

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5804

A bill to make appropriations for the department of history, arts, and libraries for the fiscal year ending September 30, 2009; to provide for the expenditure of those appropriations; to provide for the disposition of fees and other income received by the state agencies; to create funds; to provide for the disbursement of certain grants; to provide for reports; and to prescribe powers and duties of certain state departments and certain state and local agencies and officers.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the

1 amounts listed in this part are appropriated for the department of  
 2 history, arts, and libraries for the fiscal year ending September  
 3 30, 2009, from the funds indicated in this part. The following is a  
 4 summary of the appropriations in this part:

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

6 APPROPRIATION SUMMARY:

7	Full-time equated unclassified positions.....	6.0	
8	Full-time equated classified positions.....	226.0	
9	GROSS APPROPRIATION.....		\$ 52,986,300
10	Interdepartmental grant revenues:		
11	Total interdepartmental grants and intradepartmental		
12	transfers .....		668,600
13	ADJUSTED GROSS APPROPRIATION.....		\$ 52,317,700
14	Federal revenues:		
15	Total federal revenues.....		7,757,400
16	Special revenue funds:		
17	Total local revenues.....		200,000
18	Total private revenues.....		312,400
19	Total other state restricted revenues.....		4,117,800
20	State general fund/general purpose.....		\$ 39,930,100
21	<b>Sec. 102. DEPARTMENT OPERATIONS</b>		
22	Full-time equated unclassified positions.....	6.0	
23	Full-time equated classified positions.....	28.0	
24	Unclassified salaries.....		\$ 228,600
25	Management services--26.0 FTE positions.....		2,120,100
26	Building occupancy charges and rent.....		3,671,900
27	Worker's compensation.....		8,000

1	Records center relocation expenses .....	870,000
2	Federal, local and private grants .....	600,000
3	Cultural economic development--2.0 FTE positions .....	361,300
4	Internal audit services .....	<u>170,800</u>
5	GROSS APPROPRIATION .....	\$ 8,030,700
6	Appropriated from:	
7	Interdepartmental grant revenues:	
8	IDG-Agency relocation assistance .....	551,300
9	Federal revenues:	
10	Federal funds .....	200,000
11	Special revenue funds:	
12	Private revenues .....	200,000
13	Local revenues .....	200,000
14	History, arts, and libraries fund .....	100,000
15	State general fund/general purpose .....	\$ 6,779,400
16	<b>Sec. 103. INFORMATION TECHNOLOGY</b>	
17	Information technology services and projects .....	\$ <u>1,274,800</u>
18	GROSS APPROPRIATION .....	\$ 1,274,800
19	Appropriated from:	
20	Mackinac Island state park fund .....	46,900
21	State general fund/general purpose .....	\$ 1,227,900
22	<b>Sec. 104. COUNCIL FOR ARTS AND CULTURAL AFFAIRS</b>	
23	Full-time equated classified positions..... 5.0	
24	Administration--5.0 FTE positions .....	\$ 530,200
25	Arts and cultural grants .....	<u>8,121,000</u>
26	GROSS APPROPRIATION .....	\$ 8,651,200
27	Appropriated from:	

1	NFAH-NEA, promotion of the arts, partnership		
2	agreements .....		850,000
3	History, arts, and libraries fund.....		100,000
4	State general fund/general purpose.....	\$	7,701,200
5	<b>Sec. 105. MACKINAC ISLAND STATE PARK COMMISSION</b>		
6	Full-time equated classified positions.....	39.0	
7	Mackinac Island park operation--24.0 FTE positions ...	\$	1,674,800
8	Historical facilities system--15.0 FTE positions .....		<u>2,055,200</u>
9	GROSS APPROPRIATION.....	\$	3,730,000
10	Appropriated from:		
11	Federal funds.....		200,000
12	Mackinac Island state park operation fund.....		163,200
13	Mackinac Island state park fund.....		1,571,100
14	History, arts, and libraries fund.....		200,000
15	State general fund/general purpose.....	\$	1,595,700
16	<b>Sec. 106. MICHIGAN HISTORICAL PROGRAM</b>		
17	Full-time equated classified positions.....	83.0	
18	Historical administration and services--63.0 FTE		
19	positions .....	\$	5,974,700
20	State historic preservation programs (federal)--12.0		
21	FTE positions .....		950,000
22	Heritage publications--1.0 FTE positions .....		700,000
23	Special programs--1.0 FTE positions .....		112,400
24	Thunder Bay national marine sanctuary and underwater		
25	preserve--1.0 FTE positions .....		202,600
26	Michigan history day.....		25,000
27	Museum stores--4.0 FTE positions.....		500,000

