

**SUBSTITUTE FOR  
HOUSE BILL NO. 5749**

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

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 3. (1) For state fiscal years ending before October 1,  
2 2011, the board may authorize loans under this act to  
3 municipalities that total up to \$5,000,000.00 in a state fiscal  
4 year. For state fiscal years beginning after September 30, 2018,  
5 the board may authorize loans under this act to municipalities that  
6 total up to \$10,000,000.00 in a state fiscal year, but a loan to a  
7 single municipality ~~shall~~ **MUST** not exceed \$4,000,000.00 in a state  
8 fiscal year. For the period beginning on October 1, 2011 and ending  
9 on September 30, 2018, the board may do all of the following:

10           (a) Authorize loans to municipalities other than school

1 districts that total up to \$48,000,000.00 during the period. Loans  
2 to a single municipality under this subdivision ~~shall~~**MUST** not  
3 total more than \$20,000,000.00.

4 (b) Except as otherwise provided in this subdivision,  
5 authorize loans to municipalities that are school districts that  
6 total up to ~~\$70,000,000.00~~**\$100,000,000.00** during the period.  
7 Except as otherwise provided in this subdivision, loans to a single  
8 school district under this subdivision ~~shall~~**MUST** not total more  
9 than \$20,000,000.00. In addition, the board may authorize a loan of  
10 up to \$150,000,000.00 for transitional operating costs to a school  
11 district that is or becomes a qualifying school district as  
12 described in section 12b of the revised school code, 1976 PA 451,  
13 MCL 380.12b, of which not more than \$25,000,000.00 may be  
14 authorized and used for deferred facilities maintenance. As used in  
15 this subdivision, "transitional operating costs" includes, but is  
16 not limited to, academic and instructional support; professional  
17 transition costs such as information technology, legal accounting,  
18 human resources, and financial services; payments to vendors; costs  
19 relating to changes in timing of grant funding or reimbursements;  
20 cash flow needs; insurance; academic program expenditures; deferred  
21 facilities maintenance; space consolidation; and facilities  
22 rationalization.

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

25 (a) In the 1998-99 state fiscal year, the board may authorize  
26 loans under this act to a county with a population greater than  
27 1,500,000.

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

13 (3) If in a state fiscal year the block grant appropriated to  
14 a county other than a county described in subsection (2) that is a  
15 county juvenile agency is less than the amount required to be  
16 distributed to that county in that year under the social welfare  
17 act, 1939 PA 280, MCL 400.1 to 400.119b, the board may authorize a  
18 loan to that county in an amount not greater than the difference  
19 between the amount of the block grant and the amount required to be  
20 distributed to that county under the social welfare act, 1939 PA  
21 280, MCL 400.1 to 400.119b, in that state fiscal year.

22 (4) Sections 6(2) and 7 and the conditions listed in section  
23 4(1) do not apply to a loan authorized under subsection (2) or (3).

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

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

4           (7) The proceeds of a loan made under subsection (2) or (3)  
5 are subject to the county juvenile agency act, 1998 PA 518, MCL  
6 45.621 to 45.631.

7           (8) Except as otherwise provided in this subsection, revenue  
8 for loans made under this act ~~shall~~**MUST** be provided from the  
9 surplus funds of this state under authorization granted under  
10 section 1 of 1855 PA 105, MCL 21.141, or from the repayment  
11 proceeds of other loans issued under this act or sold or  
12 transferred under section 6a. Alternatively, for a school district,  
13 revenue for a loan made under this act may be provided from money  
14 advanced to the school district by this state from money  
15 appropriated from the state school aid fund established under  
16 section 11 of article IX of the state constitution of 1963 and  
17 payable to the school district under the state school aid act of  
18 1979, 1979 PA 94, MCL 388.1601 to 388.1896.

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

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

26           (b) The municipality is in compliance with any requirements  
27 relating to a deficit elimination plan under state law.

1 (c) The municipality is in compliance with any applicable  
2 neutral evaluation process, settlement agreement, consent  
3 agreement, or order of an emergency manager under the local  
4 financial stability and choice act, 2012 PA 436, MCL 141.1541 to  
5 141.1575, or a successor statute.

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

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

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

18 (g) The loan has not been sold or transferred under section  
19 6a.

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