## SUBSTITUTE FOR SENATE BILL NO. 1130

A bill to amend 1978 PA 361, entitled
"Michigan exposition and fairgrounds act,"
by amending the title and sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10,
11, 12, 13, 14a, and 15a (MCL 285.161, 285.162, 285.163, 285.164,
285.165, 285.166, 285.167, 285.168, 285.169, 285.170, 285.171,
285.172, 285.173, 285.174a, and 285.175a), sections 2, 5, 6, 7,
8, 9, and 11 as amended and sections 14a and 15a as added by 2000
PA 39, and by adding section 15b.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 TITLE
- 2 An act to provide for the control and management of certain
- 3 state exposition centers and fairgrounds; to create a state
- 4 exposition center and fairgrounds -council authority and board
- 5 within the department of management and budget; to prescribe
- 6 its the authority's and board's powers and duties; to provide

- 1 for the appointment of a state exposition center and fairgrounds
- 2 manager and to prescribe the manager's powers and duties; to
- 3 designate the method of financing state exposition centers and
- 4 fairgrounds; to create certain funds; and to repeal -certain
- 5 acts and parts of acts.
- 6 Sec. 1. This act shall be known and may be cited as the
- 7 "Michigan exposition and fairgrounds authority act".
- 8 Sec. 2. As used in this act:
- 9 (a) "Council" "Authority" means the state exposition and
- 10 fairgrounds -council authority created in section 9.
- 11 (b) "Authority board" means the board for the authority
- 12 appointed under section 9.
- 13 (c) —(b) "Department" means the department of —agriculture
- 14 management and budget.
- 15 (d) -(c) "Director" means the director of the department.
- (e) -(d) "Fund" means the state exposition and fairgrounds
- 17 fund created in section 14a.
- 18 (f) —(e) "Manager" means the manager of the —state
- 19 exposition and fairgrounds—authority appointed under section 4.
- 20 (g) "Type I transfer" means that term as defined in section
- 21 3 of the executive organization act of 1965, 1965 PA 380, MCL
- 22 16.103.
- 23 Sec. 3. (1) This act —shall—does not apply to the Upper
- 24 Peninsula state fair conducted under Act No. 89 of the Public
- 25 Acts of 1927, as amended, being sections 285.141 to 285.142 of
- 26 the Michigan Compiled Laws 1927 PA 89, MCL 285.141 to 285.145.
- 27 (2) This act <u>shall</u> does not apply to a fair conducted by a

- 1 county of this state, or to a fair conducted under the official
- 2 authorization of the county board of commissioners or other duly
- 3 constituted county regional authority.
- 4 (3) This act shall not apply to uses of fairgrounds
- 5 permitted under Act No. 80 of the Public Acts of 1941, being
- 6 section 285.151 of the Michigan Compiled Laws 1941 PA 80, MCL
- 7 285.151.
- 8 Sec. 4. (1) A state exposition and fairgrounds office is
- 9 created in the office of the director. The Michigan exposition
- 10 and fairgrounds authority is created as a public body corporate
- 11 within the department. The authority shall be administered under
- 12 the supervision of the department but shall exercise its
- 13 prescribed statutory power, duties, and functions independently
- 14 of the department.
- 15 (2) The activities, powers, duties, functions,
- 16 responsibilities, and rule-making authority of the department of
- 17 agriculture related to the management of the state exposition and
- 18 fairgrounds are transferred by type I transfer to the authority.
- 19 (3) All records, personnel, property, grants, and unexpended
- 20 balances of appropriations, allocations, and other funds used,
- 21 held, employed, available, or to be made available to the
- 22 department of agriculture for the activities, powers, duties,
- 23 functions, and responsibilities transferred to the authority are
- 24 transferred to the authority. The state budget director shall
- 25 determine and authorize the most efficient manner possible for
- 26 handling financial transactions and records in the state's
- 27 financial management system for the remainder of the fiscal year

