

**SUBSTITUTE FOR
HOUSE BILL NO. 4704**

A bill to amend 1968 PA 2, entitled
"Uniform budgeting and accounting act,"
by amending sections 16 and 18 (MCL 141.436 and 141.438), as
amended by 2000 PA 493.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 16. (1) Unless another method for adopting a budget is
2 provided by a charter provision in effect on April 1, 1980, the
3 legislative body of each local unit shall pass a general
4 appropriations act for all funds except trust or agency, internal
5 service, enterprise, debt service or capital project funds for
6 which the legislative body may pass a special appropriation act.

7 (2) The general appropriations act shall set forth the total
8 number of mills of ad valorem property taxes to be levied and the

1 purposes for which that millage is to be levied. The amendatory act
2 that added this subsection shall be known and may be cited as "the
3 truth in budgeting act".

4 (3) The general appropriations act shall set forth the amounts
5 appropriated by the legislative body to defray the expenditures and
6 meet the liabilities of the local unit for the ensuing fiscal year,
7 and shall set forth a statement of estimated revenues, by source,
8 in each fund for the ensuing fiscal year.

9 (4) The general appropriations act shall be consistent with
10 uniform charts of accounts prescribed by the state treasurer or,
11 for local school districts and intermediate school districts, by
12 the state board of education.

13 (5) This act shall not be interpreted to mandate the
14 development or adoption by a local unit of a line-item budget or
15 line-item general appropriations act.

16 (6) The legislative body shall determine the amount of money
17 to be raised by taxation necessary to defray the expenditures and
18 meet the liabilities of the local unit for the ensuing fiscal year,
19 shall order that money to be raised by taxation, within statutory
20 and charter limitations, and shall cause the money raised by
21 taxation to be paid into the funds of the local unit.

22 (7) Except as otherwise permitted by section 102 of the state
23 school aid act of 1979, 1979 PA 94, MCL 388.1702, or by other law,
24 the legislative body shall not adopt a general appropriations act
25 or an amendment to that act which causes estimated total
26 expenditures, including an accrued deficit, to exceed total
27 estimated revenues, including an available surplus and the proceeds

1 from bonds or other obligations issued under the fiscal
2 stabilization act, 1981 PA 80, MCL 141.1001 to 141.1011, or the
3 balance of the principal of these bonds or other obligations.

4 (8) A GENERAL APPROPRIATIONS ACT, INCLUDING ANY AMENDMENT TO
5 THAT GENERAL APPROPRIATIONS ACT, IS PRESUMED TO FUND THOSE
6 ACTIVITIES OF A COUNTY MANDATED BY LAW AT A SERVICEABLE LEVEL.

7 (9) AN ELECTED OFFICIAL WHO HEADS A BRANCH OF COUNTY
8 GOVERNMENT OR THE CHIEF JUDGE OF A COURT FUNDED BY A COUNTY HAS
9 STANDING TO BRING A SUIT AGAINST THE LEGISLATIVE BODY OF THAT
10 COUNTY CONCERNING A GENERAL APPROPRIATIONS ACT, INCLUDING ANY
11 CHALLENGE AS TO SERVICEABLE LEVELS OF FUNDING FOR THAT BRANCH OF
12 COUNTY GOVERNMENT OR THAT COURT. IF A COURT AND THE LEGISLATIVE
13 BODY OF A COUNTY ARE INVOLVED IN MEDIATION, BEFORE THE CHIEF JUDGE
14 OF THAT COURT BRINGS A SUIT ON THE COURT'S OWN BEHALF AGAINST THE
15 LEGISLATIVE BODY OF THE COUNTY UNDER THIS SUBSECTION, A MEDIATOR
16 SHALL CERTIFY IN WRITING THAT THE PARTIES ARE UNABLE TO RESOLVE THE
17 ISSUES BY MEDIATION. THE COURT HEARING A SUIT SHALL CONSIDER THE
18 FINANCIAL ABILITY OF THE COUNTY TO PAY WHEN CONSIDERING ANY
19 CHALLENGE AS TO SERVICEABLE LEVELS OF FUNDING.