1	Lighthouse preservation program--1.0 FTE positions ...	250,000
2	Local historical society grant program.....	<u>25,000</u>
3	GROSS APPROPRIATION.....	\$ 8,739,700
4	Appropriated from:	
5	Interdepartmental grant revenues:	
6	IDG-MDOT, comprehensive transportation fund.....	3,900
7	IDG-MDOT, state aeronautics fund.....	2,500
8	IDG-MDOT, state trunkline fund.....	110,900
9	Federal revenues:	
10	DOI-NPS, historic preservation grants-in-aid.....	950,000
11	Special revenue funds:	
12	Private - grants and gifts.....	10,000
13	Private - Mann house trust fund.....	102,400
14	Game and fish protection fund.....	3,500
15	Michigan heritage publications fund.....	700,000
16	History, arts, and libraries fund.....	171,000
17	Marine safety fund.....	400
18	Michigan lighthouse preservation fund.....	250,000
19	Museum operations fund.....	500,000
20	Special revenue, internal service and pension trust ..	72,700
21	State lottery fund.....	20,400
22	State services fee fund.....	12,800
23	Waterways fund.....	800
24	State general fund/general purpose.....	\$ 5,828,400
25	<b>Sec. 107. LIBRARY OF MICHIGAN</b>	
26	Full-time equated classified positions..... 71.0	
27	Book distribution centers.....	\$ 325,000

1	Library of Michigan operations--69.0 FTE positions ...	6,172,500
2	Library services and technology program--2.0 FTE	
3	positions .....	5,557,400
4	State aid to public libraries.....	10,000,000
5	Subregional state aid.....	<u>505,000</u>
6	GROSS APPROPRIATION.....	\$ 22,559,900
7	Appropriated from:	
8	IMLS: library services and technology act.....	5,557,400
9	History, arts, and libraries fund.....	205,000
10	State general fund/general purpose.....	\$ 16,797,500

## PART 2

## PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

14 Sec. 201. Pursuant to section 30 of article IX of the state  
15 constitution of 1963, total state spending from state resources  
16 under part 1 for fiscal year 2008-2009 is \$44,047,900.00 and state  
17 spending from state resources to be paid to local units of  
18 government for fiscal year 2008-2009 is \$11,235,400.00. The  
19 itemized statement below identifies appropriations from which  
20 spending to local units of government will occur:

## DEPARTMENT OF HISTORY, ARTS, AND LIBRARIES

22	Arts and cultural grants.....	\$ 730,400
23	State aid to libraries.....	10,000,000
24	Subregional state aid.....	<u>505,000</u>
25	Total department of history, arts, and libraries .....	\$ 11,235,400

1           Sec. 202. The appropriations authorized under this act are  
2 subject to the management and budget act, 1984 PA 431, MCL 18.1101  
3 to 18.1594.

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

5           (a) "Department" means the department of history, arts, and  
6 libraries.

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

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

11           (d) "Fiscal agencies" means the house fiscal agency and the  
12 senate fiscal agency.

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

14           (f) "IDG" means interdepartmental grant.

15           (g) "IMLS" means institute of museum and library services.

16           (h) "MCACA" means the Michigan council for arts and cultural  
17 affairs.

18           (i) "MDOT" means the Michigan department of transportation.

