

# SENATE BILL No. 1578

November 4, 2010, Introduced by Senators THOMAS, JACOBS, HUNTER, CLARK-COLEMAN, PRUSI and SWITALSKI and referred to the Committee on Commerce and Tourism.

A bill to provide for the establishment of art institute authorities; to provide for the powers and duties of an art institute authority; to authorize the levy and collection of a property tax by an art institute authority; and to provide for the powers and duties of certain government officials.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the "art  
2       institute authorities act".

3       Sec. 3. As used in this act:

4       (a) "Art institute" means an encyclopedic art museum whose  
5       primary art collection and facility, at the date an authority is  
6       established, are owned by a municipality located in this state.

7       (b) "Art institute services" means the operation or support of

1 an art institute.

2 (c) "Art institute services provider" means a nonprofit entity  
3 qualified under section 501(c)(3) of the internal revenue code, 26  
4 USC 501(c)(3), that, as its primary purpose, provides art institute  
5 services to an art institute.

6 (d) "Articles" means the articles of incorporation of an  
7 authority.

8 (e) "Authority" means an art institute authority established  
9 under section 5.

10 (f) "Board" means the board of directors of the authority.

11 (g) "Electors of the authority" means the qualified and  
12 registered electors of the county.

13 Sec. 5. (1) Any county may form an art institute authority.

14 (2) An art institute authority is an authority under section 6  
15 of article IX of the state constitution of 1963. An art institute  
16 authority is a public corporate body with the power to sue and be  
17 sued in any court of this state.

18 (3) An art institute authority possesses all the powers  
19 necessary for carrying out the purposes of its formation. The  
20 enumeration of specific powers in this act shall not be construed  
21 as a limitation on the general powers of an authority, consistent  
22 with its articles.

23 (4) An authority shall not obtain an interest in real property  
24 or participate in the governance of an art institute.

25 Sec. 7. (1) To initiate the establishment of an authority,  
26 articles of incorporation shall be prepared by a majority of the  
27 members of the county board of commissioners of the county

1 establishing the authority. The articles of incorporation shall  
2 include all of the following:

3 (a) The name of the authority.

4 (b) The size of the board of the authority, which shall be  
5 composed of an odd number of members and shall not exceed 15  
6 members; the qualifications and terms of office of board members;  
7 the manner of appointing the members of the board of the authority;  
8 and the filling of vacancies in the office of board member.

9 (c) The purpose of the authority.

10 (d) The method of dissolution of the authority.

11 (e) Any other matters considered advisable.

12 (2) The articles shall be adopted and may be amended by an  
13 affirmative vote of a majority of the members of the county board  
14 of commissioners of the county establishing the authority.

15 (3) Before the proposed articles or proposed amendments to the  
16 articles are adopted, the proposed articles or amendments shall be  
17 published not less than once in a newspaper generally circulated  
18 within the county. The adoption of proposed articles or amendments  
19 by the county shall be evidenced by an endorsement on the articles  
20 or amendments by the clerk of the county.

21 (4) Upon adoption of the articles or amendments to the  
22 articles by the county, a printed copy of the articles or the  
23 amended articles shall be filed with the secretary of state by the  
24 clerk of the county.

25 (5) The authority's articles of incorporation, or amendments  
26 to the articles, take effect upon filing with the secretary of  
27 state.

1       Sec. 9. (1) A vacancy occurs on the board on the happening of  
2 any of the events set forth in section 3 of 1846 RS 15, MCL 201.3.  
3 Members of the board may be removed by the county board of  
4 commissioners for good cause after a public hearing. Vacancies  
5 shall be filled in the manner as provided for in the authority's  
6 articles of incorporation.

7       (2) A majority of the members of the board constitute a quorum  
8 for the purpose of conducting business and exercising the powers of  
9 an authority. Official action may be taken by an authority upon the  
10 vote of a majority of the board members present, unless the  
11 authority adopts bylaws requiring a larger number.

12       (3) A member of the board shall not receive compensation for  
13 services as a member of the board but is entitled to reimbursement  
14 for reasonable expenses, including expenses for travel previously  
15 authorized by the board, incurred in the discharge of his or her  
16 duties.

17       (4) The business that an authority may perform shall be  
18 conducted at a public meeting of the authority held in compliance  
19 with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.  
20 Public notice of the time, date, and place of the meeting shall be  
21 given in the manner required by the open meetings act, 1976 PA 267,  
22 MCL 15.261 to 15.275.

23       (5) A writing prepared, owned, or used by an authority in the  
24 performance of an official function shall be made available in  
25 compliance with the freedom of information act, 1976 PA 442, MCL  
26 15.231 to 15.246.

27       (6) At its first meeting, a board shall elect a chairperson, a

1 secretary, a treasurer, and any other officers it considers  
2 necessary.

3 (7) A board may adopt bylaws to govern its procedures.

4 Sec. 11. An authority may do 1 or more of the following:

5 (a) Provide funding to an art institute services provider to  
6 support the provision of art institute services.

7 (b) Levy a tax as provided in section 17.

8 (c) Enter into contracts incidental or necessary for the  
9 accomplishment of this act.

10 (d) Contract for or retain professional services.

11 Sec. 13. Before a vote for a tax levy under section 17 occurs  
12 or, if an initial art institute services provider is replaced,  
13 before any funds are transferred under section 25 to a replacement  
14 art institute services provider, the art institute services  
15 provider shall enter into a contract with the authority requiring  
16 the art institute services provider to use the funds received from  
17 the authority exclusively to support the provision of art institute  
18 services to an art institute.

