

**SUBSTITUTE FOR  
HOUSE BILL NO. 6009**

A bill to establish certain programs that promote the sustainability of land-based industries and support infrastructure that benefits rural communities; to establish a fund and provide for its use; and to prescribe the powers and duties of certain state agencies and officials.

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

1           Sec. 1. This act shall be known and may be cited as the "rural  
2 development fund act".

3           Sec. 2. As used in this act:

4           (a) "Board" means the rural development fund board established  
5 in section 3.

6           (b) "Commission" means the commission of agriculture and rural  
7 development.

1 (c) "Department" means the department of agriculture and rural  
2 development.

3 (d) "Director" means the director of the department.

4 (e) "Fund" means the rural development fund created in section  
5 5.

6 (f) "Land-based industries" means food and agriculture,  
7 forestry, mining, oil and gas production, and tourism.

8 (g) "Local unit of government" means a county, city, township,  
9 village, school district, or any authority composed of counties,  
10 cities, townships, villages, or school districts, or any  
11 combination of these entities.

12 (h) "Telecommunication facilities" means either or both of the  
13 following:

14 (i) Telecommunication facilities as defined in section 2 of the  
15 metropolitan extension telecommunications rights-of-way oversight  
16 act, 2002 PA 48, MCL 484.3102.

17 (ii) Facilities used by a video service provider as defined in  
18 section 1 of the uniform video services local franchise act, 2006  
19 PA 480, MCL 484.3301.

20 Sec. 3. (1) The rural development fund board is created within  
21 the department.

22 (2) The board shall be composed of 5 members as follows:

23 (a) The director, or his or her designee from within the  
24 department, who shall provide the board with input and expertise  
25 relating to this state's food and agriculture sector and economic  
26 development.

27 (b) Four individuals appointed by the governor with the advice

1 and consent of the senate who have knowledge, skill, or experience  
2 in land-based industries or fields of economic development or  
3 infrastructure. In making the appointments under this subdivision,  
4 the governor shall comply with all of the following:

5 (i) Two of the members shall be residents of the Upper  
6 Peninsula and 2 of the members shall be residents of the Lower  
7 Peninsula.

8 (ii) Not more than 2 of the members shall be members of the  
9 same political party.

10 (iii) At least 1 of the members shall be a resident of the area  
11 where funds are generated under section 5(2)(c).

12 (3) The members appointed under subsection (2)(b) shall serve  
13 for terms of 4 years. Of members first appointed, 1 shall be  
14 appointed for an initial term of 1 year, 1 shall be appointed for  
15 an initial term of 2 years, and 2 shall be appointed for an initial  
16 term of 3 years. Members shall serve until a successor is  
17 appointed. A vacancy shall be filled for the balance of the  
18 unexpired term in the same manner as the original appointment.

19 (4) A member of the board shall not receive compensation for  
20 his or her services. However, a board member is entitled to  
21 reimbursement for all expenses necessarily incurred in the  
22 performance of his or her duties.

23 (5) The members of the board shall qualify by taking and  
24 filing the oath of office.

25 (6) The board shall annually elect 1 of the members of the  
26 board as chairperson of the board and other officers as considered  
27 necessary by the board.

1           (7) The department shall provide the board with personnel  
2 sufficient to perform the board's powers, duties, and functions  
3 under law.

4           (8) A majority of the board members shall be required to  
5 constitute a quorum. The business which the board may perform shall  
6 be conducted at a meeting of the board held in compliance with the  
7 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice  
8 of the time, date, and place of the meeting shall be given in the  
9 manner required by that act.

10           (9) A member of the board appointed under subsection (2)(b)  
11 may be removed by the governor for inefficiency, neglect of duty,  
12 or malfeasance in office.

13           (10) The board shall carry out responsibilities as provided in  
14 this act and as otherwise provided by law.

15           Sec. 4. (1) Notwithstanding section 3(1) of 1968 PA 317, MCL  
16 15.323, members of the board are considered public servants subject  
17 to 1968 PA 317, MCL 15.321 to 15.330, and public officers subject  
18 to 1973 PA 196, MCL 15.341 to 15.348. A member of the board shall  
19 discharge the duties of the position in a nonpartisan manner, in  
20 good faith, in the best interests of this state, and with the  
21 degree of diligence, care, and skill that a fiduciary would  
22 exercise under similar circumstances in a like position.

23           (2) A member of the board shall not make or participate in  
24 making or in any way attempt to use his or her position as a member  
25 of the board to influence a matter before the board regarding a  
26 grant, loan, loan guarantee, or other expenditure under this act to  
27 his or her employer.

1           (3) A member, employee, or agent of the board shall not engage  
2 in any conduct that constitutes a conflict of interest and shall  
3 immediately advise the board in writing of the details of any  
4 incident or circumstances that may present the existence of a  
5 conflict of interest with respect to the performance of the board-  
6 related work or duty of the member or agent of the board.