19           (j) "NEA" means the national endowment for the arts.

20           (k) "NFAH" means the national foundation of the arts and the  
21 humanities.

22           (l) "Subcommittees" means all members of the appropriate  
23 subcommittees of the senate and house of representatives  
24 appropriations committees.

25           Sec. 204. The civil service commission shall bill departments  
26 and agencies at the end of the first fiscal quarter for the 1%  
27 charge authorized by section 5 of article XI of the state

1 constitution of 1963. Payments shall be made for the total amount  
2 of the billing by the end of the second fiscal quarter.

3       Sec. 205. (1) A hiring freeze is imposed on the state  
4 classified civil service. State departments and agencies are  
5 prohibited from hiring any new full-time state classified civil  
6 service employees and prohibited from filling any vacant state  
7 classified civil service positions. This hiring freeze does not  
8 apply to internal transfers of classified employees from 1 position  
9 to another within a department.

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

21       Sec. 208. The department shall use the Internet to fulfill the  
22 reporting requirements of this act. This requirement may include  
23 transmission of reports via electronic mail to the recipients  
24 identified for each reporting requirement, or it may include  
25 placement of reports on an Internet or Intranet site.

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

1 competitively priced and of comparable quality American goods or  
2 services, or both, are available. Preference should be given to  
3 goods or services, or both, manufactured or provided by Michigan  
4 businesses, if they are competitively priced and of comparable  
5 quality. In addition, preference should be given to goods or  
6 services, or both, that are manufactured or provided by Michigan  
7 businesses owned and operated by veterans, if they are  
8 competitively priced and of comparable quality.

9       Sec. 210. (1) The department shall report to the senate and  
10 house appropriation subcommittees on the budget for the department,  
11 the joint committee on administrative rules, and the senate and  
12 house fiscal agencies no later than April 1, 2009 on each specific  
13 policy change made to implement a public act affecting the  
14 department that took effect during the prior calendar year.

15       (2) Funds appropriated in part 1 shall not be used by the  
16 department to adopt a rule that will apply to a small business and  
17 that will have a disproportionate economic impact on small  
18 businesses because of the size of those businesses if the  
19 department fails to reduce the disproportionate economic impact of  
20 the rule on small businesses as provided under section 40 of the  
21 administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

22       (3) As used in this section:

23       (a) "Rule" means that term as defined under section 7 of the  
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

25       (b) "Small business" means that term as defined under section  
26 7a of the administrative procedures act of 1969, 1969 PA 306, MCL  
27 24.207a.

1           Sec. 211. The department shall establish and maintain  
2 affirmative action programs based on guidelines developed by the  
3 state equal opportunity workforce planning council which was  
4 created by Executive Order No. 1996-13 in order to receive general  
5 fund/general purpose dollars in compliance with section 26 of  
6 article I of the state constitution of 1963.

7           Sec. 213. From the funds appropriated in part 1 for  
8 information technology, departments and agencies shall pay user  
9 fees to the department of information technology for technology-  
10 related services and projects. The user fees are subject to  
11 provisions of an interagency agreement between the department and  
12 the department of information technology.

13           Sec. 214. Amounts appropriated in part 1 for information  
14 technology may be designated as work projects and carried forward  
15 to support technology projects under the direction of the  
16 department of information technology. Funds designated in this  
17 manner are not available for expenditure until approved as work  
18 projects under section 451a of the management and budget act, 1984  
19 PA 431, MCL 18.1451a.

20           Sec. 215. (1) The department may provide and enter into  
21 agreements to provide general services, training, meetings,  
22 information, special equipment, software and facility use, and  
23 technical consulting services to other principal executive  
24 departments, state agencies, local units of government, the  
25 judicial branch of government, other organizations, and patrons of  
26 department facilities. Fees for services shall be reasonably  
27 related to the cost of providing the services and shall be used to

1 offset the costs of the services. The department may receive and  
2 expend funds in addition to those authorized in part 1 which may  
3 include, but are not limited to, the following:

4 (a) Supplying census-related information and technical  
5 services, publications, statistical studies, population projections  
6 and estimates, and other demographic products.