- 1 ending September 30, 2005.
- 2 (4) The governor shall appoint a manager upon— of the
- 3 authority by and with the advice and consent of the senate, who
- 4 shall be is exempt from the classified state civil service.
- 5 The manager shall serve at the pleasure of the governor and shall
- 6 administer the business operation operations of the state fair
- 7 and the authority as provided in this act. The manager shall
- 8 receive compensation determined annually by the -legislature
- 9 authority. The person serving as the manager of the state
- 10 exposition and fairgrounds office on September 30, 2004 shall
- 11 continue to serve as the state exposition and fairgrounds manager
- 12 at the pleasure of the governor.
- 13 Sec. 5. The control of all land and other property held or
- 14 acquired by -the- this state or its people for the purpose of
- 15 holding and conducting agricultural and industrial fairs and
- 16 exhibitions is vested in the -department- authority.
- 17 Sec. 6. (1) The <del>department</del> authority shall do all of the
- 18 following:
- 19 (a) Conduct an annual state fair and other exhibits or events
- 20 for the purpose of promoting all phases of the economy of this
- 21 state. This fair and the exhibits or events shall encourage and
- 22 demonstrate agricultural, industrial, commercial, educational,
- 23 entertainment, tourism, technological, cultural, and recreational
- 24 pursuits.
- 25 (b) Lease the state exposition and fairgrounds, a portion of
- 26 the state exposition and fairgrounds, or a building on the state
- 27 exposition and fairgrounds for purposes considered by the

- 1 -department authority to be consistent with the staging of the
- 2 state fair and other exhibits or events. The -department
- 3 authority may determine and impose rental charges and other fees
- 4 for the use or lease of the buildings and grounds or a portion of
- 5 the buildings and grounds. The -department- authority may lease
- 6 properties to private and public organizations for a period not
- 7 to exceed 30 years for consideration established by the
- 8 -department authority. The -department authority may grant
- 9 leases for all or a portion of the state exposition and
- 10 fairgrounds to private and public organizations, conditional upon
- 11 construction and improvements according to plans approved by the
- 12 department authority to be financed by the lessees, for terms
- 13 not to exceed 30 years. The <del>department</del> authority may grant an
- 14 extension of the lease term for not more than an additional 20
- 15 years. The use of the state exposition and fairgrounds, a
- 16 portion of the state exposition and fairgrounds, or a building on
- 17 the state exposition and fairgrounds shall not interfere with the
- 18 preparation for or holding of the state fair and other exhibits
- 19 or events. Land, a building, or other property that is leased
- 20 under this subdivision to a for-profit business shall be leased
- 21 at fair market value. All leases and contracts entered into
- 22 under this act remain valid until the expiration of the term of
- 23 the lease or contract.
- 24 (c) Enter into contracts, subject to the requirements of the
- 25 management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594,
- 26 to conduct the annual state fair, exhibits, or other events, at
- 27 the state exposition and fairgrounds that enhance agricultural,

- 1 industrial, commercial, recreational, educational, entertainment,
- 2 tourism, technological, or cultural pursuits or government
- 3 services to citizens.
- 4 (2) The authority may enter into cooperative agreements,
- 5 contracts, or other agreements with 1 or more governmental
- 6 entities to use the personnel, services, or facilities of the
- 7 governmental entity to assist the authority with carrying out its
- 8 duties under this act and as otherwise provided by law.
- 9 (3) In the time period during which the annual state fair is
- 10 not being conducted, the authority is prohibited from conducting
- 11 or allowing either of the following activities:
- 12 (a) Except as may otherwise be allowed under sections 12 and
- 13 13, gaming as defined in section 2 of the Initiated Law of 1996,
- 14 MCL 432.202, and racing and pari-mutuel wagering conducted under
- 15 the horse racing law of 1995, 1995 PA 279, MCL 431.301 to
- 16 431.336.
- 17 (b) Outdoor automobile or other motorized vehicle racing.
- 18 Sec. 7. (1) The —department— authority annually shall
- 19 present a report to the governor, the legislature, and the
- 20 -council department describing the receipts or expenditures
- 21 through appropriation, gift, grant, or conveyance that have a
- 22 material bearing on the operation of the state fair or the state
- 23 exposition and fairgrounds.
- 24 (2) An annual audit of the books and records of the state
- 25 exposition and fairgrounds shall be made by the auditor general
- 26 The authority shall be subject to annual post audits of its
- 27 financial transactions and accounts and to performance post