20 (10) IF ANY PORTION OF THIS SECTION OR THE APPLICATION OF THIS
21 SECTION TO ANY CIRCUMSTANCE IS FOUND TO BE INVALID BY A COURT, THE
22 INVALIDITY SHALL NOT AFFECT THE REMAINING PORTIONS OR APPLICATION
23 OF THIS SECTION THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID
24 PORTION OR APPLICATION. THE PROVISIONS OF THIS SECTION ARE
25 SEVERABLE.

26 Sec. 18. (1) A member of the legislative body, chief
27 administrative officer, administrative officer, or employee of the

1 local unit shall not create a debt or incur a financial obligation
2 on behalf of the local unit unless the debt or obligation is
3 permitted by law.

4 (2) The chief administrative officer may cause the
5 appropriations made by the legislative body for the local unit and
6 its budgetary centers to be divided into allotments if the
7 allotments are based upon the periodic requirements of the local
8 unit and its budgetary centers.

9 (3) Except as otherwise provided in section 19, an
10 administrative officer of the local unit shall not incur
11 expenditures against an appropriation account in excess of the
12 amount appropriated by the legislative body. The chief
13 administrative officer, an administrative officer, or an employee
14 of the local unit shall not apply or divert money of the local unit
15 for purposes inconsistent with those specified in the
16 appropriations of the legislative body.

17 (4) No duties shall be delegated to the chief administrative
18 officer that diminish any charter or statutory responsibilities of
19 an elected or appointed official, **INCLUDING, BUT NOT LIMITED TO,**
20 **THE CHARTER RESPONSIBILITY OF A LEGISLATIVE BODY TO APPROVE THE**
21 **MAKING OF CONTRACTS BY THE LOCAL UNIT.**

22 (5) **THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF A**
23 **GENERAL APPROPRIATIONS ACT APPROVED BY THE LEGISLATIVE BODY OF A**
24 **COUNTY ARE POWERS EXCLUSIVELY VESTED IN THE CHIEF ADMINISTRATIVE**
25 **OFFICER OF THAT COUNTY.**

26 (6) **AN ELECTED OFFICIAL WHO HEADS A BRANCH OF COUNTY**
27 **GOVERNMENT OR THE CHIEF JUDGE OF A COURT FUNDED BY A COUNTY HAS**

1 STANDING TO BRING SUIT AGAINST THE CHIEF ADMINISTRATIVE OFFICER OF
2 THAT COUNTY CONCERNING AN ACTION RELATING TO THE ADMINISTRATION,
3 EXECUTION, AND ENFORCEMENT OF A GENERAL APPROPRIATIONS ACT FOR THAT
4 BRANCH OF COUNTY GOVERNMENT OR THAT COURT. IF A COURT AND THE CHIEF
5 ADMINISTRATIVE OFFICER OF A COUNTY ARE INVOLVED IN MEDIATION,
6 BEFORE THE CHIEF JUDGE OF THAT COURT BRINGS A SUIT ON THE COURT'S
7 OWN BEHALF AGAINST THE CHIEF ADMINISTRATIVE OFFICER OF THE COUNTY
8 UNDER THIS SUBSECTION, A MEDIATOR SHALL CERTIFY IN WRITING THAT THE
9 PARTIES ARE UNABLE TO RESOLVE THE ISSUES BY MEDIATION.

10 (7) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8) AND
11 NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, ANY SUIT
12 BROUGHT UNDER SUBSECTION (6) OR SECTION 16(9) SHALL ONLY BE BROUGHT
13 IN THE MICHIGAN COURT OF APPEALS WITHIN 60 DAYS AFTER 1 OF THE
14 FOLLOWING:

15 (A) THE ADOPTION OF A GENERAL APPROPRIATIONS ACT.

16 (B) AN AMENDMENT TO A GENERAL APPROPRIATIONS ACT OR AN ACTION
17 RELATING TO THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THAT
18 GENERAL APPROPRIATIONS ACT, IF THE AMENDMENT OR ACTION CONSTITUTES
19 A BASIS FOR THE SUIT.

