

OUT-OF-STATE JOINT AGENCY MEMBERSHIP

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House Bill 5837 (reported from committee w/o amendment)

Sponsor: Rep. Aaron Miller

Committee: Energy Policy

Complete to 6-7-18

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 687 of 2018)

SUMMARY:

House Bill 5837 would amend the Michigan Energy Employment Act to allow municipal units or other political subdivisions of another state or a Canadian province to become a member of a joint agency, as long as they meet additional requirements.

Currently under the Act, a joint agency is formed when the governing bodies of two or more municipalities by resolution determine that it is in their best interest to create a joint agency to plan, finance, develop, acquire, construct, reconstruct, improve, enlarge, operate, or maintain a project or projects to supply electric power and energy for their present or future needs as an alternative or supplemental method of obtaining the benefits and assuming the responsibilities of ownership in a project. In determining whether the creation of a joint agency is in the best interest of a municipality, the governing body of each municipality is required to consider factors described in Section 31 of the Act.

The bill would add that a municipal unit or other political subdivision of another state or a Canadian Province (“unit”) that owns or proposes to own a system for the generation, transmission, or distribution of electric power and energy for public or private use may become a member or associate member of an existing joint agency, or withdraw from a joint agency, in the same manner as a municipality under Sections 34(6) and 36 of the Act.

However, in addition to complying with the requirements of those sections, the unit would be required to provide to the joint agency an opinion acceptable to the joint agency from an individual licensed to practice law in that state or province attesting to the following:

- That the laws applicable to the prospective member or associate member do not preclude it from joining the joint agency.
- That the prospective member or associate member has the legal authority under laws applicable to it to enter into valid, binding, and enforceable agreements with the joint agency and the joint agency’s members and associate members.

A member or associate member located in another state or a Canadian province would have the same rights, privileges, and obligations as other members of the joint agency, except as otherwise provided by the Board of Commissioners of the joint agency.

The bill would take effect 90 days after being enacted.

Proposed 460.836a

FISCAL IMPACT:

House Bill 5837 would not have a significant impact on the state or local units of government.

POSITIONS:

A representative from the Michigan Municipal Electric Association testified in support of the bill. (5-1-18)

Legislative Analyst: Emily S. Smith
Fiscal Analyst: Marcus Coffin

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.