- 1 audits by the auditor general.
- 2 (3) The <u>department shall</u> authority may promulgate rules
- 3 governing the conduct of the annual state fair and state
- 4 exposition and fairgrounds and the development and administration
- 5 of the state exposition and fairgrounds as a commercial,
- 6 agricultural, recreational, and multipurpose facility, pursuant
- 7 to the administrative procedures act of 1969, 1969 PA 306, MCL
- 8 24.201 to 24.328. Any rules in effect on the effective date of
- 9 the amendatory act that added this sentence shall remain in
- 10 effect until rescinded by the authority.
- 11 Sec. 8. The manager shall do all of the following:
- 12 (a) Be directly responsible to the <u>director</u> authority.
- 13 (b) Be the chief administrative officer for the management
- 14 and operation of the state exposition and fairgrounds, and may
- 15 enter into contracts and leases, subject to the requirements of
- 16 the management and budget act, 1984 PA 431, MCL 18.1101 to
- 17 18.1594, as authorized by rule promulgated under this act.
- 18 (c) Have as a primary work station the site of the state
- 19 exposition and fairgrounds.
- 20 (d) Through the department, hire all Serve as an appointing
- 21 authority for any necessary personnel associated with the
- 22 management and operation of the state exposition and
- 23 fairgrounds.
- (e) Be responsible for the financial operation of the state
- 25 exposition and fairgrounds.
- 26 (f) Develop ideas and programs that enhance the operation and
- 27 functioning of the state exposition and fairgrounds.

- 1 (g) Be responsible for the preparation of the annual budget
- 2 for the state exposition and fairgrounds for presentation to the
- 3 department.
- 4 (h) Develop and present to the authority board for its
- 5 approval each of the following:
- 6 (i) A financial plan submitted annually.
- 7 (ii) A rolling 5-year operations plan submitted annually.
- 8 (iii) A facility and utility renovation plan, updated as
- 9 determined by the manager or as requested by the authority
- 10 board.
- 11 (iv) A long-range master plan for authority facilities and
- 12 the state exposition and fairgrounds, updated as determined by
- 13 the manager or as requested by the authority board.
- 14 Sec. 9. (1) A state exposition and fairgrounds -council is
- 15 established within the department authority shall be governed by
- 16 the 11-member authority board appointed under this section. The
- 17 -council- authority board shall consist of the following
- 18 members:
- 19 (a) The director or a designated representative as an ex
- 20 officio voting member.
- 21 (b) The director of the department of -natural resources
- 22 agriculture or a designated representative as an ex officio
- 23 voting member.
- 24 (c) Nine members, not more than 5 of whom shall be members
- 25 of the same political party, appointed by the governor by and
- 26 with the consent of the senate. The term of office of each
- 27 member in this subdivision shall be 3 years except that, of the

- 1 members first appointed,  $\frac{2}{3}$  shall serve for 1 year, 3 shall
- **2** serve for 2 years, and -4 **3** shall serve for 3 years. In case
- 3 of vacancy, an appointment to fill the vacancy shall be made in
- 4 the same manner as the original appointment for the unexpired
- 5 term. Three members shall be engaged in the agriculture
- 6 industry, 1 member shall represent labor, 2 members shall
- 7 represent business, 1 member shall be from the travel industry,
- 8 and 2 members shall be from the general public. The former state
- 9 exposition and fairgrounds council existing before October 1,
- 10 2004 is abolished. The governor shall appoint the 9 appointed
- 11 members to serve on the authority, and the terms of those members
- 12 shall begin on October 1, 2004. Members of the former council
- 13 are eligible for appointment to the authority if otherwise
- 14 qualified. It is the intent of the legislature that the members
- 15 of the board represent all geographic areas of the state. The 9
- 16 appointed members shall be chosen from the following categories:
- 17 (i) Three members representing agricultural interests, 1 of
- 18 whom shall be a fair exhibitor.
- 19 (ii) One member representing the tourism industry in
- 20 Michigan.
- 21 (iii) Two members of the general public.
- 22 (iv) One member representing organized labor.
- (v) One member representing the business community.
- 24 (vi) One member representing county fairs.
- 25 (2) Of the 9 appointed members meeting the criteria of the
- 26 categories described in subsection (1)(c)(i) through (vi), at
- 27 least 1 member from any category shall be a resident of each of