7 (b) Document and data imaging services, media, storage, and  
8 copies.

9 (c) Patron copier and document reproduction services and  
10 copies.

11 (d) Conferences, training classes, exhibits, programs, and  
12 workshops conducted as part of the department's mission.

13 (e) Use of specialized equipment, facilities, and software  
14 that permit distance learning and meetings, and group decision  
15 making.

16 (f) Special services including the rental of department  
17 exhibits and collections.

18 (g) Application and other fees.

19 (h) Grants, gifts, and bequests from private or public  
20 sources, including those for capital projects.

21 (2) The funds received under this section shall be deposited  
22 in and expended from the history, arts, and libraries fund  
23 established in section 216 of this act.

24 Sec. 216. (1) A fund known as the history, arts, and libraries  
25 fund is created in the department. The fund shall be used to  
26 receive and expend funds identified in sections 215 and 404(a). All  
27 funds in excess of those funds appropriated in part 1 are

1 appropriated for expenditure upon receipt. The fund balance may be  
2 carried forward for expenditure in subsequent fiscal years.

3 (2) The department shall provide a report to the senate and  
4 house of representatives appropriations subcommittees on history,  
5 arts, and libraries, and to the state budget director, of all  
6 revenues to and expenditures from the history, arts, and libraries  
7 fund in excess of those amounts appropriated in part 1. The report  
8 shall include an estimated fund balance for the fiscal year ending  
9 September 30, 2009. The report is due November 1, 2009.

10 Sec. 217. (1) Due to the current budgetary problems in this  
11 state, out-of-state travel for the fiscal year ending September 30,  
12 2009 shall be limited to situations in which 1 or more of the  
13 following conditions apply:

14 (a) The travel is required by legal mandate or court order or  
15 for law enforcement purposes.

16 (b) The travel is necessary to protect the health or safety of  
17 Michigan citizens or visitors or to assist other states in similar  
18 circumstances.

19 (c) The travel is necessary to produce budgetary savings or to  
20 increase state revenues, including protecting existing federal  
21 funds or securing additional federal funds.

22 (d) The travel is necessary to comply with federal  
23 requirements.

24 (e) The travel is necessary to secure specialized training for  
25 staff that is not available within this state.

26 (f) The travel is financed entirely by federal or nonstate  
27 funds.

1           (2) If out-of-state travel is necessary but does not meet 1 or  
2 more of the conditions in subsection (1), the state budget director  
3 may grant an exception to allow the travel. Any exceptions granted  
4 by the state budget director shall be reported on a monthly basis  
5 to the senate and house of representatives standing committees on  
6 appropriations.

7           (3) Not later than January 1 of each year, each department  
8 shall prepare a travel report listing all travel by classified and  
9 unclassified employees outside this state in the immediately  
10 preceding fiscal year that was funded in whole or in part with  
11 funds appropriated in the department's budget. The report shall be  
12 submitted to the senate and house of representatives standing  
13 committees on appropriations, the senate and house fiscal agencies,  
14 and the state budget director. The report shall include the  
15 following information:

16           (a) The name of each person receiving reimbursement for travel  
17 outside this state or whose travel costs were paid by this state.

18           (b) The destination of each travel occurrence.

19           (c) The dates of each travel occurrence.

20           (d) A brief statement of the reason for each travel  
21 occurrence.

22           (e) The transportation and related costs of each travel  
23 occurrence, including the proportion funded with state general  
24 fund/general purpose revenues, the proportion funded with state  
25 restricted revenues, the proportion funded with federal revenues,  
26 and the proportion funded with other revenues.

27           (f) A total of all out-of-state travel funded for the

1 immediately preceding fiscal year.

