

SENATE BILL No. 865

December 1, 2011, Introduced by Senator PAVLOV and referred to the Committee on Government Operations.

A bill to provide for the removal of a local government from receivership; to provide for a receivership transition advisory board; and to prescribe the powers and duties of the governor, other state departments and officials, and officials and employees of units of local government, including school districts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Emergency manager" means that term as defined in section
3 5(b) of the local government and school district fiscal
4 accountability act, 2011 PA 4, MCL 141.1505.

5 (b) "Local government" means that term as defined in section
6 5(e) of the local government and school district fiscal
7 accountability act, 2011 PA 4, MCL 141.1505.

1 Sec. 3. (1) If an emergency manager determines that the
2 financial emergency that he or she was appointed to manage has been
3 rectified, the emergency manager shall inform the governor.

4 (2) If the governor disagrees with the emergency manager's
5 determination that the financial emergency has been rectified, the
6 governor shall inform the emergency manager and the term of the
7 emergency manager shall continue or the governor shall appoint a
8 new emergency manager as provided under section 15(8) of the local
9 government and school district fiscal accountability act, 2011 PA
10 4, MCL 141.1515.

11 (3) If the governor agrees that the financial emergency has
12 been rectified, the emergency manager has adopted a 2-year budget
13 as required under section 27 of the local government and school
14 district fiscal accountability act, 2011 PA 4, MCL 141.1527, and
15 the financial conditions of the local government have been
16 corrected in a sustainable fashion as required under section 15(9)
17 of the local government and school district fiscal accountability
18 act, 2011 PA 4, MCL 141.1515, the governor may do either of the
19 following:

20 (a) Remove the local government from receivership.

21 (b) Appoint a receivership transition advisory board as pro
22 vided in section 5.

23 Sec. 5. (1) Before removing a local government from
24 receivership, the governor may appoint a receivership transition
25 advisory board to monitor the affairs of the local government until
26 the receivership is terminated.

27 (2) A receivership transition advisory board shall consist of

1 the state treasurer or his or her designee, the director of the
2 department of technology, management, and budget or his or her
3 designee, and, if the local government is a school district, the
4 superintendent of public instruction or his or her designee. The
5 governor also may appoint to a receivership transition advisory
6 board 1 or more other individuals with relevant professional
7 experience, including 1 or more residents of the local government.

8 (3) A receivership transition advisory board serves at the
9 pleasure of the governor.

10 (4) At its first meeting, a receivership transition advisory
11 board shall adopt rules of procedure to govern its conduct,
12 meetings, and periodic reporting to the governor. Procedural rules
13 required by this section are not subject to the administrative
14 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

15 (5) A receivership transition advisory board may do all of the
16 following:

17 (a) Require the local government to annually convene a
18 consensus revenue estimating conference for the purpose of arriving
19 at a consensus estimate of revenues to be available for the ensuing
20 fiscal year of the local government.

21 (b) Require the local government to provide monthly cash flow
22 projections and a comparison of budgeted revenues and expenditures
23 to actual revenues and expenditures.

24 (c) Review proposed and amended budgets of the local
25 government. A proposed budget or budget amendment shall not take
26 effect unless approved by the receivership transition advisory
27 board.

1 (d) Review requests by the local government to issue debt
2 under the revised municipal finance act, 2001 PA 34, MCL 141.2101
3 to 141.2821, or any other law governing the issuance of bonds or
4 notes.

5 (e) Review proposed collective bargaining agreements
6 negotiated under section 15(1) of 1947 PA 336, MCL 423.215. A
7 proposed collective bargaining agreement shall not take effect
8 unless approved by the receivership transition advisory board.

9 (f) Review compliance by the local government with a deficit
10 elimination plan submitted under section 21 of the Glenn Steil
11 state revenue sharing act of 1971, 1971 PA 140, MCL 141.921.

12 (g) Review proposed judgment levies before submission to a
13 court under section 6093 or 6094 of the revised judicature act of
14 1961, 1961 PA 236, MCL 600.6093 and 600.6094.

15 (h) Perform any other duties assigned by the governor at the
16 time the receivership transition advisory board is appointed.

17 (6) The meetings of a receivership transition advisory board
18 are not subject to the open meetings act, 1976 PA 267, MCL 15.261
19 to 15.275.

20 Sec. 7. The governor may, upon his or her own initiative or
21 after receiving a recommendation from a receivership transition
22 advisory board, determine that the financial conditions of a local
23 government have not been corrected in a sustainable fashion as
24 required under section 15(9) of the local government and school
25 district fiscal accountability act, 2011 PA 4, MCL 141.1515, and
26 appoint a new emergency manager as provided under section 15(8) of
27 the local government and school district fiscal accountability act,

1 2011 PA 4, MCL 141.1515.