- 1 the following:
- 2 (a) Detroit.
- 3 (b) Ferndale.
- 4 (c) Hazel Park.
- 5 (3) Upon appointment to the authority board under subsection
- 6 (1), and upon the taking and filing of the constitutional oath of
- 7 office, a member of the authority board shall enter the office
- 8 and exercise the duties of the office.
- 9 (4) Regardless of the cause of a vacancy on the authority
- 10 board, the governor shall fill a vacancy in the office of a
- 11 member of the authority board by appointment by and with the
- 12 advice and consent of the senate. A vacancy shall be filled for
- 13 the balance of the unexpired term. A member of the authority
- 14 board shall hold office until a successor has been appointed and
- 15 has qualified.
- 16 (5) Members of the authority board and officers and
- 17 employees of the authority are subject to 1968 PA 317, MCL 15.321
- 18 to 15.330. A member of the board or an officer, employee, or
- 19 agent of the authority shall discharge the duties of his or her
- 20 position in a nonpartisan manner, with good faith, and with that
- 21 degree of diligence, care, and skill that an ordinarily prudent
- 22 person would exercise under similar circumstances in a like
- 23 position. In discharging his or her duties, a member of the
- 24 board or an officer, employee, or agent of the authority, when
- 25 acting in good faith, may rely upon the opinion of counsel for
- 26 the authority, upon the report of an independent appraiser
- 27 selected with reasonable care by the board, or upon financial

- 1 statements of the authority represented to the member of the
- 2 board, officer, employee, or agent to be correct by the officer
- 3 of the authority having charge of its books or account, or stated
- 4 in a written report by the auditor general or a certified public
- 5 accountant or the firm of the accountants fairly to reflect the
- 6 financial condition of the authority.
- 7 (6) The authority board may adopt bylaws and policies and
- 8 procedures for conducting its business. Six members of the
- 9 authority board constitute a quorum for the transaction of
- 10 business. An action of the authority board requires a concurring
- 11 vote by 6 members of the authority board.
- 12 (7) -(2) Council Authority board members shall be paid a
- 13 per diem serve without compensation and shall receive
- 14 reimbursement —of— for actual and necessary expenses.
- 15 (8) —(3) The —council—governor shall designate a member of
- 16 the authority board to serve as its chairperson, who shall serve
- 17 as chairperson at the pleasure of the governor. The authority
- 18 board shall annually select -a chairperson and other officers
- 19 from its membership.
- 20 (9) -(4) The director and the director of the department of
- 21 natural resources agriculture shall not serve as officers of
- 22 the <del>council</del> authority.
- 23 (10) -(5) The -council authority board shall -be provided
- 24 staff assistance by the department to carry out its functions and
- 25 shall meet not less than 4 times per year.
- 26 (11) At least 1 meeting of the authority board shall be
- 27 dedicated to soliciting input from the local neighborhood

- 1 advisory council established under section 15b, the surrounding
- 2 communities, and local units of government.
- 3 Sec. 10. (1) The business -which that the -council
- 4 authority board may perform shall be conducted at a public
- 5 meeting of the -council authority board held in compliance with
- 6 Act No. 267 of the Public Acts of 1976, being sections 15.261
- 7 to 15.275 of the Michigan Compiled Laws the open meetings act,
- 8 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time,
- 9 date, and place of the meeting shall be given in the manner
- 10 required by Act No. 267 of the Public Acts of 1976 the open
- 11 meetings act, 1976 PA 267, MCL 15.261 to 15.275.
- 12 (2) A writing prepared, owned, used, in the possession of,
- 13 or retained by the -council authority board or department in the
- 14 performance of an official function shall be made available to
- 15 the public in compliance with Act No. 442 of the Public Acts of
- 16 1976, being sections 15.231 to 15.246 of the Michigan Compiled
- 17 Laws the freedom of information act, 1976 PA 442, MCL 15.231 to
- 18 15,246.
- 19 (3) The authority may employ legal and technical experts and
- 20 other officers, agents, or employees, permanent or temporary,
- 21 paid from the funds of the authority. The authority shall
- 22 determine the qualifications, duties, and compensation of those
- 23 it employs consistent with requirements established by the civil
- 24 service commission, but an employee shall not be paid a higher
- 25 salary than the manager. The authority board may delegate to 1
- 26 or more members, officers, agents, or employees any powers or
- 27 duties it considers proper.

