

HOUSE BILL No. 6009

November 8, 2012, Introduced by Rep. Huuki and referred to the Committee on Tax Policy.

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.

8 (c) "Department" means the department of agriculture and rural

1 development.

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

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

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

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

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

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

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

18 (b) Four individuals appointed by the governor with the advice
19 and consent of the senate who have knowledge, skill, or experience
20 in land-based industries or fields of economic development or
21 infrastructure. In making the appointments under this subdivision,
22 the governor shall comply with all of the following:

23 (i) Two of the members shall be residents of the Upper
24 Peninsula and 2 of the members shall be residents of the Lower
25 Peninsula.

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

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

3 (3) The members appointed under subsection (2)(b) shall serve
4 for terms of 4 years. Of members first appointed, 1 shall be
5 appointed for an initial term of 1 year, 1 shall be appointed for
6 an initial term of 2 years, and 2 shall be appointed for an initial
7 term of 3 years. Members shall serve until a successor is
8 appointed. A vacancy shall be filled for the balance of the
9 unexpired term in the same manner as the original appointment.

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

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

16 (6) The board shall annually elect 1 of the members of the
17 board as chairperson of the board and other officers as considered
18 necessary by the board.

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

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

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

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

6 Sec. 4. (1) Notwithstanding section 3(1) of 1968 PA 317, MCL
7 15.323, members of the board are considered public servants subject
8 to 1968 PA 317, MCL 15.321 to 15.330, and public officers subject
9 to 1973 PA 196, MCL 15.341 to 15.348. A member of the board shall
10 discharge the duties of the position in a nonpartisan manner, in
11 good faith, in the best interests of this state, and with the
12 degree of diligence, care, and skill that a fiduciary would
13 exercise under similar circumstances in a like position.

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

19 (3) A member, employee, or agent of the board shall not engage
20 in any conduct that constitutes a conflict of interest and shall
21 immediately advise the board in writing of the details of any
22 incident or circumstances that may present the existence of a
23 conflict of interest with respect to the performance of the board-
24 related work or duty of the member or agent of the board.

25 (4) A member of the board who has a conflict of interest
26 related to any matter before the board shall disclose the conflict
27 of interest before the board takes any action with respect to the

1 matter, which disclosure shall become a part of the record of the
2 board's official proceedings. The member with the conflict of
3 interest shall refrain from doing all of the following with respect
4 to the matter that is the basis of the conflict of interest:

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

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

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

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

11 (5) Failure of a member to comply with subsection (4)
12 constitutes malfeasance in office subject to removal under section
13 3(9).

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

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

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

20 (b) Gifts, bequests, or donations.

21 (c) Funds generated under the nonferrous metallic minerals
22 extraction severance tax act.

23 (3) The state treasurer shall direct the investment of the
24 fund. The state treasurer shall have the same authority to invest
25 the assets of the fund as is granted to an investment fiduciary
26 under the public employee retirement system investment act, 1965 PA
27 314, MCL 38.1132 to 38.1140m. The state treasurer shall comply with

1 the divestment from terror act, 2008 PA 234, MCL 129.291 to
2 129.301, in making investments under this act. The state treasurer
3 shall credit to the fund interest and earnings from fund
4 investments.

5 (4) 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 (5) The department shall be the administrator of the fund for
8 auditing purposes.

9 (6) The department shall annually prepare a report containing
10 an accounting of revenues and expenditures from the fund prepared
11 by the state treasurer. The report shall identify the interest and
12 earnings of the fund from the previous year, the investment
13 performance of the fund during the previous year, and the total
14 amount of appropriations from the fund during the previous year.
15 The report shall also include a status report for projects funded
16 under section 6 and the criteria used by the department for the
17 allocation of funds. The report shall be provided to the senate and
18 house of representatives appropriations committees and the standing
19 committees of the senate and house of representatives with
20 jurisdiction over issues pertaining to agriculture and rural
21 development.

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

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

27 (b) Support for projects that address the expansion and

1 sustainability of land-based industries, worker training related to
2 land-based industries, and energy, transportation, communications,
3 water, and wastewater infrastructures to benefit rural communities.

4 (2) The board shall annually review the criteria developed
5 under subsection (1) and update the criteria as the board considers
6 necessary.

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

11 Sec. 7. (1) Not more than 75% of the money deposited into the
12 fund each year, plus the interest and earnings, excluding
13 unrealized gains and losses, credited to the fund during the
14 previous fiscal year, shall be available for appropriation from the
15 fund. Interest and earnings in the fund in any 1 state fiscal year
16 shall be available for appropriation in subsequent state fiscal
17 years.

18 (2) Money in the fund shall be expended, upon appropriation,
19 for all of the following:

20 (a) Grants, loans, and loan guarantees to fund projects
21 identified under subsection (4).

22 (b) Administrative expenses of the department in implementing
23 this act.

24 (c) Not more than \$250,000.00 of the revenue received during
25 each state fiscal year may be transferred to the nonferrous
26 metallic mineral surveillance fund created in section 63217 of the
27 natural resources and environmental protection act, 1994 PA 451,

1 MCL 324.63217.

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

6 (4) The department, with the advice of the board, shall
7 determine which projects should be funded with money from the fund,
8 based on the criteria established by the board under section 6.

9 (5) Grants from the fund may be used to provide matching funds
10 for other available grants, as allowed by law.

11 Enacting section 1. This amendatory act does not take effect
12 unless Senate Bill No. ____ or House Bill No. 6008 (request no.
13 02659'11 ***) of the 96th Legislature is enacted into law.