7           (4) A member of the board who has a conflict of interest  
8 related to any matter before the board shall disclose the conflict  
9 of interest before the board takes any action with respect to the  
10 matter, which disclosure shall become a part of the record of the  
11 board's official proceedings. The member with the conflict of  
12 interest shall refrain from doing all of the following with respect  
13 to the matter that is the basis of the conflict of interest:

14           (a) Voting in the board's proceedings related to the matter.

15           (b) Participating in the board's discussion of and  
16 deliberation on the matter.

17           (c) Being present at the meeting when the discussion,  
18 deliberation, and voting on the matter take place.

19           (d) Discussing the matter with any other board member.

20           (5) Failure of a member to comply with subsection (4)  
21 constitutes malfeasance in office subject to removal under section  
22 3(9).

23           Sec. 5. (1) The rural development fund is created within the  
24 state treasury.

25           (2) The state treasurer may receive money or other assets from  
26 any source for deposit into the fund, including, but not limited  
27 to, all of the following:

1 (a) State or federal appropriations, transfers, or grants.

2 (b) Gifts, bequests, or donations.

3 (c) Funds generated under the nonferrous metallic minerals  
4 extraction severance tax act.

5 (3) The state treasurer shall direct the investment of the  
6 fund. The state treasurer shall have the same authority to invest  
7 the assets of the fund as is granted to an investment fiduciary  
8 under the public employee retirement system investment act, 1965 PA  
9 314, MCL 38.1132 to 38.1140m. The state treasurer shall comply with  
10 the divestment from terror act, 2008 PA 234, MCL 129.291 to  
11 129.301, in making investments under this act. The state treasurer  
12 shall credit to the fund interest and earnings from fund  
13 investments.

14 (4) Money in the fund at the close of the fiscal year shall  
15 remain in the fund and shall not lapse to the general fund.

16 (5) The department shall be the administrator of the fund for  
17 auditing purposes.

18 (6) The department shall annually compile a report containing  
19 an accounting of revenues and expenditures from the fund prepared  
20 by the state treasurer. The report shall identify the interest and  
21 earnings of the fund from the previous year, the investment  
22 performance of the fund during the previous year, and the total  
23 amount of appropriations from the fund during the previous year.  
24 The report shall also include a status report for projects funded  
25 under this act and the criteria used by the department for the  
26 allocation of funds. The report shall be provided to the senate and  
27 house of representatives appropriations committees and the standing

House Bill No. 6009 as amended December 13, 2012

1 committees of the senate and house of representatives with  
2 jurisdiction over issues pertaining to agriculture and rural  
3 development.

4 Sec. 6. (1) The board shall develop criteria for evaluating  
5 project proposals for funding with money from the fund. The  
6 criteria shall include both of the following:

7 (a) A preference for projects in the region in which revenues  
8 are generated as described in section 5(2)(c).

9 (b) Support for projects that address the expansion and  
10 sustainability of land-based industries, worker training related to  
11 land-based industries, and energy, transportation, communications,  
12 water, and wastewater infrastructures to benefit rural communities  
<<and micropolitan statistical areas described in the 2010 standards  
for delineating metropolitan and micropolitan statistical areas of  
the United States office of management and budget, 75 FR 123, p 37246  
(June 28, 2010)>>.

13 (2) The board shall annually review the criteria developed  
14 under subsection (1) and update the criteria as the board considers  
15 necessary.

16 (3) The criteria developed under this section, as updated  
17 under subsection (2), shall be posted on the department's website  
18 and on printed materials in advance of any request for funding  
19 proposals.

20 Sec. 7. (1) Money in the fund shall be expended, upon  
<<legislative>>

21 appropriation, for all of the following:

22 (a) Grants, loans, and loan guarantees to fund projects  
23 identified under subsection (3).

24 (b) Administrative expenses of the department in implementing  
25 this act.

26 (c) Not more than \$250,000.00 of the revenue received during  
27 each state fiscal year may be transferred to the nonferrous

House Bill No. 6009 (H-1) as amended November 28, 2012

1 metallic mineral surveillance fund created in section 63217 of the  
2 natural resources and environmental protection act, 1994 PA 451,  
3 MCL 324.63217.

4 (2) The department shall solicit requests for project  
5 proposals to be funded with money from the fund from individuals,  
6 organizations, businesses, local units of government, federally  
7 recognized tribes, and educational institutions.

8 (3) The department, with the advice of the board, shall  
9 determine which projects should be funded with money from the fund,  
10 based on the criteria established by the board under section 6.  
11 However, money from the fund shall not be expended for [any of the  
12 following:

13 (a) Projects that include telecommunication facilities owned or  
14 operated by an educational institution or an affiliate, a local unit of  
government, or any other governmental entity.

(b) The construction of telecommunication facilities or wireless  
telecommunication facilities in areas where broadband service of at least  
3 mbps downstream and 768 kbps upstream is available.]

15 (4) Grants from the fund may be used to provide matching funds  
16 for other available grants, as allowed by law.

17 Enacting section 1. This act does not take effect unless House  
18 Bill No. 6008 of the 96th Legislature is enacted into law.