- 1 (4) The authority may contract with the department for the
- 2 purpose of maintaining and improving the rights and interests of
- 3 the authority.
- 4 Sec. 11. The council Except as otherwise provided in this
- 5 act, the authority board shall do all things necessary or
- 6 convenient to implement the purposes, objectives, and provisions
- 7 of this act, and the purposes, objectives, and powers delegated
- 8 to the authority by other laws or executive orders, including,
- 9 but not limited to, all of the following:
- 10 (a) Review and approve policies, including dates for the fair
- 11 and the budget.
- 12 (b) Develop and submit to the department, the legislature,
- 13 and the governor on a yearly basis a rolling 5-year operational
- 14 plan and construction plan, including a master plan for the use
- 15 of buildings and the grounds.
- 16 (c) -(a) Advise Report to the director, the legislature, and
- 17 the governor on the operating budget, capital improvements,
- 18 programs, exhibits, and other matters relevant to the state
- 19 exposition and fairgrounds.
- 20 (d) (b) Advise the director In the event of a vacancy in
- 21 the office of manager, recommend 2 or more candidates to the
- 22 governor relative to the selection of a manager. before
- 23 selection.
- 24 (e) -(c) Advise the director with regard to Approve
- 25 utilization of the state exposition and fairgrounds, including
- 26 its use as the site for the annual state fair, and on any other
- 27 matter which the -council authority may regard as appropriate.

- 1 (f) (d) Promote, encourage, and assist the director and
- 2 the manager in conducting exhibits or other events at the state
- 3 exposition and fairgrounds that enhance agricultural, industrial,
- 4 commercial, recreational, educational, or cultural pursuits or
- 5 government service to citizens.
- 6 (e) Perform other functions the director or the manager
- 7 requests.
- 8 Sec. 12. (1) In staging the annual state fair, the
- 9 -department authority may enter into licensing agreements with
- 10 concessionaires permitting games of skill which shall be
- 11 conducted in accordance with the following criteria:
- 12 (a) Winning the game of skill does not require great skill
- 13 on the part of the participant.
- 14 (b) The game does not constitute a fraud upon the
- 15 participants.
- 16 (c) The game is not similar to games of chance in which
- 17 winning depends primarily upon fortuitous or accidental
- 18 circumstances beyond the control of the participant including
- 19 games such as roulette, beano, cards, dice, or wheels of fortune
- 20 nor is and the game one which includes does not include a
- 21 mechanical or physical device which that directly or indirectly
- 22 impedes, impairs, or thwarts the skill of the player.
- (d) If the game is a group or contest participation game,
- 24 each participant shall be in attendance at the time the game is
- 25 played and shall actively participate throughout the entire game
- 26 by personally designating his or her target, goal, or desired
- 27 objective. A winner shall be determined by the skill of 1 or

- 1 more of the participants in the group or contest game, and each
- 2 participant shall be randomly selected. -, and a The
- 3 distribution of prizes shall be made in the presence of each
- 4 participant at the time the game is played.
- 5 (e) The prize has nominal value and is not redeemable or
- 6 convertible into cash, directly or indirectly.
- 7 (2) The department may promulgate rules pursuant to Act
- 8 No. 306 of the Public Acts of 1969, as amended the
- 9 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
- 10 24.328, consistent with the criteria established in subsection
- 11 (1) to regulate the conduct of games of skill during the annual
- 12 state fair and to protect the public from unauthorized or
- 13 dishonest practices in conducting those games.
- 14 (3) The department may, after —a— an administrative hearing
- 15 held pursuant to Act No. 306 of the Public Acts of 1969, as
- 16 amended the administrative procedures act of 1969, 1969 PA 306,
- 17 MCL 24.201 to 24.328, revoke the licensing agreement of a
- 18 concessionaire if the department determines that the public is
- 19 being defrauded, or that this act or a rule promulgated pursuant
- 20 to this act is being violated.
- 21 (4) The department may promulgate rules pursuant to Act
- 22 No. 306 of the Public Acts of 1969, as amended the
- 23 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
- 24 24.328, to permit the operation of a bingo or a millionaire party
- 25 permitted and licensed under -Act No. 382 of the Public Acts of
- 26 1972, as amended, being sections 432.101 to 432.120 of the
- 27 Michigan Compiled Laws the Traxler-McCauley-Law-Bowman bingo