19 Sec. 15. If a majority of electors in the county voting on the  
20 question of a tax as provided in section 17 approve the tax, the  
21 contract as provided in section 13 shall require the art institute  
22 services provider to offer or to exercise its best efforts to cause  
23 the art institute to offer preferences or benefits for the  
24 residents of the county that may include, but are not limited to,  
25 any of the following:

26 (a) Discounted admission fees.

27 (b) Discounted membership fees.

1 (c) Discounts for schoolchildren.

2 (d) Access to educational programs.

3 Sec. 17. (1) An authority may levy a tax of not more than 0.2  
4 mill for a period of not more than 20 years on all of the taxable  
5 property within the county for the purpose of providing revenue to  
6 an art institute services provider that will be used exclusively  
7 for the benefit of the art institute with respect to which the art  
8 institute services provider renders services. The authority may  
9 levy the tax only if a majority of the electors in the county  
10 voting on the tax at a statewide general or primary election  
11 approve the tax. The proposal for a tax shall be submitted to a  
12 vote of the electors of the authority by resolution of the board.

13 (2) A ballot proposal for a tax shall comply with the  
14 requirements of section 24f of the general property tax act, 1893  
15 PA 206, MCL 211.24f. A proposal for a tax shall not be placed on  
16 the ballot unless the proposal is adopted by a resolution of the  
17 board and certified by the board not later than 60 days before the  
18 election to the county clerk of the county for inclusion on the  
19 ballot. The proposal shall be certified for inclusion on the ballot  
20 at the next eligible election, as specified by the board's  
21 resolution.

22 (3) If a majority of the electors in the county voting on the  
23 question of a tax approve the proposal as provided under subsection  
24 (1), the tax levy is authorized. Not more than 2 elections may be  
25 held in a calendar year on a proposal for a tax authorized under  
26 this act.

27 Sec. 19. (1) The county election commission of the county

1 shall provide ballots for an election for a tax under section 17.

2 (2) An election for a tax shall be conducted by the city and  
3 township clerks and election officials of the municipalities  
4 located within the county.

5 Sec. 21. (1) If an election for a tax under section 17 is to  
6 be held in conjunction with a general election or a state primary  
7 election, the notices of close of registration and election shall  
8 be published as provided for by the state election laws. Otherwise,  
9 the county clerk of the county shall publish the notices of close  
10 of registration and election. The notice of close of registration  
11 shall include the ballot language of the proposal.

12 (2) The results of an election for a tax shall be canvassed by  
13 the board of county canvassers of the county. The board of county  
14 canvassers of the county shall make the final canvass of an  
15 election for a tax based on the returns of the election inspectors  
16 of the municipalities in that county. The board of county  
17 canvassers of the county shall certify the results of the election  
18 to the board of the authority.

19 Sec. 23. A tax authorized to be levied by an authority under  
20 this act shall be levied and collected at the same time and in the  
21 same manner as provided by the general property tax act, 1893 PA  
22 206, MCL 211.1 to 211.155.

23 Sec. 25. Within 10 business days of the receipt of the funds  
24 from the local property tax collecting unit for the tax levied  
25 under this act, the authority shall transfer the funds, less the  
26 amount necessary to fund the payment of obligations incurred by the  
27 authority in accordance with this act, to the art institute

1 services provider.

2 Sec. 27. (1) If a majority of the electors in the county  
3 voting on the question of a tax as provided in section 17 approve  
4 the tax, the county clerk of the county shall charge the authority  
5 and the authority shall reimburse the county for the actual costs  
6 the county incurs in the election for the tax under section 17.

7 (2) If a municipality conducts the election and a majority of  
8 the electors in the county voting on the question of a tax as  
9 provided in section 17 approve the tax, the clerk of that  
10 municipality shall charge the authority and the authority shall  
11 reimburse the municipality for the actual costs the municipality  
12 incurs in conducting the election if the election is not held in  
13 conjunction with a regularly scheduled election in that  
14 municipality.

15 (3) If a majority of the electors in the county voting on the  
16 question of a tax as provided in section 17 approve the tax, in  
17 addition to costs reimbursed under subsection (1) or (2), a county  
18 or municipality shall charge the authority and the authority shall  
19 reimburse the county or municipality for actual costs that the  
20 county or municipality incurs and that are exclusively attributable  
21 to an election for a tax authorized under this act.

22 (4) The actual costs that a county or municipality incurs  
23 shall be based on the number of hours of work done in conducting  
24 the election, the rates of compensation of the workers, and the  
25 cost of materials supplied in the election.

26 Sec. 29. (1) A board shall obtain an annual audit of the  
27 authority, and report on the audit and auditing procedures, in the



1 manner provided by sections 6 to 13 of the uniform budgeting and  
2 accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit shall  
3 also be in accordance with generally accepted government auditing  
4 standards as promulgated by the United States general accounting  
5 office and shall satisfy federal regulations relating to federal  
6 grant compliance audit requirements.

7 (2) An authority shall prepare budgets and appropriations acts  
8 in the manner provided by sections 14 to 19 of the uniform  
9 budgeting and accounting act, 1968 PA 2, MCL 141.434 to 141.439.

10 (3) The state treasurer, the attorney general, a prosecuting  
11 attorney, bank, certified public accountant, certified public  
12 accounting firm, or other person shall have the same powers,  
13 duties, and immunities with respect to the authority as provided  
14 for local units in sections 6 to 20 of the uniform budgeting and  
15 accounting act, 1968 PA 2, MCL 141.426 to 141.440.

16 (4) If an authority ends a fiscal year in a deficit condition,  
17 the authority shall file a financial plan to correct the deficit  
18 condition in the same manner as provided in section 21(2) of the  
19 Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL  
20 141.921.

21 (5) The board may authorize funds of the authority to be  
22 invested or deposited on a temporary basis before being transferred  
23 under section 25 in any investment or depository authorized under  
24 section 1 of 1943 PA 20, MCL 129.91.