20 (8) IF A COURT IS INVOLVED IN MEDIATION UNDER SUBSECTION (6)
21 OR SECTION 16(9) DURING THE 60-DAY PERIOD TO BRING A SUIT IN THE
22 MICHIGAN COURT OF APPEALS PROVIDED FOR IN SUBSECTION (7), ANY SUIT
23 BROUGHT ON THE COURT'S BEHALF UNDER SUBSECTION (6) OR SECTION 16(9)
24 SHALL ONLY BE BROUGHT IN THE MICHIGAN COURT OF APPEALS WITHIN 90
25 DAYS AFTER 1 OF THE FOLLOWING:

26 (A) THE ADOPTION OF A GENERAL APPROPRIATIONS ACT.

27 (B) AN AMENDMENT TO A GENERAL APPROPRIATIONS ACT OR AN ACTION

1 RELATING TO THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THAT
2 GENERAL APPROPRIATIONS ACT, IF THE AMENDMENT OR ACTION CONSTITUTES
3 A BASIS FOR THE SUIT.

4 (9) THE COURT'S JURISDICTION OVER AND REVIEW OF THE ISSUES
5 RAISED IN A SUIT BROUGHT UNDER SUBSECTION (7) (B) OR (8) (B) IS
6 LIMITED TO THAT PORTION OF THE GENERAL APPROPRIATIONS ACT THAT IS
7 DIRECTLY AFFECTED BY THE AMENDMENT OR ACTION.

8 (10) THE JURISDICTION OF THE COURT OF APPEALS OVER A SUIT
9 BROUGHT UNDER SUBSECTION (6) OR SECTION 16(9) IS EXCLUSIVE AND THAT
10 JURISDICTION OR ANY JUDICIAL DUTIES INHERENT IN THAT JURISDICTION
11 SHALL NOT BE TRANSFERRED TO ANY OTHER COURT. HOWEVER, THE COURT OF
12 APPEALS MAY REQUEST THE SUPREME COURT TO ASSIGN A RETIRED JUDGE
13 UNDER SECTION 226 OF THE REVISED JUDICATURE ACT OF 1961, 1961 PA
14 236, MCL 600.226, TO ASSIST THE COURT OF APPEALS BY RESOLVING
15 DISCOVERY ISSUES, REVIEWING THE EVIDENCE, MAKING PROPOSED FINDINGS
16 OF FACT AND CONCLUSIONS OF LAW, AND PERFORMING ANY OTHER NECESSARY
17 RELATED JUDICIAL DUTIES.

18 (11) UNLESS AN ACTION BROUGHT UNDER SUBSECTION (7) OR (8) IS
19 TIMELY PRESERVED FOR REVIEW BY THE MICHIGAN COURT OF APPEALS,
20 LITIGATION OF ANY ISSUE AS TO A GENERAL APPROPRIATIONS ACT OR ANY
21 AMENDMENT TO THAT GENERAL APPROPRIATIONS ACT, OR AN ACTION RELATING
22 TO THE ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THAT GENERAL
23 APPROPRIATIONS ACT, IS BARRED.

24 (12) THE PENDENCY OF A CLAIM IN A SUIT UNDER THIS SECTION
25 SHALL NOT CONSTITUTE A BASIS FOR EXPENDITURE OF FUNDS BY ANY
26 DEPARTMENT OR BRANCH OF, OR COURT FUNDED BY, THE COUNTY IN EXCESS
27 OF THAT AUTHORIZED BY A GENERAL APPROPRIATIONS ACT, INCLUDING AN

1 AMENDMENT TO THAT GENERAL APPROPRIATIONS ACT.

2 (13) IF ANY PORTION OF THIS SECTION OR THE APPLICATION OF THIS
3 SECTION TO ANY CIRCUMSTANCE IS FOUND TO BE INVALID BY A COURT, THE
4 INVALIDITY SHALL NOT AFFECT THE REMAINING PORTIONS OR APPLICATION
5 OF THIS SECTION THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID
6 PORTION OR APPLICATION. THE PROVISIONS OF THIS SECTION ARE
7 SEVERABLE.

8 Enacting section 1. This amendatory act is retroactive and
9 effective to cases and matters pending on or initiated after the
10 effective date of this amendatory act.