2       Sec. 217a. The department shall not approve the travel of more  
3 than 1 departmental employee to a specific professional development  
4 conference or training seminar that is located outside of this  
5 state. The only exception to this travel restriction involves a  
6 professional development conference or training seminar that is  
7 funded by a federal or private funding source and requires more  
8 than 1 person from a department to attend.

9       Sec. 218. It is the intent of the legislature to explore  
10 supplemental fund sourcing options for the department.

11       Sec. 219. The department shall not take disciplinary action  
12 against an employee for communicating with a member of the  
13 legislature or his or her staff.

14       Sec. 222. The director shall take all reasonable steps to  
15 ensure businesses in deprived and depressed communities compete for  
16 and perform contracts to provide services or supplies, or both. The  
17 director shall strongly encourage firms with which the department  
18 contracts to subcontract with certified businesses in depressed and  
19 deprived communities for services, supplies, or both.

20       Sec. 223. Funds appropriated in part 1 shall not be used by a  
21 principal executive department, state agency, or authority to hire  
22 a person to provide legal services that are the responsibility of  
23 the attorney general. This prohibition does not apply to legal  
24 services for bonding activities or for those activities that the  
25 attorney general authorizes.

26       Sec. 224. (1) The department of history, arts, and libraries  
27 shall collaborate with the state board of education, the department

1 of human services, the department of community health, and the  
2 department of labor and economic growth to extend the duration of  
3 the Michigan after-school partnership and to oversee its efforts to  
4 implement the policy recommendations and strategic next steps  
5 identified in the Michigan after-school initiative's report of  
6 December 15, 2003.

7 (2) From the funds appropriated in part 1, \$25,000.00 may be  
8 used to support the Michigan after-school partnership. Funds shall  
9 be used to leverage other private and public funding to engage the  
10 public and private sectors in building and sustaining high-quality  
11 out-of-school-time programs and resources. The cochairs,  
12 representing the department, the state board of education, the  
13 department of human services, the department of labor and economic  
14 growth, and the department of community health, shall name a  
15 fiduciary agent and may authorize the fiduciary to expend funds and  
16 hire people to accomplish the work of the Michigan after-school  
17 partnership.

18 (3) Participation in the Michigan after-school partnership  
19 shall be expanded beyond the membership of the initial Michigan  
20 after-school initiative to increase the representation of parents,  
21 youth, foundations, employers, and others with experience in  
22 education, child care, after-school and youth development services,  
23 and crime and violence prevention, and to include representation  
24 from the Michigan department of history, arts, and libraries. Each  
25 year, on or before December 31, the Michigan after-school  
26 partnership shall report its progress in reaching the  
27 recommendations set forth in the Michigan after-school initiative's

1 report to the legislature and governor.

2       Sec. 226. (1) In addition to the funds appropriated in part 1,  
3 there is appropriated an amount not to exceed \$2,000,000.00 for  
4 federal contingency funds. These funds are not available for  
5 expenditure until they have been transferred to another line item  
6 in this act under section 393(2) of the management and budget act,  
7 1984 PA 431, MCL 18.1393.

8       (2) In addition to the funds appropriated in part 1, there is  
9 appropriated an amount not to exceed \$1,000,000.00 for state  
10 restricted contingency funds. These funds are not available for  
11 expenditure until they have been transferred to another line item  
12 in this act under section 393(2) of the management and budget act,  
13 1984 PA 431, MCL 18.1393.

14       (3) In addition to the funds appropriated in part 1, there is  
15 appropriated an amount not to exceed \$100,000.00 for local  
16 contingency funds. These funds are not available for expenditure  
17 until they have been transferred to another line item in this act  
18 under section 393(2) of the management and budget act, 1984 PA 431,  
19 MCL 18.1393.

20       (4) In addition to the funds appropriated in part 1, there is  
21 appropriated an amount not to exceed \$750,000.00 for private  
22 contingency funds. These funds are not available for expenditure  
23 until they have been transferred to another line item in this act  
24 under section 393(2) of the management and budget act, 1984 PA 431,  
25 MCL 18.1393.

