June 20, 2019, Introduced by Reps. Hammoud and Yaroch and referred to the Committee on Government Operations.

A bill to amend 1980 PA 243, entitled "Emergency municipal loan act,"
by amending sections 3 and 7 (MCL 141.933 and 141.937), section 3 as amended by 2016 PA 197 and section 7 as amended by 2015 PA 115.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 3. (1) For state fiscal years ending before October 1, 2011, the board may authorize loans under this act to municipalities that total up to $5,000,000.00 in a state fiscal year. For state fiscal years beginning after September 30, 2018,
the board may authorize loans under this act to municipalities that total up to $10,000,000.00 in a state fiscal year, but a loan to a single municipality shall not exceed $4,000,000.00 in a state fiscal year. For the period beginning on October 1, 2011 and ending on September 30, 2018, the board may do all of the following:

(a) Authorize loans to municipalities other than school districts that total up to $48,000,000.00 during the period. Loans to a single municipality under this subdivision shall not total more than $20,000,000.00.

(b) Except as otherwise provided in this subdivision, authorize loans to municipalities that are school districts that total up to $70,000,000.00 during the period. Except as otherwise provided in this subdivision, loans to a single school district under this subdivision shall not total more than $20,000,000.00. In addition, the board may authorize a loan of up to $150,000,000.00 for transitional operating costs to a school district that is or becomes a qualifying school district as described in section 12b of the revised school code, 1976 PA 451, MCL 380.12b, of which not more than $25,000,000.00 may be authorized and used for deferred facilities maintenance. As used in this subdivision, "transitional operating costs" includes, but is not limited to, academic and instructional support; professional transition costs such as information technology, legal accounting, human resources, and financial services; payments to vendors; costs relating to changes in timing of grant funding or reimbursements; cash flow needs; insurance; academic program expenditures; deferred facilities maintenance; space consolidation; and facilities rationalization.

(2) The board may authorize loans under this act to a county
within the following limitations:

(a) In the 1998-99 state fiscal year, the board may authorize loans under this act to a county with a population greater than 1,500,000.

(b) For a state fiscal year in which the block grant appropriated to a county with a population of more than 1,500,000 that is organized under 1966 PA 293, MCL 45.501 to 45.521, and that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county for that fiscal year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b. The board is not required to authorize loans under this subdivision to a county for more than 1 state fiscal year.

(3) If in a state fiscal year the block grant appropriated to a county other than a county described in subsection (2) that is a county juvenile agency is less than the amount required to be distributed to that county in that year under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a loan to that county in an amount not greater than the difference between the amount of the block grant and the amount required to be distributed to that county under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, in that state fiscal year.

(4) Sections 6(2) and 7 and the conditions listed in section 4(1) do not apply to a loan authorized under subsection (2) or (3).

(5) The proceeds of a loan made under subsection (2) or (3) shall must be maintained in a separate account and shall must not
be commingled with the county's general fund or any other special fund or account.

(6) The state treasurer or his or her designee shall monitor the expenditure of the proceeds of any loan made under subsection (2) or (3).

(7) The proceeds of a loan made under subsection (2) or (3) are subject to the county juvenile agency act, 1998 PA 518, MCL 45.621 to 45.631.

(8) Except as otherwise provided in this subsection, revenue for loans made under this act shall must be provided from the surplus funds of this state under authorization granted under section 1 of 1855 PA 105, MCL 21.141, or from the repayment proceeds of other loans issued under this act or sold or transferred under section 6a. Alternatively, for a school district, revenue for a loan made under this act may be provided from money advanced to the school district by this state from money appropriated from the state school aid fund established under section 11 of article IX of the state constitution of 1963 and payable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1897.

(9) After September 30, 2012, the board may restructure payments, but not the outstanding principal balance or interest, on a loan to a municipality under subsection (1) if all of the following apply:

(a) The municipality is in compliance with the terms of the loan and any other requirements applicable to the municipality under this act.

(b) The municipality is in compliance with any requirements relating to a deficit elimination plan under state law.
(c) The municipality is in compliance with any applicable neutral evaluation process, settlement agreement, consent agreement, or order of an emergency manager or a financial management team under the local financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575, or a successor statute.

(d) For a municipality that is a school district, the school district is in compliance with all requirements for receipt of the foundation allowance and any other requirements applicable to the school district under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896, 388.1897.

(e) For a municipality other than a school district, the municipality is in compliance with statutory revenue sharing or other requirements applicable to the municipality under the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.901 to 141.921.

(f) The restructuring of payments complies with applicable law.

(g) The loan has not been sold or transferred under section 6a.

(10) As used in this section, "county juvenile agency" means that term as defined in section 2 of the county juvenile agency act, 1998 PA 518, MCL 45.622.

Sec. 7. (1) A municipality that receives a loan under this act shall perform all of the following:

(a) Except as otherwise provided in this subdivision, employ a full-time professional administrator or contract with a person with expertise in municipal finance and administration to direct or participate directly in the management of the municipality's operations until otherwise ordered by the board. If the
municipality is in receivership under the local financial stability
and choice act, 2012 PA 436, MCL 141.1541 to 141.1575, or a
successor statute, the emergency manager or financial management
team may perform the functions of the full-time professional
administrator under this subdivision.

(b) Not more than 6 months after receiving a loan and
semiannually after that date for the period the loan is
outstanding, submit to the board an evaluation of the performance
of the municipality against the 5-year plan submitted under section
4(1).

(c) Submit all of the following to the board on a quarterly
basis:

(i) A statement of actual revenues received in the last quarter
and in the current fiscal year to date.

(ii) A statement of total revenues estimated to be received by
the municipality in the current fiscal year.

(iii) A statement of expenditures made and encumbrances entered
into by the municipality in the last quarter and in the current
fiscal year to date.

(iv) A statement of revenues that were estimated to be received
and expenditures that were estimated to be made during the current
fiscal year and through the end of the last quarter.

(v) A balance sheet indicating whether total estimated
expenditures for the current fiscal year and for the last quarter
exceed the total estimated revenues for the current fiscal year and
for the last quarter, respectively.

(d) Submit the general appropriations act of the municipality,
and any amendments to that act, adopted under the uniform budgeting
and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, or any
equivalent report as may be required by the board if the
municipality is not required to adopt a general appropriations act.

(e) Submit any budget change in the current fiscal year or any
amendment to the general appropriations act of the municipality for
the current fiscal year to the board before adoption.

(f) Submit any budget for the ensuing fiscal year or the
general appropriations act of the municipality for the ensuing
fiscal year to the board before adoption.

(g) Certify that the municipality has fully complied with all
statutory requirements concerning use of the uniform chart of
accounts and audits.

(2) If the state treasurer determines that a municipality is
not in compliance with all of the requirements under subsection (1)
and with the 5-year plan submitted under section 4(1), the state
treasurer may modify the terms of the loan to require a higher
interest rate or to accelerate the repayment of the loan.

(3) As used in this section, "expenditure" and "revenue" mean
those terms as defined in sections 2c and 2d of the uniform
budgeting and accounting act, 1968 PA 2, MCL 141.422c and 141.422d.

(4) Subsection (1) does not apply to a loan authorized under
section 3(2) or (3).

Enacting section 1. This amendatory act takes effect 90 days
after the date it is enacted into law.

Enacting section 2. This amendatory act does not take effect
unless Senate Bill No.____ or House Bill No.4751 (request no.
01329'19) of the 100th Legislature is enacted into law.