



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 771 (as reported without amendment)
Sponsor: Senator Bob Emerson
Committee: Local, Urban and State Affairs

CONTENT

The bill would amend the Local Government Fiscal Responsibility Act to give an emergency financial manager additional powers, including the authority to reduce, suspend, or eliminate the salary or other compensation of the chief administrative officer and members of the governing body of a local unit of government during a financial emergency.

If an emergency financial manager had reduced, suspended, or eliminated the salary or other compensation of the chief administrative officer and members of the governing body of a local unit before the bill's effective date, the reduction, suspension, or elimination would be valid to the same extent had it occurred after the bill's effective date. The bill specifies that these provisions would not authorize a manager to impair vested retirement benefits.

Currently, an emergency financial manager may exercise the authority and responsibilities affecting the financial condition of the local unit, as provided in various statutes cited in the Act that govern different types of local units. The bill specifies that the manager could exercise the authority and responsibilities of the local unit's chief administrative officer and governing body concerning the adoption, amendment, and enforcement of ordinances or resolutions affecting the financial condition of the local unit as provided in the statutes cited.

Under the Act, an emergency financial manager may consolidate departments or transfer functions from one department to another and appoint, supervise, and, at his or her discretion, remove heads of departments other than elected officials, unless these actions are prohibited by law or charter. The bill would eliminate that restriction, and authorize the manager to take these actions notwithstanding any provision of a charter.

The Act allows an emergency financial manager to enter into agreements with other local units for the provision of services. The bill also would allow agreements with the State for the provision of services.

MCL 141.1221

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would negligibly reduce State revenues, primarily through income tax withholding, and would decrease local unit expenditures in affected units by an unknown amount.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 10-20-03

Fiscal Analyst: David Zin