26       Sec. 228. Within 10 days of the receipt of a grant  
27 appropriated in the federal, local and private grants line item in

1 part 1, the department shall notify the house and senate  
2 chairpersons of the appropriations subcommittees responsible for  
3 the department budget, the house and senate fiscal agencies, and  
4 the state budget director of the receipt of the grant, including  
5 the funding source, purpose, and amount of the grant.

6 Sec. 229. From the funds appropriated in part 1, the  
7 department shall develop, post, and maintain, on a publicly  
8 accessible Internet site, all expenditures made by the agency  
9 within a fiscal year. The posting must include the purpose for  
10 which each expenditure is made.

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

12 Sec. 401. (1) The MCACA in the department shall administer the  
13 arts and cultural grants appropriated in part 1.

14 (2) The MCACA shall render fair and independent decisions  
15 concerning arts and cultural grant requests and shall do all of the  
16 following:

17 (a) Use published criteria to evaluate program quality,  
18 including all of the following:

19 (i) The department's intended goals and outcomes for each  
20 program.

21 (ii) The department's quantifiable measures of success in  
22 meeting the intended goals and outcomes.

23 (b) Seek to award grants on an equitable geographic basis to  
24 the extent possible given the quality of grant applications  
25 received.

26 (c) Give priority to projects that serve multiple counties,

1 leverage significant additional public and private investment, or  
2 demonstrate a significant potential to increase tourism or attract  
3 or retain businesses or residents.

4 (3) No payment shall be made under part 1 except upon  
5 application submitted in accordance with MCACA published criteria  
6 and procedures, which shall ensure both of the following:

7 (a) Artistic excellence and artistic merit are the criteria by  
8 which applications will be judged, taking into consideration  
9 general standards of decency and respect for the diverse beliefs  
10 and values of the people of this state.

11 (b) Criteria clearly indicate that obscenity is without  
12 artistic merit, is not protected speech, and will not be funded by  
13 a grant from appropriations under part 1.

14 (4) The MCACA shall provide for fair, equitable, and efficient  
15 distribution of funds granted through the regional regranting  
16 program. The MCACA shall provide for an annual assessment of grant  
17 management and distribution of mini-grant awards by designated  
18 regional regranting agencies and review the methodology employed.

19 (5) The MCACA shall continue and expand its efforts to  
20 encourage and support nonprofit arts and cultural organizations to  
21 transition from solely volunteer-based organizations to  
22 professionally directed operations. Criteria for support include  
23 the requirement of collaboration between these organizations and  
24 other community organizations.

25 (6) The department shall withhold undistributed grant payments  
26 from a grant recipient who violates the requirements for funding in  
27 subsection (3) and may disqualify the grant recipient from award of

1 future grants for a period of not more than 3 years.

2 Sec. 402. The MCACA may award grants to counties, cities,  
3 villages, townships, community foundations and organizations in the  
4 following categories:

5 (a) Anchor organization program for organizations that serve  
6 regional and statewide audiences. Anchor organizations shall  
7 demonstrate a commitment to education, to mentoring smaller  
8 organizations, and to reaching underserved audiences.

9 (b) Arts projects program.

10 (c) Arts and learning program.

11 (d) Artists in residence for education program.

12 (e) Arts organization development program.

13 (f) Capital improvement program.

14 (g) Local arts agencies services program.

15 (h) Regional regranting program.

16 (i) Partnership program.

17 (j) Rural arts and cultural program.

18 (k) Cultural projects program.

19 (l) Historical society projects program.

20 (m) Discretionary grants program.

21 (n) Cultural and ethnic heritage centers and museums.

22 Sec. 403. (1) From the state funds appropriated in part 1 for  
23 arts and cultural grants, no 1 organization may receive more than  
24 15% of this funding.

25 (2) The MCACA shall make every effort to provide total grant  
26 awards in the anchor organization program at a level not to exceed  
27 70% of the total amount appropriated for arts and cultural grants.

