fund a competitive grant program for all state and local
15 historical societies. Awards shall be made for projects that can
16 leverage additional public and private investment and may involve, but
17 are not limited to, capital improvements projects, restorations,
18 research, educational programs, and publications.

19 **LIBRARY OF MICHIGAN**

20 Sec. 601. In order to receive subregional state aid as
21 appropriated in part 1 to the library of Michigan, a subregional
22 library's fiscal agency must agree to maintain local funding support
23 at the same level in the current fiscal year as in the fiscal agency's
24 preceding fiscal year. If a reduction in expenditures equally affects
25 all agencies in a local unit of government that is the subregional
26 library's fiscal agency, that reduction shall not be interpreted as a
27 reduction in local support and shall not disqualify a subregional

1 library from receiving state aid under part 1. If a reduction in
2 income affects a library cooperative or district library that is a
3 subregional library's fiscal agency or a reduction in expenditures for
4 the subregional library's fiscal agency, a reduction in expenditures
5 for the subregional library shall not be interpreted as a reduction in
6 local support and shall not disqualify a subregional library from
7 receiving state aid under part 1.

8 Sec. 602. The funds appropriated in part 1 for a subregional
9 library shall not be released until a budget for that subregional
10 library has been approved by the department for expenditures for
11 library services directly serving the blind and persons with
12 disabilities. Subregional state aid shall be used only for providing
13 services to the blind and to persons with disabilities.

14 Sec. 603. Of the funds appropriated in part 1 for the operation
15 of the library of Michigan, a portion may be used for statewide
16 database access such as making computerized databases, searches of
17 those databases, and the products of those searches available through
18 the libraries of Michigan. Only those libraries that qualify under
19 the federal library services and technology act, subtitle B of title
20 II of the museum and library services act, title II of the arts,
21 humanities, and cultural affairs act of 1976, Public Law 94-462, 110
22 Stat. 3009-295, are eligible to participate in these activities.

23 Sec. 607. Of the funds appropriated in part 1 for book
24 distribution centers, the public enrichment foundation shall receive
25 \$165,700.00 and the Michigan friends of education shall receive
26 \$161,800.00.

27 Sec. 608. The department shall submit a report on or before

1 October 31, 2005 to the senate and house standing committees on
2 appropriations that details the use of funds appropriated in part 1
3 within the grant to the Grand Rapids public library appropriation line
4 and the grant to the Detroit public library appropriation line.

5 Sec. 609. The appropriation in part 1 for the preservation and
6 access for Michigan project shall be used to digitize materials
7 currently in the possession of libraries in the state and to preserve,
8 store, and make these digitized images accessible via the Michigan
9 electronic library. The subject materials are to be significant in
10 the state's history, the only existing copies of unique items, or of
11 broad interest to the citizens of Michigan.