

**THE MANAGEMENT AND BUDGET ACT (EXCERPT)**  
**Act 431 of 1984**

**18.1389 Withholding of payment to municipality; purpose; report; "municipality" defined.**

Sec. 389.

(1) The department or the department of treasury may withhold all or part of any payment that a municipality is entitled to receive under a budget act to the extent the withholdings are a component part of a plan, developed and implemented under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, for financing an outstanding obligation upon which the municipality defaulted. Amounts withheld shall be used to pay, on behalf of the municipality, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the municipality defaulted.

(2) Within 30 days after any amount is withheld from any municipality pursuant to this section, the department withholding the payment shall report in writing the name of the municipality and the amount that is being withheld from that municipality to the appropriations committees and the fiscal agencies.

(3) For purposes of this section, "municipality" means that term as defined in section 103 of the revised municipal finance act, 2001 PA 34, MCL 141.2103.

**History:** 1984, Act 431, Eff. Mar. 29, 1985 ;-- Am. 1988, Act 504, Imd. Eff. Dec. 29, 1988 ;-- Am. 2002, Act 188, Imd. Eff. Apr. 24, 2002

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