1           (3) As documented in the audit report that is submitted as  
2 part of the grant application process, the total of all grants  
3 awarded to any organization receiving grants within the anchor  
4 organization program may not exceed 15% of their "total  
5 unrestricted revenues, gains, and other support", as defined by the  
6 financial accounting standards board in the accounting standards  
7 for not-for-profit organizations or equivalent accounting standards  
8 for other types of eligible organizations.

9           (4) Before any amount appropriated for arts and cultural  
10 grants in part 1 may be expended for a grant to an eligible  
11 recipient, the department shall execute a grant agreement with the  
12 recipient. The grant agreement shall identify the projects funded,  
13 specify the category in section 402 under which the grant is  
14 awarded, and include the prohibitions and sanctions identified in  
15 section 401(3) and (6).

16           Sec. 404. Grant applicants must meet and adhere to the  
17 following requirements:

18           (a) Each applicant shall pay a nonrefundable application fee  
19 of \$300.00 or 3% of the desired grant amount, whichever is less.  
20 Application fees shall be deposited in the history, arts, and  
21 libraries fund established in section 216. The department may use  
22 the application fee to offset its direct and indirect costs.

23           (b) An applicant for a grant under the anchor organization  
24 program shall submit with the application the applicant's most  
25 recent annual audit report which states their "total unrestricted  
26 revenues, gains, and other support", as defined by the financial  
27 accounting standards board in the accounting standards for not-for-

1 profit organizations or equivalent accounting standards for other  
2 types of eligible organizations. The audit report must cover an  
3 audit period that ends within 18 months of the date of the  
4 application.

5 (c) Each applicant shall identify proposed matching funds from  
6 local and/or private sources on a minimum of a dollar-for-dollar  
7 basis. The match may include the reasonable value of services,  
8 materials, and equipment as allowed under the federal internal  
9 revenue code for charitable contributions.

10 (d) Each applicant for a grant which charges admission to  
11 their institution may offer a discounted rate for admission to  
12 current and former United States servicemen and servicewomen,  
13 firefighters, police officers, and first responders.

14 Sec. 405. Each grant recipient shall provide the MCACA with  
15 the following:

16 (a) Proof of the entire amount of the matching funds,  
17 services, materials, or equipment by the end of the award period.

18 (b) Within 30 days following the end of the grant period, a  
19 final report that includes the following:

20 (i) Project revenues and expenditures, including grant matching  
21 fund amounts.

22 (ii) Number of patrons attracted or benefiting during the grant  
23 period.

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

25 (c) By April 7 of the grant year, each recipient of a grant  
26 greater than \$100,000.00 shall submit an interim report that  
27 includes the items identified in subdivision (b).

1           Sec. 406. (1) The department shall make the following reports:

2           (a) A report identifying the web site location that contains a  
3 list of all grant recipients, sorted by county. This report shall  
4 be provided to each legislator within 1 business day of the  
5 announcement of annual awards by the MCACA.

6           (b) A report to the senate and house of representatives  
7 appropriations subcommittees, the state budget director, and the  
8 fiscal agencies, within 30 days after the MCACA announces the  
9 annual grant awards, that includes all of the following:

10           (i) A listing of each applicant.

11           (ii) The county of residence or domicile of the applicant.

12           (iii) The amount requested.

13           (iv) The amount awarded.

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

15           (vi) A summary of projects funded for each recipient.

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

18           (viii) The amount of matching funds proposed by each applicant.

19           (ix) A listing containing the applicant, county of residence or  
20 domicile of the applicant, and amount awarded for any regranted  
21 funds in the preceding fiscal year.

22           (c) An annual report to the appropriations subcommittees, the  
23 state budget director, and the fiscal agencies is due when  
24 materials are first distributed by the MCACA seeking grant  
25 applications for the subsequent fiscal year. The report shall  
26 contain the following:

27           (i) The MCACA guidelines for awarding grants.

