

**SUBSTITUTE FOR  
SENATE BILL NO. 594**

A bill to amend 1967 (Ex Sess) PA 7, entitled "Urban cooperation act of 1967," by amending the title and sections 2 and 10 (MCL 124.502 and 124.510), the title as amended by 1998 PA 169 and sections 2 and 10 as amended by 2002 PA 439.

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

1  
2  
3  
4  
5  
6  
7  
8

TITLE

An act to provide for interlocal public agency agreements; to provide standards for those **INTERLOCAL** agreements and for the filing and status of those **INTERLOCAL** agreements; to permit the allocation of certain taxes or money received from tax increment financing plans as revenues; to permit tax sharing; to provide for the imposition of certain surcharges; to provide for additional approval for those **INTERLOCAL** agreements; **TO PROVIDE FOR THE**

1 APPROVAL OF A MEMORANDUM OF UNDERSTANDING AND MEMORANDUM OF  
2 AGREEMENT INVOLVING THIS STATE; TO PROVIDE FOR THE DURATION OF A  
3 MEMORANDUM OF UNDERSTANDING AND MEMORANDUM OF AGREEMENT INVOLVING  
4 THIS STATE; TO PROVIDE FOR THE DURATION OF CERTAIN REQUIREMENTS  
5 RELATED TO GRANTS APPLIED FOR AND INVOLVING THIS STATE; and to  
6 prescribe penalties and provide remedies.

7 Sec. 2. As used in this act:

8 (a) "Interlocal agreement" means an agreement entered into  
9 under this act.

10 (b) "Local governmental unit" means a county, city, village,  
11 township, or charter township.

12 (C) "MEMORANDUM OF UNDERSTANDING" OR "MEMORANDUM OF AGREEMENT"  
13 MEANS A WRITTEN STATEMENT DETAILING THE UNDERSTANDING OF  
14 INDIVIDUALS REPRESENTING PARTIES WHO ENTER INTO CERTAIN AGREEMENTS,  
15 AND INCLUDES CERTAIN GRANT APPLICATIONS INVOLVING THIS STATE. A  
16 MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF AGREEMENT MAY BE  
17 PRELIMINARY IN NATURE.

18 (D) ~~(e)~~-"Province" means a province of Canada.

19 (E) ~~(d)~~-"Property" means any real or personal property, as  
20 described in section 34c of the general property tax act, 1893 PA  
21 206, MCL 211.34c.

22 (F) ~~(e)~~-"Public agency" means a political subdivision of this  
23 state or of another state of the United States or of Canada,  
24 including, but not limited to, a state government; a county, city,  
25 village, township, charter township, school district, single or  
26 multipurpose special district, or single or multipurpose public  
27 authority; a provincial government, metropolitan government,

1 borough, or other political subdivision of Canada; an agency of the  
2 United States government; or a similar entity of any other states  
3 of the United States and of Canada. As used in this subdivision,  
4 agency of the United States government includes an Indian tribe  
5 recognized by the federal government before 2000 that exercises  
6 governmental authority over land within this state, except that  
7 this act or any intergovernmental agreement entered into under this  
8 act shall not authorize the approval of a class III gaming compact  
9 negotiated under the Indian gaming regulatory act, Public Law 100-  
10 497, 102 Stat. 2467.

11 (G) ~~(F)~~—"State" means a state of the United States.

12 Sec. 10. (1) If funds of this state are to be allocated to  
13 carry out, in whole or in part, an **INTERLOCAL** agreement under this  
14 act or if this state, an agency of the United States government,  
15 any other state or political subdivision of any other state, or  
16 Canada or a political subdivision of Canada is a party to an  
17 **INTERLOCAL** agreement under this act, an interlocal agreement, prior  
18 to and as a condition precedent to its effectiveness, shall be  
19 submitted to the governor who shall determine whether the  
20 **INTERLOCAL** agreement is in proper form and compatible with the laws  
21 of this state.

22 (2) For the purposes of ~~this section~~, **SUBSECTION (1)**, funds of  
23 this state do not include grants, gifts, bequests, or assistance  
24 funds given to a public agency that is a party to an interlocal  
25 agreement if the purpose of that **INTERLOCAL** agreement is to  
26 administer those grants, gifts, bequests, or assistance funds  
27 according to their terms or to combine the proceeds of the parties'

1 grants, gifts, bequests, or assistance funds for investment  
2 purposes.

