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BILL ANALYSIS

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Senate Bill 865 (Substitute S-1 as reported)  
Sponsor: Senator Phil Pavlov  
Committee: Government Operations

### **CONTENT**

The bill would create a new act to do the following, with respect to a local government (a municipal government or a school district) for which an emergency manager had been appointed under the Local Government and School District Fiscal Accountability Act:

- Authorize the Governor to remove the local government from receivership or appoint a receivership transition advisory board, if the local government's financial emergency had been rectified.
- Allow the Governor, before removing the local government from receivership, to appoint a receivership transition advisory board to monitor the affairs of the local government.
- Specify the powers of a receivership transition advisory board.
- Authorize the Governor to appoint a new emergency manager if the local government's financial conditions had not been corrected in a sustainable fashion.

A receivership transition advisory board could do the following:

- Require the local government annually to convene a consensus revenue estimating conference.
- Require the local government to provide monthly cash flow projections.
- Review proposed and amended budgets, proposed collective bargaining agreements, and requests to issue debt.
- Review the local government's compliance with a deficit elimination plan.
- Review proposed judgment levies before submission to a court.

A proposed budget or budget amendment and proposed collective bargaining agreements would not take effect without the board's approval.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would have an indeterminate impact on local unit revenue and expenditures, depending on the decisions of the Governor and a receivership transition advisory board. To the extent that the Governor did not appoint a board or an appointed board did not make different decisions than those that would be made absent the bill, the bill would have no impact. To the extent that the decisions did differ, revenue and/or expenditures for the affected local unit could be more or less than those absent the bill, depending on the substance of those decisions.

Date Completed: 12-13-11

Fiscal Analyst: David Zin