- 1 act, 1972 PA 382, MCL 432.101 to 432.120. The -department
- 2 authority may lease facilities as a location within or at which
- 3 an organization qualified and licensed under Act No. 382 of the
- 4 Public Acts of 1972, as amended, that act may conduct bingo or a
- 5 millionaire party.
- 6 Sec. 13. (1) Sections 301 to -315 of Act No. 328 of the
- 7 Public Acts of 1931, as amended, being sections 750.301 to
- 8 750.315 of the Michigan Compiled Laws, shall 315a of the
- 9 Michigan penal code, 1931 PA 328, MCL 750.301 to 750.315a, do not
- 10 apply to a person who conducts or participates in a game of skill
- 11 pursuant to section 12 or the rules promulgated under that
- 12 section.
- 13 (2) The department may lease its facilities as a location
- 14 within or at which an organization qualified and licensed under
- 15 Act No. 382 of the Public Acts of 1972, as amended, being
- 16 sections 432.101 to 432.120 of the Michigan Compiled Laws the
- 17 Traxler-McCauley-Law-Bowman bingo act, 1972 PA 382, MCL 432.101
- 18 to 432.120, may conduct bingo.
- 19 Sec. 14a. (1) The state exposition and fairgrounds fund is
- 20 created within the state treasury. The fund shall be
- 21 administered by the authority.
- 22 (2) The state treasurer shall direct the investment of the
- 23 fund. The state treasurer shall credit to the fund interest and
- 24 earnings from fund investments. The state treasurer may receive
- 25 money or other assets from any source for deposit into the fund.
- 26 All of the following shall be deposited in the fund:
- 27 (a) Money appropriated from the general fund for the purpose

- 1 of holding a state fair that is unencumbered and unspent at the
- 2 close of the fiscal year. (b) Money generated from the
- 3 operation of activities authorized by this act shall be deposited
- 4 into the fund.
- 5 (3) Money in the fund at the close of the fiscal year shall
- 6 remain in the fund and shall not lapse to the general fund.
- 7 (4) The <u>department</u> authority shall submit an annual report
- 8 to the legislature and the -council department showing the
- 9 amount of money received under this act and how that money was
- 10 spent.
- 11 (5) Upon appropriation, The money in the fund shall be
- 12 expended pursuant to appropriation of the legislature by the
- 13 director, with the advice of the council, to provide authority
- 14 in the following order of priority:
- 15 (a) Providing for an annual state fair. -, the maintenance
- 16 <del>of</del>
- 17 (b) Maintaining the state exposition and fairgrounds. —, and
- 18 for any
- 19 (c) Any other purpose authorized <u>in section 6</u> under this
- 20 act.
- 21 Sec. 15a. The <del>department</del> authority may demolish or permit
- 22 the demolition of any building or structure on the state
- 23 exposition and fairgrounds that is determined by the -director
- 24 authority to be unsuitable for uses consistent with the holding
- 25 of the state fair.
- 26 Sec. 15b. (1) The authority shall develop a newsletter to
- 27 be published not less often than twice per calendar year for

- 1 residents of the surrounding area of the exposition and
- 2 fairgrounds. The authority shall make the newsletter available
- 3 electronically on its website and, if requested, by mail.
- 4 (2) The minutes of the meeting of the authority board shall
- 5 be posted on the authority's website.
- 6 (3) The authority shall establish a local neighborhood
- 7 advisory council for the purpose of public input on the
- 8 authority's activities.
- 9 Enacting section 1. This amendatory act takes effect
- **10** October 1, 2004.