3 (3) IF A MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF  
4 AGREEMENT IS BETWEEN STATE DEPARTMENTS OR IS BETWEEN OFFICES WITHIN  
5 A STATE DEPARTMENT, OR IF A MEMORANDUM OF UNDERSTANDING OR  
6 MEMORANDUM OF AGREEMENT INVOLVES THIS STATE AND THE FEDERAL  
7 GOVERNMENT OR THIS STATE AND A UNIT OF GOVERNMENT LOCATED OUTSIDE  
8 OF THIS STATE, INCLUDING ANY GRANT APPLICATION ASSOCIATED WITH A  
9 MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF AGREEMENT INVOLVING  
10 THIS STATE AND THE FEDERAL GOVERNMENT OR THIS STATE AND A UNIT OF  
11 GOVERNMENT LOCATED OUTSIDE OF THIS STATE, THE MEMORANDUM OF  
12 UNDERSTANDING OR MEMORANDUM OF AGREEMENT, PRIOR TO AND AS A  
13 CONDITION PRECEDENT TO ITS EFFECTIVENESS, SHALL BE SUBMITTED TO THE  
14 GOVERNOR, WHO SHALL DETERMINE WHETHER THE MEMORANDUM OF  
15 UNDERSTANDING OR MEMORANDUM OF AGREEMENT IS IN PROPER FORM AND  
16 COMPATIBLE WITH THE LAWS OF THIS STATE.

17 (4) ~~(3)~~—The governor shall approve an **INTERLOCAL** agreement  
18 submitted to him or her **UNDER SUBSECTION (1)** unless the governor  
19 finds that the **INTERLOCAL** agreement does not meet the conditions  
20 set forth in this act or is not compatible with the laws of this  
21 state. If the governor so finds, the governor shall detail in  
22 writing addressed to the governing bodies of the public agencies  
23 concerned within 90 days the specific respects in which the  
24 proposed interlocal agreement fails to meet the requirements of  
25 law. The governing bodies of the public agencies concerned shall  
26 have 60 days to resubmit the revised interlocal agreement to the  
27 governor, who shall approve or disapprove the agreement within 90

1 days.

2 (5) THE GOVERNOR MAY CHOOSE TO NOT APPROVE A MEMORANDUM OF  
3 UNDERSTANDING OR MEMORANDUM OF AGREEMENT, INCLUDING ANY GRANT  
4 APPLICATION ASSOCIATED WITH A MEMORANDUM OF UNDERSTANDING OR  
5 MEMORANDUM OF AGREEMENT, SUBMITTED TO HIM OR HER UNDER SUBSECTION  
6 (3). THE GOVERNOR SHALL NOT APPROVE A MEMORANDUM OF UNDERSTANDING  
7 OR MEMORANDUM OF AGREEMENT, INCLUDING ANY GRANT APPLICATION  
8 ASSOCIATED WITH A MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF  
9 AGREEMENT, SUBMITTED TO HIM OR HER UNDER SUBSECTION (3) THAT IS NOT  
10 IN PROPER FORM OR COMPATIBLE WITH THE LAWS OF THIS STATE.

11 (6) IF THE GOVERNOR APPROVES A MEMORANDUM OF UNDERSTANDING OR  
12 MEMORANDUM OF AGREEMENT, INCLUDING ANY GRANT APPLICATION ASSOCIATED  
13 WITH A MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF AGREEMENT,  
14 SUBMITTED TO HIM OR HER UNDER SUBSECTION (3), THE MEMORANDUM OF  
15 UNDERSTANDING OR MEMORANDUM OF AGREEMENT, INCLUDING ANY GRANT  
16 REQUIREMENTS, IF INTENDED TO BE A LEGALLY BINDING CONTRACT, IS ONLY  
17 BINDING FOR THE TERM OF OFFICE OF THE GOVERNOR WHO APPROVED THE  
18 MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF AGREEMENT OR FOR THE  
19 TERM DESCRIBED IN THE MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF  
20 AGREEMENT, WHICHEVER IS SHORTER.

21 (7) ~~(4)~~—Prior to its effectiveness, an interlocal agreement  
22 shall be filed with the county clerk of each county where a party  
23 to the INTERLOCAL agreement is located and with the secretary of  
24 state.

25 (8) PRIOR TO ITS EFFECTIVENESS, A MEMORANDUM OF UNDERSTANDING  
26 OR MEMORANDUM OF AGREEMENT, INCLUDING ANY GRANT APPLICATION  
27 ASSOCIATED WITH A MEMORANDUM OF UNDERSTANDING OR MEMORANDUM OF

1 AGREEMENT, THAT IS SUBJECT TO SUBSECTION (3) OR IS INTENDED TO BE A  
2 LEGALLY BINDING CONTRACT SHALL BE FILED WITH THE SECRETARY OF  
3 STATE.

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