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

3           (2) The council shall report to the chairpersons of the senate  
4 and house of representatives appropriations subcommittees on  
5 history, arts, and libraries by August 1 all unexpended or  
6 unencumbered discretionary grant funding that is available. The  
7 council shall not redistribute any unexpended or unencumbered grant  
8 funds during the fiscal year without a 10-day notice to the  
9 chairpersons of the senate and house of representatives  
10 appropriations subcommittees on history, arts, and libraries.

11    **MICHIGAN HISTORICAL PROGRAM**

12           Sec. 501. The federal funds appropriated in part 1 for the  
13 historic site preservation grants are for work projects and shall  
14 not lapse at the end of the fiscal year but shall continue to be  
15 available for expenditure until the projects for which the funds  
16 were reserved have been completed or are terminated. The purpose of  
17 these work projects is the identification, designation,  
18 rehabilitation, and preservation of historic resources. The method  
19 used will be to solicit applications, score applications based upon  
20 established criteria, and award subgrants. The department shall  
21 execute a grant agreement with each recipient. The total cost is  
22 \$85,000.00, and the tentative completion date is September 30,  
23 2009.

24           Sec. 502. Funds collected by the department under sections 6,  
25 7, and 7a of 1913 PA 271, MCL 399.6, 399.7, and 399.7a, are  
26 appropriated to the department for the purposes for which they were

1 received, upon receipt.

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

6       Sec. 505. From the funds appropriated in part 1 for historical  
7 administration and services, \$25,000.00 shall be allocated to  
8 support the operations of the Michigan freedom trail commission as  
9 specified in section 4 of the Michigan freedom trail commission  
10 act, 1998 PA 409, MCL 399.84. These funds shall be used to  
11 reimburse commission members, to pay for necessary contractual  
12 services of the commission, and to hire not more than 1.0 FTE  
13 position in the department's Michigan historical center to support  
14 commission operations.

15       Sec. 506. Proceeds in excess of costs incurred in the conduct  
16 of auctions, sales, or transfers of artifacts no longer considered  
17 suitable for the collections of the state historical museum are  
18 appropriated to the department and may be expended upon receipt for  
19 additional material for the collection. The department shall notify  
20 the chairpersons, vice chairpersons, and minority vice chairpersons  
21 of the senate and house appropriations subcommittees on history,  
22 arts, and libraries 1 week prior to any auctions or sales.

23       Sec. 507. Unless prohibited by law, the department shall make  
24 available to the historical society of Michigan the use of the  
25 Michigan history magazine subscriber list, or a portion of the  
26 Michigan history magazine subscriber list, at a cost not to exceed  
27 the actual expense incurred for providing a single mailing.

1     **LIBRARY OF MICHIGAN**

2           Sec. 601. In order to receive subregional state aid as  
3 appropriated in part 1 to the library of Michigan, a subregional  
4 library's fiscal agency must agree to maintain local funding  
5 support at the same level in the current fiscal year as in the  
6 fiscal agency's preceding fiscal year. If a reduction in  
7 expenditures equally affects all agencies in a local unit of  
8 government that is the subregional library's fiscal agency, that  
9 reduction shall not be interpreted as a reduction in local support  
10 and shall not disqualify a subregional library from receiving state  
11 aid under part 1. If a reduction in income affects a library  
12 cooperative or district library that is a subregional library's  
13 fiscal agency or a reduction in expenditures for the subregional  
14 library's fiscal agency, a reduction in expenditures for the  
15 subregional library shall not be interpreted as a reduction in  
16 local support and shall not disqualify a subregional library from  
17 receiving state aid under part 1.

18           Sec. 602. The funds appropriated in part 1 for a subregional  
19 library shall not be released until a budget for that subregional  
20 library has been approved by the department for expenditures for  
21 library services directly serving the blind and persons with  
22 disabilities.

23           Sec. 607. The funds appropriated in part 1 for book  
24 distribution centers shall be distributed equally to the public  
25 enrichment foundation and the Michigan friends of education.